

Appendix 7

Appendix 7: Sample of Constitution for the Farmers Marketing Groups

CONSTITUTION FOR MAZIMASA FARMERS MARKETING GROUP

BACKGROUND

This constitution has been developed to address and achieve the following:

Smallholder farmers are always trapped in the “good season” poor market dilemma. This discourages production of surpluses. After harvest, prices are low. Lack of storage causes post-harvest losses. Middlemen decide the price. Farmers lack market information and transport. Farmers are reluctant to accept new technologies, as returns from additional investment are low. Many farmers are not prepared to play in a free market economy. Farmers are used only to production. They used to think marketing could be left for others.

Things have changed and no amount of “crying” will help. AT Uganda Ltd. with the help of SACRED-Africa, has stepped in to help farmers to help themselves. This is done using community marketing associations (what are called cereal banks in Kenya). A marketing Group is a community-based organization run by a village or a group of villages. Several Marketing Groups are linked together to form a District level Marketing Association. A Marketing Group is managed by a committee elected by the community. The marketing Group buys, stores and sells agricultural produce to villagers and outsiders.

Marketing Groups/Associations allow those whose lives are most affected by food shortage, poverty and poor marketing to take control over their own food supply and marketing. Marketing Groups/ Associations give farmers independence from unfair traders. Marketing Associations are working in

Constitution For Mazimasa Farmers Marketing Group

Kenya and West Africa. For them to succeed they need transparent and democratic groups, devoid of politics and outside interference.

Agricultural production can only be really efficient if the accompanying marketing and post – harvest systems are also efficient. Well – functioning marketing systems are thus essential to develop production, so increasing farmers’ incomes and promoting food security.

Until recently the marketing and storage of the major grain crops in most African countries tended to be in the hands of government agencies. Farmers simply delivered their produce to marketing boards or cooperatives and, sooner or later they were paid. They encountered relatively fewer problems marketing their crops and, as a consequence, there was little need to know much about marketing.

The changing situation means that the farmers have to learn and develop new skills. The farmers must be in a position to know what crops to grow, how and where to sell their crops and on how to store their crops. Farmers need to be able to answer their own questions about prices, about whether to store their crops or sell immediately and about where to buy and how to pay for the inputs such as fertilizer and seed.

This constitution is intended to assist farmers with the basic guidelines and information on private sector group marketing systems as well as effective group leadership in the liberalized market.

Appendix 7

CONSTITUTION FOR MAZIMASA FARMERS MARKETING GROUP

INTRODUCTION:

We the persons whose Names, Identity Card Numbers and Signatures are contained in the schedule to this constitution;

BEING aware that as farmers we need to improve our economic welfare for the sake of the whole group and for the support of present and future generations;

AWARE:

That each one of us may not single-handedly achieve this goal in isolation and that this goal would best be achieved through group effort.

CONSCIOUS:

Of the responsibility that we have to ourselves, the community and future generations and the mistakes that have been made in the past;

APPRECIATIVE:

Of the fact that in using our talents in a fair and transparent manner we can attain the highest common good for ourselves;

HAVE RESOLVED:

To establish a Self Help Group to achieve our aims and objectives, to act always in the general interest of the members of our community in agreement with our group policy.

Constitution For Mazimasa Farmers Marketing Group

Constitution for Mazimasa Farmers Marketing Group

1. (a). NAME:

The name of the Group shall be Mazimasa Farmers Marketing Group, in this constitution hereinafter referred to as "the Group".

(b). REGISTERED ADDRESS

Mazimasa Farmers Marketing Group
P.O. BOX _____, Mazimasa

Notice of any change of address shall be given to the registrar and all members

(c). DEFINITIONS

In this constitution, unless otherwise stated:

- 1) The "GROUP" shall mean Mazimasa Farmers Marketing Group, duly registered under the Ministry of Gender and Community Development
- 2) "By – Laws" shall mean the by-laws of the Group made and registered under the Ministry of Gender and Community Development
- 3) "Management committee" or "committee" shall mean members of the Group elected by the general body of members, and for the time being entrusted with the conduct of the affairs of the Group
- 4) Membership shall be limited to persons who qualify according to the rules set by the Group

(d). Any question concerning the interpretation of this constitution or any other matter not provided for therein, errors and omissions, etc., shall be referred to the director At Uganda Ltd., whose decision thereon shall be final and conclusive

Appendix 7

2. OBJECTIVES:

The aims and objectives of the Group shall be:

- a) To establish, run, maintain and develop stores and other structures for storing agricultural produce
- b) To buy, store and sell, agricultural produce for and on behalf of its members and other stakeholders.
- c) To carry out basic surveys with a view to ascertaining market trends in respect of agricultural produce with the aim of finding a good market.
- d) To research, record, preserve and disseminate information on agricultural production, quality control, storage and marketing.
- e) To raise and mobilize farmers to register with the Group/Association.
- f) To organize meetings, seminars, lectures and workshops to educate members with a view to enlightening members on good production practices, including storage, marketing, and good business practices.
- g) To establish or assist in the establishment of agricultural produce buying centres and markets.
- h) To source for and link members to short - term credit facilities with or without security upon such terms as the Group may deem fit.
- i) To enter into contracts with other organizations, persons, and companies having objectives similar to the Group.
- j) To act as a vehicle for economic empowerment of its members through sharing of profits and/or losses if any.
- k) To borrow and raise money and thereafter invest that money to achieve the objectives of the Group.
- l) To receive agricultural produce which members will use to buy shares and accept agricultural produce deposits from members
- m) To educate members in the management and control of funds.

Constitution For Mazimasa Farmers Marketing Group

- n) To develop a sense of self-reliance, honesty and transparency among its members and officials.
- o) To encourage quality control and wise produce storage by farmers by providing a means where by such storage and quality control of agricultural produce may receive reasonable rates of profit or dividends
- p) To do all such other things as are useful in achieving any of the above objectives or which may improve the economic standing of members.

3. MEMBERSHIP:

Members shall consist of: -

- a) The subscribers to this constitution and any other Ugandan who is eighteen years of age, are eligible for membership of the Group. A person shall (subject to the approval of the committee) become a member on payment of a membership fee of Ush. 5000/= which shall be non-refundable.
- b) Every member shall contribute to the Group a minimum of one (1) standard bag of Groundnuts (worth 20,000) (or equivalent as agreed by the committee) which shall be the shares of the member. These shares shall be used to calculate the dividends to be paid to each member at the end of the year. This will only be applicable to those who join in the first year. Those who join in the second year will pay double the membership fee and shares. The contribution in the third year will be triple the membership and shares, which will be treated as equivalent to those who make minimum shares in the first year.
- c) New members subsequently admitted in accordance with these By – Laws.
- d) Membership shall be limited to persons who qualify within the rules set by the Group.
- e) A person of either sex shall be eligible for membership who posses all the following qualifications:

Appendix 7

- i. Is resident or employed within the geographic area of the Group or who had changed area of residence but opted to retain membership in the Group
 - ii. Is of good character and of sound mind.
 - iii. Is not less than eighteen years of age except in the case of a minor heir of a deceased member.
 - iv. Employees of the Group and any other similar organizations of farmers
 - v. Societies, groups, associations, partnerships and corporations, composed solely of individuals who are eligible for membership of the marketing Group.
- f) Every member registered with the Group shall upon admission take an oath of membership to abide by the provisions of this constitution and to defend it at all times. The oath shall be in terms as contained in the schedule attached or in such manner as may be determined from time to time by the committee.
- g) Every applicant for membership shall complete the prescribed "Application for membership" form. This form will be drawn up so as to show all the information required for the purpose of keeping an accurate register of members. The completed form when filed in serial order shall constitute the register of members as required under the rules. Minors may become members being duly assisted by parents/legal Guardians
- h) An applicant shall be admitted to membership on being accepted by majority vote of the managing committee, but shall not qualify for the rights and privileges of membership unless he has paid a non-refundable entrance fee of Shs 5,000/= and paid in full shares of a minimum of 1 bag Groundnuts. The deadline for the purchase of shares is 31st July each year. A member who does not deposit shares (minimum of 1 bag) by this date automatically ceases to be a member. A member can sell his or her shares or produce deposited to a non-member. Upon this happening the new member will be required to pay the applicable membership fee

Constitution For Mazimasa Farmers Marketing Group

(depending on the amount originally paid by the member) and take over the assets and liabilities of the out-going member. The new member will be required to nominate his next of kin.

- i) The management committee shall be entitled to refuse membership to any person(s) with/without giving reasons thereof provided that the person whose membership has been refused shall have the right to appeal to the advisory committee. Any such appeal must be supported by at least ten members of the Group.
- j) Every member shall nominate in writing a person(s) to whom, on his/her death, his/her shares, deposits, dividends, or interest shall be transferred. The name(s) of the nominee shall be entered in the register of members, or recorded in a sealed envelope to be securely kept by the Group. A member will have the right to change his nominee, but any such change must be supported by the signature of the member to confirm the change. Where a member has not nominated a person, the money shall be paid to the public trustee by the Group for administration.
- k) If not admitted to membership the nominee shall be paid the value of the deceased member's shares or assets less any sum due from the member to the Group. Such payments shall be done within 60 working days and in any case will not include the membership fee, which is non-refundable.
- l) Membership will cease with effect from the date of a member: -
 - Dying
 - Being expelled from membership
 - Withdrawing all his shareholdings
 - Ceasing to hold the qualifications stated in By-Law 3 (e), 1 - 5
- m) A member may be expelled by the management committee (MC) or Advisory committee (AC) if: -

Appendix 7. Farmers Marketing Group

- 1) Is convicted in a court of law of a criminal offence involving dishonesty and punishable for more than three months imprisonment
 - 2) Acts in any way against the interests of the Group
- n) A member so expelled shall have the right to appeal to the Advisory committee, convened in accordance with these by-laws, which may reinstate him. Such appeal must be supported by at least ¼ of the members. The member will pay a fee of Ush. 10,000 to the advisors for their handling of the case.
- o) A member who withdraws or is expelled may be repaid the following amounts after deductions of any debts owed by him to the Group, as a borrower, endorser, guarantor, otherwise;
- 1) The par value or market value of his shares whichever is less, provided that the managing committee may require a written warning of 60 working days of intention to withdraw
 - 2) Any dividend or interest due to him on the date his membership ceases
 - 3) Any deposit or other sum held by the Group on his behalf
- p) Any member desiring to resign from the Group shall submit his/her resignation in writing to the secretary, which shall take effect from the date of receipt by the secretary of such notice.
- q) Any member may be expelled from membership of the Group if the committee so recommends or a general meeting of the Group resolves by two thirds majority that he/she be so expelled on the grounds that his/her conduct has adversely affected the reputation or dignity of the Group or that he/she had flouted the provisions of this constitution. Such members shall however be afforded an opportunity to be heard.
- r) Any member who resigns or is removed from membership shall not be entitled to a refund of his/her membership fees, but shall be entitled to a

refund of his/her shares and produce deposited for sale in the Marketing Group at the rate of deposit less 2.5% storage fees per month.

- s) On the death of a member the management committee shall as soon as possible pay to his nominee all sums due to him under these by-laws

4. OFFICE BEARERS:

a) The office bearers of the Group shall be:-

- (i) The Chairperson
- (ii) The Secretary
- (iii) The Treasurer
- (iv) Vice Chairperson
- (v) Vice Secretary
- (vi) Organizing Secretary.
- (vii) One Committee member

All of who shall be fully paid up members (registration and shares) of the Group. At least one third of the office bearers must be women. Office bearers shall be elected at the annual general meeting to be held in each year in accordance with Article 7 of this constitution.

- b) All office bearers shall hold office from the date of election until the succeeding annual general meeting subject to the conditions contained in sub-paragraphs (c) and (d) of this Rule but shall be eligible for re-election.
- c) Any office bearer who ceases to be a member of the Group shall automatically cease to be an office bearer.
- d) Office bearers may be removed from office in the same way as is laid down for expulsion of members or at the insistence and sole discretion of AT Uganda Ltd. hereinafter referred to as the Project

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

facilitator and immediately upon such removal a fresh election shall be called in a period not exceeding 60 days.

- e) Elections for office bearers shall be held exactly one (1) year after the previous one without fail.
- f) The elections shall be supervised by the project facilitator namely AT Uganda Ltd. or a representative of the District Community Development Officer in the respective District.
- g) Upon elections being held there shall be a handing over ceremony to the new officials within SEVEN (7) days from the declaration of the election results. If handover does not take place the officers who fail to hand over shall be eligible for prosecution for abuse of office at the discretion of the project facilitator
- h) Upon election every officer shall be required to take the oath of office.

5. DUTIES OF OFFICE BEARERS

a) Chairperson:

- (i) The Chairperson shall, unless prevented by illness or other sufficient cause, preside at all meetings of the Group
- (ii) Shall sign minutes, cheques and all other necessary documents for the Group.
- (iii) Shall ensure that all meetings of the Group are duly held as and when they fall due.
- (iv) Shall ensure that all the transactions of the Group are carried out diligently and above board and shall be the group's spokesman/woman.

(b) Vice Chairperson:

The Vice-chairperson shall perform any of the duties of the chairperson in his/her absence or any other duties delegated to him/her.

(c) The Secretary:

- (i) Shall issue notices convening all meetings of the Group.
- (ii) Shall deal with all correspondence of the Group under the general supervision of the committee.
- (iii) Shall keep all minutes of all meetings of the Group and shall further record and preserve all daily transactions and proceedings of the Group.
- (iv) Shall sign jointly with the Treasurer and the Chairperson all cheques and promissory notes for the Group.

(d) Vice Secretary:

The Vice-Secretary shall perform any of the duties of the secretary in his/her absence or any other duties delegated to him/her.

(e) The Treasurer:

Shall receive and disburse, with the authority of the Committee, all the moneys belonging to the Group and shall issue receipts for all moneys received by him/her and preserve vouchers for all moneys paid by him/her.

- (ii) Shall prepare and maintain an up to date list of all members of the Group who have deposited their produce, detailing the dates, the deposit price, date of sale and price at all times.
- (iii) Shall ensure that all books of accounts are written up, preserved and available for inspection on a daily basis.
- (iv) Keep an accurate record of shares owned by all the members at all times.

(f) Organizing Secretary:

- (i) Shall mobilize, organize and ensure that the members attend the meetings and participate in the meeting deliberations.

- (ii) Shall ensure that all the stocks in the stores are well kept for easy inspection and *that* (shall maintain) an up to date record of the stocks available, the current sale price and any other vital information relating to the storage, quality and expected time of disposal and price of the stocks is *maintained*.
- (iii) Shall perform the role of a co-ordinator between the Group and other groups with similar objectives and shall perform any other duties as may be allocated by the committee.
- (iv) Shall act as the person *to coordinate* the *buying* and *selling* of stocks under the guidance and authority of the committee.

6. THE MANAGEMENT COMMITTEE

- a) The Management Committee shall consist of all the office bearers of the Group and 2 other members one of whom must be a lady elected at the annual general meeting in each year; such committee members shall hold office until the following annual general meeting.
- b) The Management Committee shall meet at such times and places as it shall resolve but shall meet at least twice every month.
- c) Any vacancies for members of the committee caused by death or resignation shall be filled by an election called within 21 days.
- d) The Management Committee shall be responsible for the day-to-day management of the Group and for that purpose may give directions to the officers or members alike as to the manner in which the affairs of the Group are to be conducted.
- e) The members of the committee shall be personally liable for any loss accruing to the Group owing to their own neglect; breach of duty or recklessness and the quantifiable loss shall be recovered summarily from the committee member/s concerned by the Group members, by means of selling of their valuable movable

assets in case of such losses. This will only be considered as a last resort.

- f) The decisions of the committee shall as much as practicable be by consensus and the quorum for meetings shall not be less than four (5) members out of seven (8).
- g) The committee shall authorize all monies disbursed on behalf of the Group.

7. GENERAL MEETINGS

- a) There shall be two classes of general meetings – annual general meetings and monthly general meetings. Monthly meetings shall be held every last Thursday of the month each year when the Group is active in produce marketing.
- b)
 - (i) The annual general meeting shall be held not later than 31st of October each year.
 - (ii) Notice in writing of such annual general meeting, accompanied by the annual statement of accounts and the agenda for the meeting shall be sent to all members not less than 21 days before the date of the meeting.
 - (iii) The agenda for any annual general meeting shall consist of the following: -
 - ❖ Confirmation of the minutes of the previous annual general meeting.
 - ❖ Chairperson's address (which will include stocks handled, sales, profit or loss statements and a vision on the way forward).
 - ❖ Treasurer's address (which will address income, expenditure, shares and membership issues).
 - ❖ Consideration of the accounts.

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

- ❖ Election of office bearers and committee members and advisory committee (where necessary).
 - ❖ Appointment of auditors (where AT Uganda is not providing any).
 - ❖ Any other business for which notice would have been given or with the approval of the Chairperson.
- (c) Monthly meetings will be called to discuss the general business performance or for any specific purpose by the committee and a Notice in writing of such meeting shall be sent to all members not less than 7 days before the date of such meeting.
- (d) A Special meeting may also be requisitioned for a specific purpose by order in writing to the secretary of not less than ½ of the total registered members and such meetings shall be held within (21) days from the date of the requisition and no other business shall be discussed thereat other than that stated in the requisition.
- (e) Quorum for general meetings shall not be less than 2/3 of the registered members of the Group.

8. **PROCEDURE AT MEETINGS**

- a) At all meetings of the Group the Chairperson or in his absence, Vice-Chairperson, or in the absence of these officers, a member selected by the meeting shall take the Chair.
- b) The Chairperson may at his discretion limit the number of persons permitted to speak in favour of or against any motion. However, the number of those in favour or against must be equal.
- c) Simple voting by a show of hands shall arrive at resolutions. In the case of equality of votes, the chairperson shall have a second or casting vote.
- d) No business shall be transacted at any general meeting unless a quorum of members is present at the time the meeting proceeds

to business; such quorum shall not be less than 2/3 of the total registered members.

- e) If within one hour from the time appointed for the meeting a quorum is not present, the meeting if convened upon the requisition of members shall be dissolved, and in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall form a quorum.
- f) Every member shall have one vote and shall be entitled to be represented by a representative, in which case a signed letter nominating a representative shall be deposited with the Group not less than 48 hours before the time for holding the meeting. The nominee should either be the next of kin or another group member.
- g) ***Any member who fails to attend or send a representative to three consecutive meetings shall automatically cease to be a member and will be eligible for a refund of his shares and produce deposited but not the membership fee. A member can appoint someone to attend meetings on his behalf in writing.***

9. **ADVISORY COMMITTEE:**

- a) Will be the general advisor of the Group. These will be persons of high standing and integrity in society.
- b) Will orientate new office bearers and give directions as to the general management of the Group.
- c) Consider appeals against expulsion of members and membership refusals
- d) Supervise elections (with permission from AT Uganda and /or District Community Development Officer).

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

- e) Elect the advisory committee to represent the Marketing Group in the Marketing Association (a league of other sister groups of which the Group is a member).
 - f) Approve the estimates of income and expenditure for the next financial year
 - g) Fix maximum borrowing power of the Group
 - h) All land, buildings and other immovable property and all investments and securities acquired by the Group shall be vested in the names of not less than Three (3) Advisory committee who shall be persons of integrity and members of the Group appointed at an annual general meeting for a period of three years. On retirement such Advisors shall be eligible to re-election. A general meeting shall have the power to remove any of the advisors and all vacancies occurring by removal, resignation or death shall be filled at the same or next general meeting.
 - i) The Advisory committee shall hand over all income received from property vested in their names to the Treasurer. The advisors to the committee shall report any expenditure in respect of such property, which they consider necessary or desirable, to the treasurer.
- d) The auditor shall examine such accounts, records and documents and furnish a report to members as to whether or not they are correct, properly documented and in accordance with the law;
 - e) A copy of the auditor's report on the accounts and statements together with such accounts and statements shall be furnished to all members at the same time as the notice convening the annual general meeting is sent out.
 - f) An auditor may be paid such fees and remuneration as the general meeting of the Group may decide.
 - g) No auditor shall be an office bearer or a member of the committee or advisor of the group.
 - h) The group will also appoint an internal auditor to review the accounts and assist in preparing for audit.
 - i) The group will also appoint an internal auditor to review the accounts and assist in preparing for audit.

10. AUDIT:

- a) A Certified auditor shall be appointed for the following year by the Annual General Meeting (except for cases where AT Uganda hires one).
- b) All the Group's accounts, records and documents shall be opened to inspection of the Auditor at any time.
- c) The Treasurer shall produce an account of his/her receipts and payments and a statement of assets and liabilities made up to a date, which shall not be less than 4 weeks and not more than 3 months before the date of the annual general meeting.

11. FUNDS:

- a) The funds of the Group shall be derived as follows:
 - 1) Membership fees of Ushs 5,000/= for each member
 - 2) An undetermined number of shares to the value of one standard bag of produce as set by the committee. As long as **No** individual member will own more than 10% of all shares in the Group.
 - 3) Produce deposits or loans from members to non-members
 - 4) A reserve fund and other funds established with the approval of the AGM.
 - 5) Surplus funds resulting from the operations of the Group
 - 6) Miscellaneous income

- b) The funds of the Group may only be used solely towards the attainment of the objectives of the Group as set forth in this Constitution and for the payment of reasonable and proper expenses for services to the Group by any officer, agent or employee of the Group.
- c) All moneys and funds shall be received by and paid to the Treasurer and shall be deposited by him/her in the name of the Group in any bank or banks approved by the committee.
- d) No payments shall be made out of the bank account without a resolution of the committee authorizing such payment and the Chairperson, Secretary and Treasurer shall sign all cheques on such bank account (s). There will be no signing of blank cheques.
- e) A sum not exceeding Ush. 35,000/= may be kept by the Treasurer for petty disbursements of which proper account shall be kept.
- f) The Committee shall have power to suspend any office bearer who it has reasonable cause to believe is not properly accounting for any of the funds or property of the Group and shall have power to appoint another member in his/her place. Such suspension shall be reported to the general meeting to be convened on a date not later than two months from the date of such suspension and the general meeting shall have full power to decide what further action should be taken in the matter.
- g) The financial year of the Group shall be from 1st JULY to 30th JUNE.

Group. But no member shall hold more than ten percent (10%) of the Group's share capital.

- b) Any amount may be accepted towards the purchases of shares, provided that the management committee may fix a minimum amount that may be paid in by a member at any one time
- c) With the approval of the management committee a member may at any one time transfer his shares to another member or non-member as long as the new member pays the prescribed membership fee immediately upon completion of the transfer. Such transfer must be in writing and at par value.
- d) All transfer of shares must be registered with the secretary, and no transfer is valid unless registered. The management committee may require payment of a membership fee of Ushs 5,000/= or any other (for new members) and a transfer fee of Ush 5000/= for each transfer.
- e) The share holdings of a member who fails to complete payment of 1 standard bag of produce (Groundnuts) within one year of his admission to membership or of a member who reduced his share balance below 1 standard bag, and does not increase the balance to at least two standard bags share within one year of the reduction, may be absorbed by a late charge upon authorization of the managing committee. Before such charge is levied, such a member shall be sent a written notice to his last known address. The notice shall inform the member that unless his share balance is increased to at least one share, his balance shall be absorbed by a late charge. The management committee shall have the right at any time to require members to give 60 working days written notice of intention to withdraw shares.

12. SHARES

- a) **The par value of each share shall be one standard bag of Groundnuts of sere nut² and each member shall hold at least 1 bag in the**

13. AMENDMENTS TO THE CONSTITUTION:

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

Amendments to the constitution of the Group must be approved by at least a two - third majority of members at a general meeting of the Group. They cannot however be implemented without the prior consent of AT Uganda, obtained upon application made in writing and signed by 3 office bearers.

The books of account, all financial documents and the list of members of the Group shall be available for inspection by any officer or member of the Group on giving not less than seven days notice in writing to the Group.

14. DISSOLUTION:

- a) The Group shall not be dissolved except by a resolution passed at a general meeting of members by a vote of two-thirds of the registered members of the Group.
- b) If no quorum is obtained, the proposal to dissolve shall be submitted to a further general meeting, which shall be held one month later. Notice of this meeting shall be given to all members of the Group at least 14 days before the date of the meeting. The quorum for this meeting shall be 50% of members present, in the 3rd meeting however, those present shall constitute quorum.
- c) Provided, however, that no dissolution shall be effected until a full inventory of the assets and liabilities has been prepared and submitted to AT Uganda and the District Community Development Officer, who would have indicated that they have no objection to the dissolution.
- d) When the dissolution of the Group has been approved, no further action shall be taken by the committee and any office bearer of the Group in connection with the aims of the Group other than to liquidate for cash all the assets of the Group. After payment of all the debts of the Group, the balance shall be distributed in such manner as may be resolved by the meeting at which the resolution for dissolution is passed.

15. INSPECTION OF ACCOUNTS AND LIST OF MEMBERS:

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

**SCHEDULE 1:
OATH OF OFFICE BY AN OFFICER**

I,.....having been duly elected as
..... Of Mazimasa Farmers Marketing Group hereby swear/affirm
that I shall perform my duties as a.....with due diligence, care and
without any neglect for the benefit of the group, I further swear to protect and
defend this constitution and shall, when called upon to do so, render a just and true
account of my performance.

So help me GOD.

SIGNED

In the presence of.....

Date:

SCHEDULE 2:

OATH OF MEMBERSHIP

I.....having duly registered as a member of
Mazimasa Farmers Marketing Group

hereby swear/affirm that I shall bear true allegiance to the Group and shall at all times take all lawful directives issued by the officers for the betterment of the Group and shall further consult, advise and inform the officers of any possible outlets and/or markets to sell or buy our produce for gain. I shall further protect and defend this constitution.

So help me GOD.

SIGNED

In the presence of.....

Date:

**CONSTITUTION FOR MAZIMASA FARMERS
MARKETING GROUP**



This copy of the constitution belongs to:

Name: _____

Prepared with assistance from:
AT Uganda Ltd.
Plot 1 Muwafu Road, Ntinda
P.O. Box 8830, Kampala Uganda



"This publication is an output from a research project funded by the United Kingdom Department for International Development for the benefit of developing countries. The views expressed are not necessarily those of DFID."
R8442/R8435 Crop Protection Programme.

Appendix 8: Training Materials on Record Keeping

AT Uganda Ltd.

Re: Record Keeping and Inventory Control for the Marketing Groups.

Problem:

Farmers are setting up marketing groups, which will buy and sell produce. To succeed these organizations will require careful but simple records for both financial and inventory transactions. For this reason, the following financial and inventory control procedures are being recommended. Your feedback and suggestions on these procedures will be greatly appreciated.

Solution:

Refresher training on Inventory and Financial Management and establishment of regular follow-up.
Strict enforcement of record keeping procedures under the supervision of the internal and external audit teams.

The Concept:

The operation of marketing groups includes a flow of commodities from the members through the marketing group to the final customer, and a reverse flow of cash from the customer back through the marketing groups and eventually to the members. Both sets of transactions (physical assets and cash) must be tracked carefully in the records. The following is a summary of this process.

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

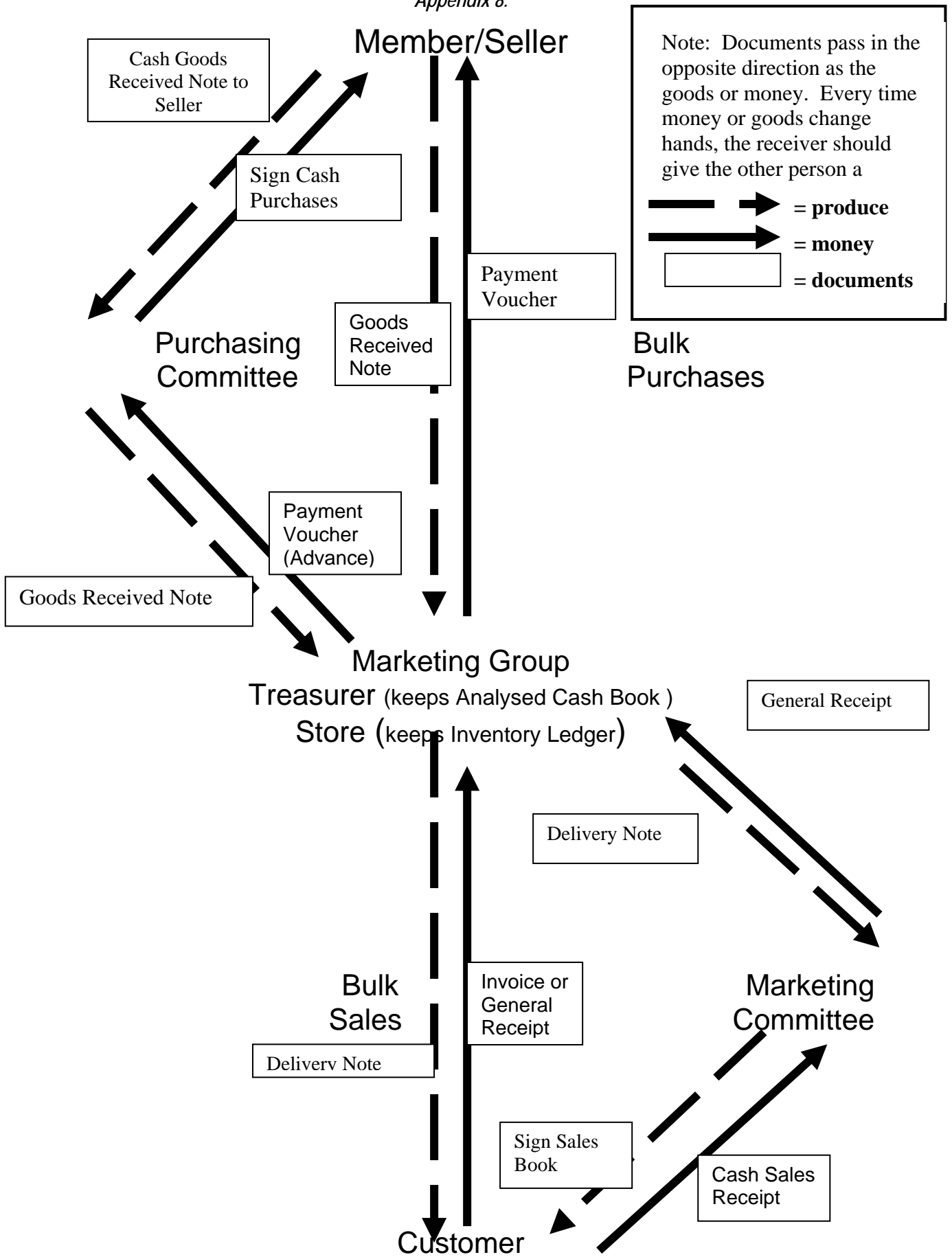
Marketing Group Records For Physical Movement Of Produce And Transfer Of Cash			
Transaction	Marketing Group Records		Member/customer Records
	Produce	Cash	
Receiving produce from members	Goods Received Note (p.8) from marketing group & entry into Inventory Ledger (p19) and Member activity card	Base payment due to members entered into the Credit Purchases Book.	Member receives copy of Goods Received Note
Cash advance to Buying Committee		Treasurer prepares payment voucher (p10) for advance and committee signs. Payment voucher entered into Analysed Cash Book (p17).	
Buying produce from non-members by the committee	Committee receives goods from seller. Quantity recorded in Cash Purchases Book. Cash Purchases Goods Received Note (p9) given to supplier.	Purchase entered into the Cash Purchases Book (p7). At end of day purchases totalled and countersigned by the Purchasing Committee, which prepares a payment voucher (p11) for total purchases of the day.	Non-member seller signs in the Cash Purchases book, and receives payment
Hand over of goods to the store	Storekeeper prepares goods received note, & enters goods into Inventory Ledger. Committee's copy of the Goods Received Note is stapled into the Cash purchases book on the page for that day.	Original of payment voucher handed over to Treasurer to account for the advance to the committee. Voucher entered in Analysed Cash-book (deduct committee advances and increase sales). One copy stapled into Cash purchases book by committee. Final copy of Payment Voucher stays in the payment voucher book. Book handed to Treasurer when full. All Payment voucher books kept in box file.	

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

Marketing Group Records For Physical Movement Of Produce And Transfer Of Cash			
Transaction	Marketing Group Records		Member/customer Records
	Produce	Cash	
Cash Sale of goods by Marketing Committee	Produce given to each customer and entered into Cash Sales book. Total kg per commodity calculated at end of day. One Delivery Note prepared for all commodities sold that day. Inventory ledger updated for each commodity.	All cash sales entered into the cash sales book (p7). Sales receipts (p14) prepared for customers. (Sales to customers who don't want a receipt can be added together into one.) At end of day sales totalled in the cash sales book and checked against receipts and cash.	Customer given cash sales receipt (small sized ones in the large counter book with ten to a page).
Cash handed to Treasurer by Mark. Com.		Treasurer receives Cash from the Marketing committee. Treasurer writes General receipt & enters transaction into the Analysed cash book (p17)	
Bulk Cash Purchase from larger farmer (non-member)	Store Issues Goods Received Note. Enter into Inventory Ledger	Payment Voucher prepared and entered into Analysed Cash book.	If seller gives receipt staple it to the payment voucher. Otherwise customer signs Payment voucher receiving payment.
Bulk Credit Purchase from larger farmer (non-member)	Store Issues Goods Received Note. Enter into Inventory Ledger	Debt entered into Credit Purchases Book (p18).	If seller gives Invoice staple to Credit Purchases Book. Seller and buyer both sign Goods Received Note (p8) which indicates "NOT PAID"
Bulk sale to larger customer	Issue Delivery Note (p12). Copy remains in the book. Deduct from balance in Inventory Ledger	Prepare Invoice (p11). Enter into Credit Sales book (p18) as a debt to the Marketing Group.	Delivery note & invoice given to Customer.

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

Marketing Group Records For Physical Movement Of Produce And Transfer Of Cash			
Transaction	Marketing Group Records		Member/customer Records
	Produce	Cash	
Received payment from bulk credit sale to customer		Prepare General Receipt. Clear debt in credit sales book. Enter payment into the Analysed Cash book as income from sales (Enter bank deposit if Cheque)	Customer gets copy of the General Receipt.
Deposit money in Bank		When money taken to bank, two entries in Analysed Cash book. On the cash side it is an "OUT" on the bank side it is an "IN". Write payment voucher (p10) paying bank. Deposit slips stapled to payment Voucher.	
Bank withdrawal		Write a receipt receiving money from Bank. Entry in Analysed Cash Book is the reverse of a deposit. On cash side it is an "IN" and on Bank side it is an "OUT".	



RECORD KEEPING AND ACCOUNTING FOR MARKETING GROUPS

INTRODUCTION:

The system of recording will vary with the size of the business or undertaking when the business is small, you will require very basic records. But as the business expands you will be required to maintain more books, which may be complicated. However, irrespective of the size, all records must be:-

- Simple
- Quick and easy to use
- Easy to control
- Help in business decision making

The need to keep records

Many businesses have failed because the owners have always believed, wrongly though that they can keep the facts about the business in their heads, impossible!

Transactions involving money are usually numerous in a business and unless you keep track the business may fail.

It is therefore, important to keep records of all these transactions.

There are many reasons for keeping records. The major ones include;

- i. To know how much money has been invested into the business since it started (capital).
- ii. To know how this capital was used.
- iii. To know how much money is coming into the business daily (sales).
- iv. To know how much money is going out of the business daily (purchases and expenses).
- v. To know how much the business owes outsiders (creditors).
- vi. To know how much money outsiders owe the business (debtors).
- vii. To know how much profit / loss the business has made in a given period e.g. a month.

Reasons for failure to keep records

The following are some of the reasons that most traders give:

- Lack of knowledge and know-how.
- Dislike for desk work.
- Laziness on the part of some traders
- Lack of time mainly due to running very many businesses.
- Some want to keep business facts secret.
- Fear of income tax
- Lack of commitment and appreciation of record keeping.

Many people think record-keeping is a waste of time and money.



The **REALITY** is that the costs of not maintaining records or maintaining inadequate ones, is more than the costs of keeping them!

The costs of **not** keeping records includes:

- Under pricing of products.
 - Bad decisions on what and how much to buy or sell.
 - Payment of dividends or bonuses even when losses are made. Resulting in decapitalization of the business.
 - Problems in management and financial control. (Creating opportunities for fraud and corruption.)
- ◆————— And importantly —————◆
- Many institutions are reluctant to lend money without the financial statements generated from records.**

THE PAYOFF on record keeping is in:

- θ optimal use of resources
- θ better planning
- θ cost control and
- θ accurate information



JUST DO IT!

RESULTING IN
increased profits



It is all a matter of starting!

Starting a record keeping system

The system of recording will vary with the size of the business. For a small business, you will require simple records. To start with, it is important to store all important business documents in files. These are documents such as;

The business file (General)

In this file are kept documents like;

- Business registration certificates
- Copies of trade licenses.
- Insurance policies for you business.
- Constitution.
- Certificate of association
- Any agreements or contracts concerning your business.
- Stores Lease

SALES DOCUMENTATION

SALES DAY BOOK
 CASH SALE RECEIPTS
 DELIVERY NOTE
 INVOICE
 GENERAL RECEIPT

PURCHASES DOCUMENTATION

PURCHASES DAY BOOK
 CASH PURCHASES GOODS RECEIVED NOTE
 GOODS RECEIVED NOTE
 PAYMENT VOUCHER

ACCOUNTS DOCUMENTATION

ANALYSED CASH BOOK
 INVENTORY LEDGER
 CREDIT LEDGER (Credit Purchases Ledger and Credit Sales Ledger)

SALES DAY BOOK

A sales daybook records details and amounts of all goods sold for cash by the Marketing Committee. These are usually small quantities sold to members and local farmers. The member of the marketing committee who made the sale signs on that line.

SAMPLE OF A SALES DAY BOOK

Set up the Sales Day book across both pages of the counter book like this.

Sales Day Book				Cash Sales			Details of Sales						
Date	Particulars	Price	KG	In	Out	Balance	Signature	Crop 1 Amt	KG	Crop 2 Amt	KG	Crop 3 Amt	KG

For cash Sales like this, a Cash Sale Receipt is used just to record the quantities for double checking.

PURCHASE DAY BOOK

This book records details and amounts of all produce purchased for cash from local farmers who are usually not members.

With the Purchase daybook you will easily find out what quantity the purchases committee bought and how much they paid for it.

The Treasurer gives money to the committee to buy produce. Committee signs the payment voucher receiving the money.

Purchases Day Book				Cash Purchases			Details of Purchases						
Date	Particulars	Price	Kg	In	Out	Balance	Signature	Crop 1 Amt	KG	Crop 2 Amt	KG	Crop 3 Amt	KG

Notes: each farmer who is paid signs for the money. The Total is calculated at end of day and written in the book. The committee has to sign next to the total confirming that this is the money they spent and the quantity they bought. The Committee chair prepares a payment voucher for the total purchases of the day. Total KG signed by storekeeper when the produce is handed over. He prepares and gives the goods received note to the committee.

GOODS RECEIVED NOTE

- Purpose:* To acknowledge receipt of larger quantities of produce purchased or delivered by a supplier.
- When to Prepare:* Immediately the Produce is purchased/received.
- Who Prepares:* Person receiving the produce (store keeper/purchasing committee).
- Data Contained:* Date, supplier, quantity and condition of produce received/purchased. Signed by the delivering and receiving person. (May also include Delivery Note Number from supplier and delivery vehicle No.)
- Format:* Printed one to a page in triplicate.
- Distribution:* Original to person supplying/delivering, duplicate retained by person receiving produce, triplicate for book copy.

_____ Farmers' Marketing Group		logo	
Address: _____			
Goods Received Note			
Goods Received Note No. _____	Delivery Note No. _____		
On Receipt of Inventory from:		Received By:	
Name of Supplier _____	Name of Recipient _____		
Address: _____	Address: _____		
Number	Item/ Description	Quantity Received	Comments
1			
2			
3			
4			
5			
6			
Received By: _____		Supplied By: _____	
Signature of Recipient _____		Signature of Supplier/Driver _____	
Date Received _____			
Reviewed By: _____			
Signature _____		Date: _____	
(White copy to supplier Green copy to inventory Blue copy in book)			

CASH PURCHASE GRN

- Purpose:* To acknowledge receipt of small quantities of produce purchased for cash by the Purchasing Committee directly from farmers.
- When to Prepare:* Immediately the produce is collected/received.
- Who Prepares:* Person receiving the produce (store keeper/purchasing committee).
- Data Contained:* Date, supplier, quantity and condition of produce received/purchased. Signed by the delivering and receiving person.
- Format:* Printed in a counter book, twelve to a page in duplicate only.
- Distribution:* Original to person supplying/delivering, duplicate retained by person receiving produce.

CASH PURCHASE GOODS RECEIVED NOTE		
_____ Farmers' Marketing Group		
Tel: _____	P.O. Box _____	
Date _____	Receipt No _____	
CASH PURCHASE		
Qty	Particulars	Amount
Thanks	Total	
Purchased From: _____		

PAYMENT VOUCHER

Purpose: For evidence of payment for produce supplied, advances, other expenditures, bank deposits etc.

When to Prepare: At the time payment is initiated.

Who Prepares: The person responsible for payments (treasurer, accountant)
 Approved by Chairman or Secretary

Data Contained: Date, payee, details of payment, gross amount, deductions, net amount in figures and words, cheque number (if payment is by cheque), bank, endorsements by authorizing/approving persons and by person collecting / receiving the payment. (Note: Relevant documents requisitioning the payment should be attached on the voucher e.g. Goods Received Notes and Purchase Order.)

Distribution: Original retained by paying party, duplicate to payee, triplicate for book copy.

PAYMENT VOUCHER	
Farmers' Marketing Group	
Tel: _____	
Date _____	Voucher No _____
Paid By: _____	
Paid To: _____	
PARTICULARS	SHS
TOTAL	
Amount in words:	
.....	
Prepared by:.....	
Approved by:.....	
Received by:	Date:

INVOICE

- Purpose:* It serves as a billing document and evidence of a credit sale.
- When to Prepare:* Immediately when a credit sale is effected.
- Who Prepares:* The person in charge of billing (Treasurer).
- Data Contained:* Name and address of Marketing Group, date, name of purchaser, description and quantity of produce sold on credit, price and amount, credit period and signature of person authorizing credit sale.
- Distribution:* Original to buyer (customer), duplicate retained by seller (Marketing Group Treasurer), triplicate for book copy.

INVOICE			
Farmers' Marketing Group			
<i>Tel:</i> _____		<i>P.O. Box</i> _____	
Date: _____.		Invoice No. _____	
Name of Customer: _____			
Address: _____			
Contacts: _____			
Qty	Description	Unit Price	Amount
		Total	

Cash sales Invoice file

These are invoices which have been paid and should be kept in numerical order.

Credit sales Invoices

They should also be kept in numerical order. When the owners come to pay the debt, you will enter the details in your cash book and mark the invoice paid.

AT Uganda Ltd. Final Technical Report CPP R8435 (ZA 0653) & R8442 (ZA0666)
Appendix 8.

DELIVERY NOTE

Purpose: For recording the quantity and value of produce delivered to the customer by the Marketing Group. It is evidence of inventory delivered and a confirmation of quantity and condition of items received by the Customer.

When to Prepare: On dispatch of produce to a customer and accompanies the produce dispatched.

Who Prepares: Person dispatching the produce (store keeper / Marketing Committee).

Data Contained: Name and address of Customer; date, quantity and description of produce dispatched; price and total value; vehicle no.; invoice or receipt no. and signature of person receiving the produce (customer) with comments on condition of the produce received.

Distribution: Original to customer, First copy to Marketing Committee, Second copy to Treasurer, Duplicate stays in Book.

Farmers' Marketing Initiative				logo
Delivery Note				
Serial Number		Invoice Number _____	Receipt Note _____	
Of Inventory from:			Delivered To:	
Marketing Group _____			Customer _____	
Address: _____			Address: _____	
Number	Item/ Description	Quantity Dispatched	Quantity Received	Comments
1				
2				
3				
4				
5				
6				
7				
Issued By:		Received By:		
_____		_____		
Signature		Signature		
_____		_____		
Date Issued		Date Received		
Reviewed By:				

Signature		Date:		

(Blue copy to customer/recipient Pink copy to inventory White copy book)				

GENERAL RECEIPT

- Purpose:* To acknowledge receipt of payment to the Marketing Group by a Customer.
- When to Prepare:* Immediately on receipt of the payment whether by cash or by cheque.
- Who Prepares:* Person receiving the payment (Treasurer).
- Data Contained:* Name of customer who is paying, date, amount received in words and figures and signature of issuing person.
- Format:* Printed in a book of fifty (one to a page) in triplicate.
- Distribution:* Original to Customer who is paying, duplicate for accounts. Book copy kept by Treasurer.

GENERAL RECEIPT	
_____Farmers' Marketing Group	
Tel: _____	_____
Date _____	Receipt No _____
Received from	
The Sum of Shs.	
<div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto;"></div>	
.....	
Being payment for	

CASH SALES RECEIPT

- Purpose:* To acknowledge receipt of small cash payment to the Marketing Group by Customers buying small quantities.
- When to Prepare:* Immediately on receipt of the payment.
- Who Prepares:* Person receiving the payment (Marketing Committee).
- Data Contained:* Quantity, price, and total value of goods sold only.
- Format:* Printed in a counter book, twelve to a page in duplicate only.
- Distribution:* Original to Customer who is paying, duplicate for book copy kept by Treasurer.

CASH SALE RECEIPT		
_____ Farmers' Marketing Group		
Tel: _____	P.O. Box _____	

Date _____	Receipt No _____	
CASH SALE		
Qty	Particulars	Amount
Total		
Goods Once Sold are not returnable.		
Signature _____		

Books for Recording

When your business is still small, you don't need to keep many books. However, as your business expands, you will require more complicated books of accounts. The following are some of the simple books that you can keep:

- Analysed ledger
- Credit Ledger (Credit Sales and Credit Purchases)

The reason why you need the credit sales and credit purchases book separately is because credit transactions cannot be recorded in the cash book. They are not cash transactions as money has not been paid.

Recording business transactions

The cash book

Every person in business will be interested in knowing how much money is coming in and how much is going out of the business.

Money comes into the business through the following sources;

- Sales of goods and services
- Payment by debtors
- Sale of asset
- Loan from creditor.

Money goes out of the business through the following sources;

- Payment for goods (purchases).
- Payment for business expenses.
- Payment to creditors.

One thing that should be clear by now is that the cash book has two sides; debit (cash in) and credit (cash out).

When cash and bank transactions are recorded together the following is the recording:

EXAMPLE

1/4/04	Cash Balance	30,000
1/4/04	Bank Balance	150,000
1/4/04	Cash sales	40,000
2/4/04	Deposited into bank	50,000
3/4/04	Sales by cheque	20,000
4/4/04	Withdraw from bank	100,000
5/4/04	Cash purchases	80,000
6/4/04	Purchases by cheque	70,000

Date	Particulars	Cash			Bank		
		In	Out	Bal.	In	Out	Bal.
1/4/04	Balance			30,000			150,000
1/4/04	Sales	400,000		70,000			
2/4/04	Cash to bank		50,000	20,000	50,000		200,000
3/4/04	Cheque Deposit				20,000		220,000
4/4/04	Bank to cash	100,000		120,000		100,000	
5/4/04	Purchases		80,000	40,000			120,000
6/4/04	Purchases (cheques)					70,000	50,000

ANALYSED CASH BOOK

The analysed cashbook is the main book of accounts because all transactions can be recorded in it. In a small business the most convenient kind of ledger is the analysed cashbook because transactions are few; therefore one does not need many columns.

It can be used as the only book of accounts by entering all transactions in it. When you use this system, you do not need a separate cashbook as it is combined in the analysed ledger.

On the next Page is an example of what an analysed ledger looks like.

AT Uganda Ltd. Final Technical Report CPP *R8435 (ZA 0653) & R8442 (ZA0666)*
Appendix 8.

ANALYZED LEDGER

Cash/Bank analysis			CASH			Income		Expenditure categories								Bank		
Date	Particulars	Ref	In	Out	Balance	Member-ship	Sales	Purchases	Transport	Rent & security	Supplies & services	labour	Allowances	communi-cation	other	In	Out	Bal

RECORDING CREDIT TRANSACTIONS

Credit transactions are mainly of two types;

- a) Credit sales
- b) Credit purchases.

CREDIT SALES BOOK

This book contains all transactions involving the customers who you sell to on credit. They are your debtors. You can decide to have a page for every debtor, especially when you have debtors who take goods on credit regularly.

Date	Details	Delivery Note / Invoice No.	Amount	Date Of Payment	Amount	Receipt No.	Date Of Payment	Amount	Receipt No.	Comments
	TOTAL									

CREDIT PURCHASES BOOK

The transactions you record in this book involve the purchases you make on credit. It contains a record of your creditors. When you set it up across two pages of the counter book like this, you can then keep track of whether your debts have been paid on time. This is an important management tool.

Date	Details	GRN No.	Amount	Date Of Payment	Amount	Ref.	Date Of Payment	Amount	Ref.	Comments
1.01.90	Iikopit	642	250,000							
1.01.90	Kijaana	426	100,000							
2.01.90	Okello	432	300,000							
3.01.90	Sebuliba	344	150,000							
15.01.90	Nabulobi	426	150,000							
26.01.90	Masaba	8042	300,000							
30.01.90	Okiror	3424	400,000							
	TOTAL		1,995,000							

NOTE: Credit transactions are not entered in the cash book since no cash has been received or paid out. It is only when your debtors pay or when you pay your creditors that the transaction is entered in the cash book but not before. When you make payments to creditors you write a payment voucher and enter the payment voucher number into the ledger so you can show proof that the creditor has been paid. When a creditor pays you, you issue a receipt and enter the receipt number into the ledger so you don't end

INVENTORY LEDGER

Purpose: Used for recording quantities of produce received in, dispatched from and remaining in the store. Useful for reconciling inventory record balances and actual physical balances, and to ascertain any stock shortages. It also helps to alert management on when to purchase more produce.

When to Prepare: Immediately on receipt and delivery of produce.

Who Prepares: By person in charge of stores (store keeper).

Data Contained: Name, description of commodity, date, reference document, quantity in, quantity out and balance, any remarks relating to stocks on hand.

Distribution: Maintained in book. Remains with person in charge of stores. Each item in inventory should have its own section in the Inventory Ledger.

Use double wide page as indicated below.
Set aside about ten pages for each commodity.

Commodity (In KG)						Type of Produce (show KG)					
Date	Particulars	Ref	In	Out	Balance	Shares	Member Purchases	Non-member Purchases	Deposits	Sales	Other (adjustments)

Note: "Ref." Means reference document. For incoming produce it should be the Goods Received Note Number. For outgoing produce it should be the Delivery Note Number.

Note: Write offs for damages and losses should be confirmed and endorsed by an authorized person and not by the person in charge of stores.

Appendix 9: Proposal on Quality Control and Marketing Training

Project Title: Increasing Farmers' accessibility to markets through quality improvement

Start Date: August 2005

End Date: November 2005

Project Leader: Dr. Rita Laker-Ojok

Organization: AT Uganda Ltd.

Contact: Plot 1 Muwafu Road, Ntinda, P.O. Box 8830, Kampala

Tel: 041-285803/288470, Fax: 041-285564

Email: rojok@spacenet.co.ug

Executive Summary

AT Uganda Ltd. is a Non Government Organization that has been assisting farmers in 6 districts of Tororo, Mbale, Sironko, Kumi, Pallisa, and Kapchorwa with support from DFID since 1997. Farmer groups have been assisted to consolidate into sub-county level marketing associations in order to be able to capture good markets by selling in bulk.

Nineteen sub-county level marketing associations with 1,500 members have registered with a membership fee and shares. By the end of August 2005, members will have deposited their shares in form of produce (groundnut or beans or maize or potatoes) in the marketing group. The share (produce) will be sold and the money from sale used as capital to buy more produce from members and non-members.

AT Uganda has been working tirelessly to link the marketing groups with the big produce buyers like Afrokai and Apony Uganda Ltd. to improve their marketing conditions but there remain some constraints of quality control that have made it difficult for the produce for the groups to be accepted. However, Apony Uganda Ltd has expressed their willingness to offer the farmers with market for 1000MT of beans and 5000MT of maize if the quality is improved to the level of the company's quality standards.

Therefore, appropriate post harvest handling and quality control are critical to ensure the safety of members' produce in store and quality of their produce to capture higher value markets for farmers.

AT Uganda would like to help facilitate a 4 days quality management training, to improve produce quality through training and demonstrating on proper post harvest handling techniques and market information and intelligence if funding is secured.

The overall Objectives of this undertaking is to improve produce quality through training and demonstrating on proper post harvest handling techniques so that farmers can meet the required quality standards by the market and receive good price from their produce. Once farmers are empowered with relevant skills and knowledge of post harvest quality control for their produce and implement it; this will foster their acceptance by big produce buyers and improve their produce marketability. The project also aims at encouraging the farmer marketing groups to improve the quality by utilizing appropriate post

harvest equipments through provision of equipments for demonstration. Farmers will thereafter be encouraged to purchase them for their use in produce quality control. Once the produce quality control by marketing groups is achieved the farmer groups will be linked to big produce buyers like Afrokai, World Food Programme, Apony Uganda Ltd. Etc.

By and large, the Farmers' quality of produce is expected to improve to meet the market quality standards and consequently, enable them get better prices and increase their household incomes.

Farmers' local institutional capacity for produce marketing will as well be enhanced through market intelligence for price analysis and negotiations besides increased marketed share of produce from farmers' farms.

Budget for the quality control and market information training

Grand Total = Ushs 28,707,000

ASPS contribution = Ushs 13,379,675

ATU contribution = Ushs 14,020,500

Farmer marketing group contribution = Ushs 3,052,000

Background

AT Uganda is a Non-Government Organization that has been working with farmer groups in Eastern Uganda since 1999. Initially the project worked with 5,397 farmers who were from 200 previously existing farmer groups in 6 Districts of Tororo, Mbale, Sironko, Pallisa, Kumi and Kapchorwa with support from DFID for a period of 4 years. Specific efforts were made to target women and poor households for project intervention. Groups were provided with extension support and trained in group management, savings and credit, participatory research, crop husbandry, planting material multiplication, and farming as a business. An external evaluation of this project in 2003 found significant differences between participating households and the control group in terms of adoption of recommended production practices, household food security, and positive changes in standard of living over time (NIDA, 2003).

In the second phase of the project AT Uganda secured additional funding from the DFID funded Crop Protection Programme managed by NR International specifically to support:

- farmer-led multiplication of rosette resistant groundnut varieties (160 farmer groups from Tororo, Mbale, Sironko, Kumi and Pallisa Districts)
- establishment of a Potato Seed Producers Association and dissemination of small seed plot seed potato multiplication methods to 40 farmer groups in Kapchorwa District.

These three-year projects (begun in 2002 with a one year overlap with the larger LIFE project) wound up in March 2005. A nine-month extension, to the end of 2005, has begun implementation. The emphasis is on expanding the multiplication coverage to neighbouring sub-counties and assisting the farmers groups to consolidate into sub-county level marketing associations in order to be able to capture more lucrative markets by selling in bulk.

Problem statement

AT Uganda has been providing advisory services and trainings to 200 farmer groups in Eastern Uganda under a program supported by DFID. However, the participatory market needs assessment done in the participating districts/sub counties at the end of 2004, found out that farmers were marketing small

volumes of poor quality produce i.e. groundnuts, maize, beans and potatoes. This was largely attributed to high post-harvest losses due to poor handling technologies and lack of market information.

As a result, the farmers, as a group requested AT Uganda for help as they can market their produce at higher prices and solve other constraints related to market information, storage, and quality control.

An attempt by AT Uganda to link the farmer groups to the big buyers like Afro-kai, Apony Uganda Ltd, Swift Commodities, and others was met with difficulties after the farmers' samples for beans and maize taken to Afro-kai and Apony Uganda Ltd were rejected due to high moisture content, discolorations, mixed sizes etc. The quality standards could not meet the export market. Fortunately, Apony Uganda Ltd are willing to offer the farmers as a group with market for 1000MT of beans and 5000MT of maize if the quality is improved and meets the company quality standards.

AT Uganda would like to provide the necessary technical assistance to help the farmer groups improve the quality of their produce.

Justification

Collective action is the key to improve the market access and experience of poor farmers. Smallholders, acting as individuals, can neither produce the quantities necessary to enter the larger, more-reliable markets, nor access current information about, or transportation to those markets. The approach is one of facilitation of sustainable commercial business linkages between organized producers and the private sector supply chain.

Supply chains provide access to markets and access to markets is a major constraint for small businesses. The lack of market access may be caused by: lack of information, technology, management and investment capital which in turn causes, poor quality, low quantities and irregular supply of products. These problems could be addressed if small businesses are organized and then strongly linked into a supply chain, where businesses depend on each other and where win-win situations are cultivated. Supply chains offer channels for services including information about market requirements or market opportunities, and support to improve production processes, management and quality control systems.

The farmer groups that AT Uganda works with are already well organized and produce significant surpluses of marketable produce. The task then is to empower them with skills to improve the quality of their produce and help them to link up effectively with traders, processors or exporters that are willing to provide access to market information and technology.

Project Purpose

Poor farming households in Eastern Uganda achieve sustainable income growth and poverty reduction as a result of market led growth.

Specific Objectives:

1. To improve produce quality through training and demonstrating on proper post harvest handling techniques so that farmers can meet the required quality standards by the market and receive good price from their produce.
2. To encourage the farmer marketing groups to improve the produce quality by utilizing appropriate post harvest equipments through provision of equipments for demonstration.
3. To link the farmer groups to big produce buyers of maize, groundnuts and beans i.e. Afro-kai, World Food Programme, Apony Uganda Ltd. etc and build their capacity in market intelligence.

Expected outcomes

1. Farmers' quality of produce improved to meet the market quality standards and get better price, which will lead to increase in household incomes.
2. Farmers' local institutional capacity for produce marketing enhanced through market intelligence for price analysis and negotiations. There will be increased marketed share of produce from farmers' farms.

Preliminary feasibility study

Since 1994, AT Uganda Ltd has been involved in provision of agricultural extension services, agro-processing promotion, agro-input distribution, and business development services to the poor farmers that were in desperate need for services. The farmer groups that AT Uganda has been working with in Eastern Uganda since 1997 were well established and producing significant surpluses of marketable produce. The DFID's nine months financial support extension (April to December 2005) has provided the opportunity to assist farmer groups to consolidate themselves into marketing associations in order to enable them capture more lucrative markets by selling in bulk. Since then, the technical staff and beneficiaries travelled to Bungoma, Kenya to visit SACRED, our main collaborator and learn from their first hand experience in collective marketing. Later, the SACRED consultants together with AT Uganda staff carried out a marketing analysis survey, where they had to meet farmer groups, wholesalers/ retailers and big buyers of potato and groundnuts.

In April 2005, farmer mobilization on collective marketing was carried out in the district of Tororo, Mbale, Sironko, Pallisa, Kumi and Kapchorwa. So far 19 sub county level marketing groups have been registered with a total of 1500 members. A 3-days Training of Trainers workshop was organized by AT Uganda Ltd and facilitated by SACRED Africa for AT Uganda technical staff, Extension staff from 19 sub counties, District Agricultural Officers and LC V Secretary for Production from the 6 districts of Tororo, Mbale, Sironko, Pallisa, Kumi and Kapchorwa.

All the 19 marketing groups formed at sub-county level have been trained, registered and by the end of August 2005, members will have deposited in their shares in form of produce in the marketing group. The share (produce) will be sold and the money from sale will be used as capital to buy more produce from members and non-members. Therefore, Appropriate post harvest handling and quality control are critical to ensure the safety of members' produce in store, and to capture higher value markets for farmers. Moreover, the associations will be linked to regular sources of market information and trained in negotiation skills, contracting and contract enforcement.

As a result of the strong foundation that has been laid, AT Uganda is very well placed to facilitate linkages to specify technical assistance to enhance the sustainability and impact of the interventions through greater market orientation. The proposed training will improve the farmers' quality of produce standards and build market linkages that will improve farmers' incomes. Doing so will cement the local management in the marketing groups and sustainability of the project and ensure continued impacts.

In addition, there is an opportunity of sharing ideas and approaches with our main collaborators, the SACRED Africa in Bungoma, Kenya, that have already had successful experience in rural farmers' collective marketing. Over the last 3 years SACRED Africa has been helping farmers to access better markets for their maize. SACRED-Africa first introduced a cereal banking system to Bungoma District. Under Cereal Banking, farmers form their own marketing associations to inspect, bulk, store and trade maize. This approach allows them to sell maize for top prices to larger-scale buyers, such as millers.

Association Organization And Management

AT Uganda Ltd. is an NGO that facilitated the organization of the group farmers into market groups. In addition, AT Uganda provides technical facilitation in form of training, advisory services on marketing and quality improvement and monitoring/supervision of marketing groups programs and activities.

Each of the Marketing Associations is a registered District level community-based organization made up of sub-county level registered Marketing groups as illustrated in the diagram below. Each Marketing Group has a constitution, elected officials, an audited bank account, a secure warehouse, processing area and a small office.

Registration of 19 sub-county level Marketing Groups has been completed and the process of training is currently underway. Each of the Marketing Groups has between 50 to 100 members who have paid, each USh 5,000 registration fee.

The registered members are also entitled to deposit at least two standard value bags of produce as their shares in the group at the time of harvest in July/August. Members will be issued receipts where further deposits are recorded. In addition to deposits for storage, the marketing group will buy and sell produce at the going market price for cash.

An elected management committee of 8 members, manages the Associations with at least three of them being women. Marketing Association operations are carried out by various working committees, which buy, inspect and market the produce on behalf of the group. The groups hold monthly general meetings to update members on recent stores and sales and an annual members' meeting where dividends are distributed and officers elected. They elect representatives to the District Marketing Association Management committee, which undertakes larger marketing and coordination activities on behalf of the member groups.

Even though only about 20% of the potential members are expected to join in the first year, the existence of the local marketing group will offer significant services to the community as a whole. By offering fair and transparent prices, providing storage opportunities and market information.

The Objectively Verifiable Indicators and assumptions for each are indicated in the Logframe on the following page.

LOGFRAME			
NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Overall Aim: Capacity to improve produce quality and accessing markets by farmer marketing groups in Eastern Uganda strengthened			
<p>... Objective</p> <p>1. To improve produce quality through training and demonstrating on proper post harvest handling techniques.</p>	<p>... that measure achievement of Results</p> <ul style="list-style-type: none"> • 113 marketing and quality committee members trained in quality control • Demonstrated quality control measures by members of the marketing groups and acceptance by big produce buyers of their produce 	<p>.. show of evidence</p> <ul style="list-style-type: none"> • Post harvest training materials and report. • Number of members practicing quality control measures and tonnage sold that meets market quality standards. 	<p>To achieve Purpose</p> <p>Marketing Group officials willing to work on a voluntary basis</p>
<p>2. To encourage the farmer marketing groups to improve the quality by utilizing appropriate post harvest equipments through demonstration.</p>	<ul style="list-style-type: none"> • 19 local produce quality control facilities established • A number of members demonstrate the proper use of the equipments 	<ul style="list-style-type: none"> • 19 sets of demonstration quality equipments 	<p>Appropriate equipment still available at the quoted price.</p>
<p>3. To link the farmer groups to big produce buyers and build their capacity in market intelligence.</p>	<ul style="list-style-type: none"> • 19 Market information points established • 113 Committee Members Trained on Market Intelligence and Negotiation Skills. • Marketing Groups achieve at least a 10% price premium for members over local market prices by EOP. 	<ul style="list-style-type: none"> • Market information records • Training report • Contracts of produce supply signed and served 	<p>Foodnet & KACE continue to provide market information on a regular basis.</p>

Beneficiaries

The immediate beneficiaries are the 19 marketing farmer groups comprising 1500 registered members. And the rest of the community will benefit indirectly through information that will be passed on by the beneficiaries.

Operational methodology

Objective 1: To improve produce quality through training and demonstrating on proper post harvest handling techniques .

A total of 114 participants will be trained, but divided into 2 training groups of 57 participants. This is going to be a Training of Trainer (TOT) scaling out. Three marketing group committees and three quality committee members from each 19 marketing groups will be trained and in turn, they will go back and train the rest of the group members. It will be a centralized training where all the participants will be called in one venue. The quality control management training together with demonstrations will take 2 days (see topics to be covered in the annex). Appropriate post harvest handling and quality control are critical to ensure the safety of members produce in store, and to capture higher value markets for farmers.

Objective 2: To encourage the farmer marketing groups to improve the quality by utilizing appropriate post harvest equipments.

Each district marketing association will be provided with a set of demonstration equipment to be retained at the district for showing the farmers to maintain quality. AT Uganda will encourage the sub county marketing groups each to acquire quality equipments. Farmers need not only training and skills, but also access to basic equipment and facilities, and the necessary price incentives to make compliance worthwhile.

Objective 3: To link the farmer groups to big produce buyers and build their capacity in market intelligence.

Farmers' local institutional capacity for produce marketing will be enhanced through market intelligence for price analysis and negotiations.

The associations will be linked to regular sources of market information and trained in negotiation skills, contracting and contract enforcement. The mere presence of transparent pricing mechanisms and assurance of fair standard units of measure will undoubtedly assure the marketing groups of a brisk business buying and selling from non-members in the surrounding community. Marketing committees will need to be trained to carry out a careful assessment of the advantages and disadvantages, costs and benefits, involved in securing contracts to supply alternative markets (in terms of location, time, quality specifications, volume, end use, and customer preferences). This is all part of the process of learning to be successful in the produce marketing business. Community Enterprise Development Organization (CEDO) will facilitate the marketing intelligence training. And the training will take 2 days (see topics to be covered in the annex).

Workplan

Activity	Month					
	July	August	September	October	November	December
Preparation						
Quality control management TOT						
Marketing information and intelligence TOT						
Training of marketing group members on quality control and marketing						
Follow up by AT Uganda staff						
Submission of report						

Appendix 9.

Budget for Quality Control and Market Information Training

	Item	Number of groups/ participants	Qty per gp	Price	Total	Donor	ATU	Group
	Demo Equipment							
1	Small Moisture meters (one per District)	6	1	500,000	3,000,000	2,500,000	500,000	
2	Hanging Weigh Scale	19	1	479,700	9,114,300		9,114,300	
3	Tarpaulin	19	4	18,000	1,368,000		1,368,000	
4	Coffee wire (meters)	19	2	7500	285,000			285,000
5	Notice board	19	1	21500	408,500		408,500	
6	Screening tables	19	2	15000	570,000			570,000
7	Trays	19	2	2000	76,000			76,000
8	Sampling spears	19	2	1500	57,000			57,000
9	Small Sieve	19	1	2000	38,000			38,000
	Sub-total				14,916,800	2,500,000	11,390,800	1,026,000
	Training							
10	Participant meals & Accom.	133	4	15000	7,980,000	4,840,000	3,140,000	
11	Transport refund	133	1	10000	1,330,000		760,000	570,000
12	AT staff per diem	3	8	40000	960,000		960,000	
13	Facilitator	1	5	150000	750,000	750,000		
14	Venue	1	9	50000	450,000	450,000		
15	Staff Transport to Mbale (fuel round trip)	1	2	150000	300,000	300,000		
16	Drivers	2	4	26500	212,000		212,000	
17	Facilitator Transport to Kampala	1	2	15000	30,000		30,000	
	Sub-total				12,012,000	6,340,000	5,102,000	570,000
	Total				26,928,800	8,840,000	16,492,800	1,596,000
	Overhead 15%					1,326,000		
	Grand Total				26,928,800	10,166,000	16,492,800	1,596,000
						38%	61%	6%

Appendix 10: Report on Quality Control and Marketing Training

PROJECT PROGRESS REPORT

Organisation Promoting:	AT Uganda Ltd.
Project Title:	Increasing Farmers' accessibility to markets through quality improvement
Reporting period:	August - November 2005
Prepared by:	Namisi Sarah (Technical Advisor) and Andrew Magombe (Marketing coordinator)

Background

AT Uganda Ltd has assisted farmers in the districts of Tororo, Mbale, Manafwa, Sironko, Kumi, Pallisa, Bukwa and Kapchorwa to consolidate into sub-county level marketing associations in order to be able to capture good markets by selling in bulk.

Nineteen sub-county level marketing associations with 1,500 members have registered with a membership fee and shares. The share (produce) is sold and the money from sale used as capital to buy more produce from members and non-members.

AT Uganda is assisting to link the marketing groups with the big produce buyers like Afrokai, World Food Programme and Apony Uganda Ltd. to improve their marketing conditions but there was some constraints of quality control that made it difficult for the produce for the groups to be accepted.

Therefore, the appropriate post harvest handling and quality control were critical to ensure the safety of members' produce in store and quality of their produce to capture higher value markets for farmers.

With financial assistance from Danida/ASPS, AT Uganda and farmer groups, AT Uganda was able to facilitate a 3 days quality management and marketing training, to improve produce quality through training and demonstrating on proper post harvest handling techniques and market information and intelligence.

The overall Objectives of this undertaking was to improve produce quality through training and demonstrating on proper post harvest handling techniques so that farmers could meet the required quality standards by the market and receive good price from their produce. Once the quality control of produce is achieved, the marketing groups will be linked to big produce buyers like Afrokai, World Food Programme, Apony Uganda Ltd. Etc.

Farmers' local institutional capacity for produce marketing will as well be enhanced through market intelligence for price analysis and negotiations besides increased marketed share of produce from farmers' farms.

Training Activities

Activity	Target	Results			Budget	Expenditure
		Male	Female	Total		
Quality control management And Marketing Information/ intelligence TOT	114	108	29	137	12,012,000	
Training of marketing group members on quality control and marketing	1,500	Not Available		736	Not applicable	

Purchase of Quality Control Equipment

Equipment	Target	Actual	Budget	Expenditure
Small Moisture meters	6	1	3,000,000	1,000,000
Hanging weigh scale	19	19	9,114,300	1,900,000
Tarpaulin	76	76	1,368,000	1,368,000
Coffee wire (meters)	57meters	38	285,000	260,000
Electronic scale	6	5	1,800,000	1,750,000
Notice board	19	19	408,500	440,000
Screening tables	38	38	570,000	570,000
Trays	19	38	76,000	76,000
Sampling spears	38	38	57,000	
Small Sieve	19	19	38,000	38,000

Training of Trainers (TOT)

A total of 137 participants were trained, but divided into 2 training groups. Group 1 comprised of members from 9 marketing groups, with a total of 65 participants. And Group 2 from 10 marketing groups with a total of 72 participants. This was a Training of Trainer (TOT) scaling out. Three marketing group committee and three quality committee members from each of the 19 marketing groups were trained and they in turn, trained their respective group members. The quality control management training together with demonstrations took one and half days (see annex1 for topics that were covered).

Marketing committees were trained to carry out a careful assessment in securing contracts to supply alternative markets (in terms of location, time, quality specifications, volume, end use, and customer preferences). This is all part of the process of learning to be successful in the produce marketing business. Community Enterprise Development Organization (CEDO) facilitated the marketing intelligence training. And the training took one and half days (see annex 2 for topics covered).

Each of the 19 sub county marketing groups acquired one weighing scale, 4 tarpaulins, 2 sampling spears, wire mesh for making two screen tables and 5 electronic scales for each of the five operational districts and 1 moisture meter to be shared as tools for quality management.

Training for marketing group members on quality control and marketing.

The TOT went back home and trained their members in the group with the assistance of the FPRAs. The training for both Marketing and Quality control was conducted in two days in all the 19 Farmers Marketing Groups, and a total of 736 participants were trained. Where the turn up was poor, some members were busy registering with political organizations and some members had not paid their shares. Otherwise, the training generally went on well.

Effects of the trainings

- Members of the marketing groups are now able to ensure/observe minimum quality standards of their produce e.g. drying to minimum moisture content required, sorting and grading of produce according to varieties, colour, etc. As a result their produce fetches better prices compared to the low quality of produce of non members.
- Enhanced utilization of quality control equipment among the members e.g. drying of produce is being done on tarpaulins/papyrus mats instead of bare ground, as was the case before training. Screen tables are used for sieving and cleaning of produce before accepted in the stores. There is also enhanced utilization of weighing scales, as an effective way of determining actual quantity of produce instead of depending on middlemen's cheating measures.
- Enhanced market intelligence and price analysis skills among the members. For example in most of the groups members have bulked produce and are planning to sell it at a better price when there is relatively low supply on market.

Deviation from the original work plan

As far as the trainings were concerned there was not any deviation. However, there was a deviation on the original number of moistures to be purchased. Six moisture meters were planned to be bought, but only one was purchased. It was found more expensive than budget. Also 5electronic scales were purchased instead of six.

Challenges/problems

- Some demonstration equipments were found more expensive than what was quoted during budget formulation.
- Though the farmers were taught how to access price for different items at different location by mobile phones, Food Net is not current with price updates.
- The training duration was too short to cover the topics satisfactorily especially when it came to training the farmers back in the groups.
- Some groups reported managing a large group was difficult during the trainings.
- Some farmers were slow learners in the group which made facilitation hard.
- Trainings in some groups, there was poor turn up due to interference by political elections.
- Trainings could start late due to late arrival of participants.
- Most of the marketing groups still lack business esteem to go out to look for markets. They are only looking at the local market around.

Pertinent issues/Lesson learnt

- A Training of Trainer (TOT) is an effective way of scaling out.
- Participatory approach is the best method of training adult learners/ local farmers.
- Quality of a produce determines its price.
- Farmers have to have update market information so as to cope up with price changes.
- Good marketing information results in good marketing and avail markets.
- Marketing requires joint effort.

- Farmer groups should link up with big buyers so as to get better price.
- Team work should be promoted in groups.

Conclusion/ way forward

- The training all across the 19 Farmers Marketing Group was highly appreciated.

Way forward

- There is need for organizing the same training to give opportunity to those who missed to attend.
- Farmers recommended to have refresher training every season.
- There is need for crop finance in order to boost the marketing group.
- The marketing research information need to be effectively provided on mobile phone system.
- There should be follow up on quality assessment so that the members adopt the methods.
- The training should be extended to more farmer groups in the community..

Plan for the next quarter/ phase

- Continuous follow up of the Marketing group on buying and selling of produce.
- Follow up on the working committees in order to strengthen them.
- To encourage Farmers Marketing Groups to purchase more quality management tools or equipments.
- A proposal on

Annex 1: Topics Covered For Quality Control Management Training.

Topics	Method of Training
Introduction to grain quality management. <ul style="list-style-type: none"> • Importance of grain quality • Grain quality standards and assessment • Factors affecting grain quality 	Brainstorming
Pre-harvest factors affecting quality. <ul style="list-style-type: none"> • Seed selection • Timely planting • Plant population (spacing) • Timely weeding/pest management in the field • Timely harvesting and methods 	Brainstorming to list the factors
Post harvest factors affecting grain quality. <ul style="list-style-type: none"> • Drying • Grain processing • Grain storage • Storage pest 	Brainstorming, lecture, pictures/posters Brainstorming/lecture, practicals, group work, pictures. Brain storming/ lecture, pictures, and demonstration. Samples, pictures, brainstorming, lecture, demo for acetellic

Annex 2: Topics Covered During Marketing Training

Topics	Method if Training
Introduction to marketing <ul style="list-style-type: none"> • Importance of marketing • How does a liberalized market work 	Lecture Brainstorming to list the factors
Understanding and using market information <ul style="list-style-type: none"> • Obtaining market information • Why prices change • Interpreting prices quoted by a market information service • Using market information to get better price • Using market information for production planning 	Lecture Brainstorm Small Group Discussions
Contractual marketing Buy back arrangement Price paid for farmers' produce	Lecture
The concept of collective bargaining and marketing for farmer's groups Capital acquisition/investments	Brainstorming, lecture, pictures/posters Brainstorming/lecture, practicals, group work, pictures.
Major Produce buyers and their role in marketing	Lecture, small group brainstorm on how to take advantage.

Appendix 11: Evaluation Report on Collective Marketing.

**Evaluation of Farmers Marketing
Initiative Activities Implemented
by AT Uganda**

Report by:

Eusebius Mukhwana, Vitalis Ogemah and Miriam Kuloba



**Sustainable Agriculture Centre for
Research, Extension and Development
In Africa**

December, 2005

Table of contents

Background

Terms of Reference

Purpose and Methodology

Key Study Questions

Summary of Observations

Key Areas

Leadership And Group Dynamics

Participation

Share Contributions

Capital

Marketing And Market Research And Information

Produce Quality Management

Record Keeping

What Is The General Perception Of The Members About The Project?

Value Addition

Other Groups Activities

Contributions By FPRAs

Recommendations/Way Forward

Evaluation of AT Uganda's Farmers Marketing Initiative

Background

In April 2005, AT Uganda with assistance of SACRED Africa conducted a study of the marketing systems for potato, maize and groundnut in eastern Uganda. The objectives of the study were among others, to assess the feasibility of small-holder farmers' collective marketing in Eastern Uganda from the perspective of farmers, traders in the value chain, processors and other stakeholders, and to make recommendations for the implementation phase, including outlining the institutional design and operating mechanisms and determining whether the cereal banking model can be adapted to improve the marketing of groundnuts and potatoes in Eastern Uganda. A report on this was written and submitted to AT Uganda with some key recommendations. In addition, a three days' training was conducted for farmers' leaders and extension staff with the objective of providing relevant knowledge for the planning, establishment and management of collective marketing activities.

It is now more than six months later and every interested party is interested in knowing the progress of this initiative. It is on this background that an evaluation was planned with the general objective of;

- assessing the progress so far made in the key areas of the initiative,
- identifying important constraints and limitations and
- recommending a way forward in lieu of these

PURPOSE AND METHODOLOGY

The main purpose of this evaluation study was to assess the progress made in establishing and running collective marketing institutions for groundnut, maize and potato. In particular it focused on important areas covered during the training and in the recommendations of the technical report on them. The main interest areas of the study were:

- what activities had been carried out in the business cycle,
- what achievements had been made, and
- problems so far encountered.

Other interest areas were activities such as:

- group formation, legislation and leadership,
- processing and marketing,
- record entries and general book keeping.

The farmers and group members provided important information on how they had so far implemented the project, how their fears had been addressed and whether new fears had developed.

Because marketing is very much related to what farmers have for the market, it will be in the interest of the study to also determine how good production has been or is expected to be, how much farmers have produced or intend to produce and how much is or shall be made available to the market. Improved access to market information was an important recommendation and the study looked at how far the groups have had access to market information, whether there have been improved access to sources of information and the relevance of such information.

Another key interest area was to look at seasonal price behaviour and how they had contributed to the success or failure of planned activities.

Raising of capital for business is a key determinant of the success of collective marketing especially where purchases are made. It was hence in the interest of the study to establish whether any capital had been raised, and if yes which methods had been employed. Had any alliances been built with financial and micro-credit institutions? To what extent had farmers contributed shares to raise working capital? How willing were the farmers to deposit the produce for bulk sales? The study interested itself with whether any trading had been done and for which produce.

TERMS OF REFERENCE

1. Assess progress made since the training:
 - leadership in groups and group cohesiveness
 - book keeping
 - quality control standards
 - market research and intelligence
 - farmers' perceptions of the programme
 - position in the business cycle
2. Identify the gaps, weaknesses and challenges, technical and other types of assistance requirements
3. Recommend interventions and the way forward
4. Comment on the extent to which project has achieved its targets

The study was categorised into several key areas under each of which important questions that would help build a clear picture are listed as below:

Leadership and group dynamics

- how were the leaders chosen
- what leadership qualities were considered any challenges/problems with leadership
- how cohesive are members in the group
- any problems/challenges of working in a group?

Participation

- frequency of meetings
- attendance by members
- contributions from members in meetings
- participation in group activities

Capital

- sources of capital for the groups
- how is capital raised and utilised
- challenges faced so far in raising and utilising capital
- future plans for capital acquisition

Marketing

- have you done any buying and selling
- how much has been bought or sold
- how and where do you obtain the products
how and where do you sell the products
- are there sufficient quantities for sale
- how do you transport to the market

What is the perception of buyers

- How do you process and package for the market
- how do you set the prices
- How have you balanced seed and general produce prices
- How has price affected marketing activities

Market research and information

- sources of market information
- relevance of information obtained
- how is the information used
- adequacy of the information obtained
- who is responsible for information gathering and analysis?
- means of dissemination to other groups

Quality control standards

- what factors determine quality of the products
- how are these factors measured
- what tools are used
- are the buyers standards met
- any processing done to improve quality
- any added benefits due to improved quality
- what challenges/problems are encountered in maintaining good quality

Record keeping

- Types of records kept
- who keeps records
- what skills have been acquired in record keeping
- challenges in record keeping

Collaboration

- who are the key collaborators
- what are their roles
- any conflicts of interest between collaborators
- any other party whose collaboration may be important

Other group activities

- what are they
- any benefits towards collective marketing
- and conflict of interest?

Group members' perception

- what is good about the project
- what is bad?
- what benefits have been derived from the project by individuals and community
- what benefits do you still hope to achieve?
- To what extent do you feel you own this project
- To what extent do you feel you trust this project?
- What built or destroyed your trust?

Role played by AT in marketing

- frequency of follow-up
- time allocation by AT staff
- credit facilitation? Loans, amounts, interest, grants etc.
- sources of credit or grants
- capacity building, which areas
- market information and dissemination
- any linkages built?
- database of buyers and sellers
- challenges faced in dealing with marketing groups

Way Forward

The study was conducted in six groups selected at random out of the total of 19. The selected groups were visited by both AT Uganda and SACRED Africa staff. In most of the group, the NGOs official met the management committee members with a few members. In Kachonga, most of the members were present.

SUMMARY OF OBSERVATIONS

- At least 19 farmers' groups have been formed, in various districts of Eastern Uganda.
- The groups have held elections and democratically elected office bearers
- The officials and members have been trained in key marketing areas
- All groups visited have established record books.
- Most of the groups have collected produce for shares and some have started trading.
- All the groups visited have identified a store for their produce and branded it accordingly with project logo and colours.
- All the groups have acquired basic processing and trading tools like sieve frames, scales and tarpaulins.
- The project has also acquired important tools that will be jointly used by all the groups like moisture meters and electronic scales.
- AT Uganda has appointed a team of auditors to assist the groups establish record books and audit them.
- All the groups have held various types of meetings.
- Overall, the project has met its objective of starting off the farmers' marketing groups.
- The groups have developed great sensitivity to loss of working capital and have put in place mechanisms to minimize such losses.

KEY AREAS:

Leadership And Group Dynamics

In all the groups visited the leaders were elected in what members described as democratic elections. Members elected were those that were thought to be trustworthy, honest, knowledgeable, committed, with acceptable level of education, integrity, experience, dignity, good reputation within the community and social. Also commitment and gender considerations were taken into account. They must also have been known from their past history to be transparent and not corrupt.

All the groups (apart from Kachonga who had also initially elected a woman) elected women as treasurers because they believed the women were more trustworthy. Because of the short period that the office bearers had been in office, the groups seemed not to have had any serious challenges and there also seemed not to have been major conflicts with group members. An issue of concern is the election of leaders who have not completed payment of shares, e.g. in Kakii and Kweyodela Sironko. Experience has shown that such members are not fully committed and end up leading by bad example.

In some groups, the FPRAs (extension staff) seemed to provide many ideas to the groups and to supervise group activities closely. This is good but care has to be taken to ensure that they do not take up leadership from the group leaders.

Participation

All the groups formed various sub-committees and assigned members to them. The formation of sub-committees ensures that each member belongs to a sub-committee; however some members could easily be overworked e.g. quality control and buying and collection (purchasing) unless a deliberate effort is made to ensure uniform distribution of labour. Some groups considered the amount of work for each sub-committee and assigned more or less members accordingly. Others however assigned equal numbers for all sub-committees. Where each member belongs to at least one kind of sub-committee, a rotation is necessary so that no single member is always doing a light job while another is always doing a heavy or more involving job. It is important that a duty roster is made to assist in open and transparent distribution of tasks.

2-3 meetings have been held after AGM. Some groups however seemed not to distinguish between AGMs, monthly general meetings, executive meetings and other forms of gatherings such as trainings and seminars. In the course of such confusion, the management may not be very clear about which meetings to call at what time as per the constitution or which meetings have already been held.

Attendance in meetings is reported to have been between 70-90%, which is generally good. The short period may not give a good indication of the trend. From experience, farmers seem to start well attending meetings and participating in group activities, but after some time, the interest starts reducing. One farmers' group, (Sukuya Tubaana) on anticipating a decline in farmers' interest in meetings, came up with innovative means of keeping the interest high. Every week they contribute money (USh.2000/=) which is paid to one lucky member who picks a yes in a lottery. Each member must pick the lottery personally. This ensures that every member attends all the meetings. We found this to be a very useful innovation that could be emulated by other groups since from experience, non-participation by members contributes significantly to the failure of group projects.

Share Contributions

Share contributions were good in some groups, e.g. Kasewo, where the group is only dealing with members who have submitted their shares in full. In some groups, share contributions are as low as less than 8% (Kweyodela Sironko). This is generally a dangerous trend since participation and sense of ownership in such groups are very poor. Related to these is the danger of having elected committee members who have not contributed shares. Such officials are generally not committed and show a bad example to the extent that some members feel reluctant to pay in their shares.

Registration fee was uniform for all the groups visited, however share values varied significantly ranging between Ushs 20000/= to 50000/=. An important observation made was that the lower the amount paid, the higher the proportion of members who had completed their payments and vice versa. This leads to the possibility that high share values are difficult to raise and lead to non-compliance with group laws and deadlines. All groups except Kasewo had failed to meet the deadline for depositing shares and some had therefore extended them. Some had however left it open. It is important that deadlines are observed, but where there is a good reason to extend a deadline, a clear resolution must be made in a general meeting and minuted for future reference.

The description of a share for some of the groups was not clear and exact. In Kachonga for example, a share was defined simply as one bag of groundnut or two bags of maize without specifying the weight. The alternative was to pay Ushs 40000 cash. In Kweyodela Sironko, shares were only being allowed in form of cash and not produce. Then in some groups a standard bag of groundnut was 41 kg while in others it was 50kg. The shares contributed need to be standardised and described clearly to avoid conflict later on.

In the final wrap up meeting it emerged that in some groups where share contribution was so poor, farmer attitude affected the contribution. This all depended on how mobilization was conducted. Mobilizers could have failed to fully convince the farmers on the need or operations of the project. Such suspicion could only be removed by a successful implementation of the initial phase of the project by the very few members who have a positive attitude. FPRAs were supposed to lead in the mobilization, implying that they had to have proper understanding of the project and have confidence in it. No significant progress will be made where FPRAs themselves are also too pessimistic.

Capital.

The main sources of capital for group activities were shares contributed by each of the members and the registration fee. The share value ranged from Ush.20000-50000. The money generated from shares was mainly used to purchase produce for trading. In some groups, shares were deposited in form of produce that has either been stocked or sold.

Another source of capital was a grant from AT Uganda mostly to facilitate rent payment and purchase of tools and equipment. Some groups also raised funds through merry-go-rounds and other contributions. Other groups were however too pessimistic about sourcing for any form of funds. Such groups' confidence needs to be built by interaction with groups which are outgoing and confident. Some groups charged storage fee on farmers' produce that they stored. However, care must be taken not to peg storage fee to the profits made by the goods that are stored since this will rest the responsibility of selling the stored produce profitably on the group.

The working capital in the groups is generally insufficient and may not enable the groups to adequately trade. All groups seemed not to have sought alternative means of funding although some were positive on suggestions such as loan acquisition, increasing share contributions (e.g.

Kasewo), and merry-go-round (Sukuya Tubaana and Ngora). One group (Sukuya Tubaana) had also a proposal for a community phone booth which they believed would assist them in communication in addition to earning them some income. They had also agreed to fundraise for the purpose of paying the watchman. There was also a wide range of ideas among the groups on how to generate capital which were yet to be explored including opportunities offered by NUSAF and NAADS among others.

Marketing And Market Research And Information

The farmers' marketing initiative was intended to build the farmers ability to market profitably. This is why issues related to marketing should be given priority and keenly addressed. The groups visited were very concerned about the following marketing constraints:

- transport constraints
- competition
- raising adequate quantities
- capital limitations
- price fluctuations
- lack of good markets
- market information limitations
- costing and pricing

All the groups visited had at least some produce for sale. Most of them had gathered it as share contributions although some had actually bought some of the produce. Some few groups had already sold some of the produce and embarked on the business of buying and selling. Such sales were generally local with little profit margins. For those groups that did not value the members' shares it was difficult to tell whether they were selling at a profit or not.

Although the group members generally had good information on where the potential markets were, little had been done to follow up on these markets. The groups were also aware of where to get market and price information. All the groups seemed not to have established a formal procedure of acquiring market information and utilising it, despite the presence of the marketing committee in most groups. No one seemed to be directly responsible for this task. The groups also seemed not to be aware of the marketing activities of the other groups. There existed possibilities for inter-group trading that the groups were not aware of.

The issue of groundnut seed price continued to distort the marketing of the produce in some areas. The most affected was KAKII, where Serenut III was valued at Ush70000/=in anticipation of good prices from AT Uganda and other seed buyers while in other places it was being traded like any other variety. Such inflated prices cannot lead to sustained production and marketing and are completely not related to the cost of production. The seed price problem has its history from the fact that previously, AT Uganda and other interested parties purchased the improved varieties from the group as seed at good prices. It is however expected that these seed prices will stabilize and allow for normal production as has already happened in the Ngora region. Farmers groups need to be aware of this and plan to produce and market groundnut for consumption and not for seed.

The level of linkages built so far was not up to standard. Again this may be due to the short time that the groups had been in operation. All in all, marketing linkages do not need to wait until one

is established. In the initial study done in April, it was established that there were many established groundnut buyers in Mbale, for example. The groups are expected to have built some linkages with such buyers, explored the possibilities of selling to them and discussed the quality requirements by such buyers. Much as the groups have been trained in quality management, it may not serve them usefully if key players will not know about their ability to bulk high quality produce. The groups need to bargain and advocate for their produce, to show the buyers samples and convince them (buyers) to buy from them. It may not be enough for the farmers to visit a market and make a general survey of what the prices are. Some buyers were keen to purchase good quality produce at a better price, but this must be vigorously negotiated by the groups.

Produce Quality Management

With regard to produce quality, there seemed not to be any serious limitations especially with respect to groundnut marketing groups. This also could have been as a result of the short period of operation, but the group members seemed to be fully aware of what they need to do to improve the quality of their produce. They also knew what to consider in assessing quality such as moisture, rotten, broken, true to type, and how to assess it. The groups also possessed basic tool such as tarpaulins, scales and containers which were obtained through a grant from AT Uganda. The members were trained on quality and formed quality and inspection committees which are charged with ensuring that the produce purchased by the group is of acceptable quality standards.

The store size was generally a serious problem considering that groundnuts are voluminous. Only Kachonga seemed to have a large enough store to accommodate large amounts of produce. Because of this, it is important that some simple measures are taken in addition to renting large stores, to maximize the amount of produce that can be loaded. For example, it may not be worthwhile to rent a store that has a ceiling board fitted since this will drastically reduce available volume. Some racks (pallets/dunnages) were also constructed too high that they limit the amount of produce a store can accommodate. Some pallets were made as a single block, which reduced flexibility to nil. Pallets should be in units that can easily be moved and can be removed from part of the store in case another activity, or even when air-drying needs to be done. For small stores, ventilation is not a serious problem although it must be considered when selecting a store. For large stores such as the one for Kachonga group however, ventilation is critical especially when it starts filling with produce.

Record Keeping

All the groups visited had established a record keeping system which consisted of a cash analysis book, cash sales book, credit sales book and stock inventory book. Whereas it was well known that the treasurer made entries for cash related transactions, it was not very clear as to who was responsible for the other group activities and information such as membership list for example, minutes of meetings, stock records and general inventory. None of the secretaries for example identified him/her-self with meetings records. It was a general consensus that “we keep the records” without any specific individual claiming responsibility. It seemed like it was not very easy to extract specific information if one visited a group abruptly. In some groups also, some activities seemed not to have been recorded anywhere e.g. merry-go-rounds and other contributions. At a later date, such unrecorded transactions may end up causing a lot of misunderstanding among the members.

In all the groups visited, knowledge of record keeping was a serious limitation. Most groups admitted that they were not competent enough and requested for more training. Some records also seemed too complicated for the farmers, for example the cash analysis book. In some stores, the officials were not able to distinguish between cash receipts, payment vouchers, goods received notes, delivery notes, etc.

Another complication observed was that because of the complexity of record keeping, members are not very keen to go through the process until they understand it. Only a few directly responsible officials like the treasurer persevere until they have learned something useful. In all the groups visited, no other official or member could competently make entries into the cash analysis book. This exposes the group to serious problems in the event of a trained treasurer leaving the group. The auditors that were engaged to assist the groups with setting up of records and auditing them need to take more time to explain the records in detail. In addition, they also need to build other members and not just official or treasurers alone. It should be the responsibility of the group management to identify a few members even outside management that can be trained exhaustively on key record areas. Once such members are identified, the trainers should give more attention to them and ensure that they are sufficiently developed. It is generally the objective of the project to build the capacity of all members collectively, but where finer and complicated detail is concerned, people who show keen interest and ability should be identified since leaving it to all members may not be sufficiently useful.

What Is The General Perception Of The Members About The Project?

The members seemed like they wholly owned the project and considered the project theirs. Much as they anticipated getting assistance and grants from different areas, they seemed to be focused on getting along on their own. They also had high expectations on what they expect to gain from the project. The members appreciated several gains made by the project as:

- acquisition of knowledge and skills in
 - produce storage
 - produce quality management
 - longer storage of produce at home and in the stores
 - book keeping
 - marketing
 - value addition
 - measurements and weights
 - marketing information and intelligence
 - making of work plan
 - stimulation of production

“We can now store our groundnuts for a longer time, because we can bring them to our group store where they are safe from many things common at home. At home our produce is exposed to thieves, relatives, the husband, the wife, children, rats, insects, etc who all “steal” from the same bag in different directions” comment from a member of Sukuya Tubaana farmers marketing group.

- recognition of the groups in the project by other stakeholders
- development of transparency and accountability
- cooperation, friendship and knowing of one another among members
- unity of members
- collective action by members
- exposure by meeting visitors and collaborators
- development of trust and faith among members

- increased hope for better income
- built the reputation of some officials to the extent that they worn political positions

The members also expressed some issues which to their view were challenges, fears or issues that could be improved for better success of the project. Some of these are summarised below as:

- the project calls for a lot of patience to reap its benefits
- the expectations of the members are sometimes dangerously high
- project activities are time consuming and demanding
- in the absence of sufficient resources, officials need to work on voluntary basis
- more and regular training needed
- the project should alleviate fears that it could abruptly come to a close.

Value addition

Only one group, Ngora, was prepared to enter into value addition as a means of providing market for their groundnut which would otherwise fetch low prices. They intended to process the nuts into butter for sale. In addition, they also intended to sell shelled groundnut as opposed to selling in shell. This is an opportunity that the farmers groups need to look at and explore all possible avenues related to adding value. In the original study, value addition was seen as one of the best ways to enhance the profitability of group businesses. It is however only possible where the produce has been correctly valued, additional costs have been accurately calculated and a market for value added products offers an acceptable profit margin. Unfortunately, some of the other groups were not thinking seriously about value addition. Serious research and market survey need to be performed by the group in order to identify a market for value-added products. It may sound expensive and may require additional equipment but all in all it is still worth giving a try.

Other Group Activities

In addition to collective marketing, some groups were involved in other activities directly or indirectly related to the core activities of marketing. Such additional activities could enhance cohesiveness, interest in group activities and income generation. Only one group (Sukuya Tubaana) was engaged in other activities namely:

- merry go round
- condolence fee

They also had plans for:

- insurance for their produce
- community mobile phone booth

Such extra activities are important and useful as long as they:

- do not lead to a conflict with the groups core activities
- do not complete the main activities for time and other resources
- do not over engage the members.

A good example among the groups visited was Sukuya Tubaana. They planned to have members contribute for four different activities simultaneously. Unless properly managed, such over engagement could lead to exhaustion and confusion on the side of members.

Contributions by FPRAs

In the final wrap up meeting with AT Uganda staff and FPRAs, the observations made from the groups that were visited were discussed and related to the groups that were not visited. Most FPRAs acknowledged that the observations were similar in the other groups. The key issues that emerged in the final wrap-up meeting are summarised below:

- Swearing in was a very unique activity with a very positive impact
- Some FPRAs expressed concern that the interim period was too short to assess the performance of the officials. It was clarified to them that election of the officials was not to be based on their performance during the interim period but from previous history.
- Some farmers did not trust the interim committees
- There was generally need for more training of the groups by FPRAs.
- Most felt they could continue with, and even intensify trainings if they were facilitated adequately.
- Were FPRAs competent enough? This could not come out clearly and needs to be followed up and independently investigated.
- Absenteeism by group members hampered the activities of the trainers and even the auditors.
- It is important to consider the ability of the officials who are being trained, especially the treasurer. Where such officials are not trainable, some members should be included in the trainings.
- Some negative attitudes hindered shares contribution.

RECOMMENDATIONS AND WAY FORWARD

The following recommendations are in our view important as a way forward from the current position of the project. They are based on the observations made and discussions conducted with AT staff, group officials and members and FPRAs.

- The groups are operating under serious financial constraint. There is an urgent need for financial support or facilitation of the groups to access additional working capital. This needs to be taken up by AT Uganda as a matter of urgency. Having worked so hard to establish the groups and make them operational, AT Uganda needs to reach out to all possible funding sources to raise some working capital for the groups.
- As AT Uganda sources for funds to facilitate the groups, the groups themselves need to get innovative and explore all other possible means of raising capital to increase their working capital to reasonable levels. Some of the possibilities include internal fundraising, merry-go-rounds, cash for labour etc. The groups should work on strategies to continue with or without funding.
- Training of the groups needs to continue. From our experience, farmer training needs to be repeated regularly since most of them are old and take time to catch up. Again this is a noble cause that AT Uganda should not abandon at this stage despite their running out of funds. Efforts to search an interested partner to fund the trainings should be intensified. In addition, all other opportunities for training should be exploited especially by the FPRAs.

- Shares contribution should be increased. In the absence of any additional funding, the working capital should come solely from the share contributions. The reasoning behind is that farmers should be willing to invest significant amounts of capital in their group for them to justify spending much time and effort on group activities.
- Immediate action should be taken to ensure that all management committee members have paid their registration fee and contributed their shares in full. Any official who is not able to comply should be replaced.
- Priority of group activities should be selling the members own produce. The Farmers Marketing Initiative was founded on the basis that farmers were not able to profitably market their produce. It will therefore only succeed if farmers have sufficient produce to market. The business of buying and selling is secondary to farmers selling their own produce.
- There exist opportunities for inter-group trading. Such opportunities need to be established and exploited.
- Where farmers cannot raise sufficient amounts of produce to bulk and sell, increasing production should be the priority. Having an established outlet should encourage farmers to seek improved production technologies such as improved groundnut varieties and cultural practices to increase their production. This needs not be a serious problem since it was the initial engagement of AT Uganda.
- Value addition should be prioritised high among the marketing strategies. Feasibility for processing and adding value needs to be assessed. The groups should be willing to invest in simple equipment such as shellers and peanut butter processing equipment where worthwhile returns are foreseen.
- Minimum share contributions should be what most members can comfortably afford although the groups should try to raise as much shares as possible.
- The share value should be clearly defined at all times. Where farmers submit the produce instead of cash, its cash equivalent should be established since in all cases, refunds shall be in form of cash and not produce.
- Some innovative options to keep maintain high interest in group activities and meetings by members should be considered. Similarly, punitive measures against non-participation should also be enforced.
- Linkages need to be built with buyers. The groups should take the initiative to search for the market and establish linkages with key players. Linkages should also be built between groups for sharing of opportunities.

AT Uganda needs to assist the groups in establishing contacts with key buyers especially in distant markets. A database of buyers should be established and maintained by AT Uganda.

- Records entry and maintenance needs to be improved. More training is required with specific focus on the right people within the group. Regular training and practice should be made.
- AT Uganda needs to maintain regular follow-ups on the groups and their activities with the objective of guidance and technical support. They should investigate and assess the capabilities of FPRAs especially in highly technical areas like record keeping.
- The FPRAs should keep constant supervision of the groups without taking over group responsibilities and making key decisions.

- Transport limitations featured prominently as a constraint. In their sourcing for funding AT Uganda should also prioritise acquisition of medium sized trucks for transport facilitation.

Appendix 12: Management Of Aflatoxins In Cereals, Legumes And Tubers

Insert Appendix 12 here.