



## REGIONAL DEVELOPMENT BRIEFING N° 5

### Rural Development Briefing in Eastern Africa A series of meetings on ACP-EU development issues

Improving investment and stimulating agricultural growth to achieve food security in East Africa  
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*Role of market information in the improving investment and stimulating agricultural growth to achieve food security in Eastern Africa*

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#### Executive Summary

#### Situation Analysis – Upward trend Uganda food prices (period of June 2009 to May 2010)

The current trends within the market such as consumption habits, tastes and regional have a direct bearing on the situation of food security within the region. The region is experiencing increased population growth, declining production, increased land fragmentation, environment changes, etc. These and other factors are affecting the investment and availability of food within the region.

- **Productions issues :**
  - Changing environmental patterns – increasing the cost of production and maintain of farmer enterprise
  - Unpredictable seasonal patterns
  - Poor material inputs led to low productive.
  - Reduction in the yield per acre.
  - Discouraged farmers ,
  - Negative attitude to farming - many individual once a farmer you will die poor
- **Transactions issues :**
  - Inadequate knowledge of market dynamics
  - Low stock levels- many of the farmers have low outputs making bulking impossible.
  - High transaction costs; transport , market dues , handling costs etc
  - Un favorable trade policies within the region
- **Marketing Issues**
  - Increasing demand of staples foods within the East Africa region
  - Increasing movement of foods across the
  - Changing diets within the region – taste and preferences. Increased demand for matooke yet production is level are not changing.

## Understanding market information as a resource

Agricultural market Information does influence both the production, marketing and transaction component of farmer enterprises. This means that MIS has role to play in the stimulating investment growth in the agricultural sector and improving food security. The types of information include the : Agricultural Inputs( Prices of seeds, source of seed, cost of fertilizers, local of suppliers/ buyers ); Extension services ( available of public advisors, ); Agricultural technologies ( farming practices, harvest systems and methodologies, standards and packaging ); produce marketing ( bulking , storage, produce associations that are based on farmer service programs, group marketing opportunities); Agricultural Credits/Crop insurance ( terms and conditions, appropriate packages ); Transaction data :- Buying and Selling ( farm gate prices, off lorry prices, average spot sale prices, distances from markets, mileages costs, loading and off loading prices, assemble market prices).

## Role of MIS in stimulating agricultural group

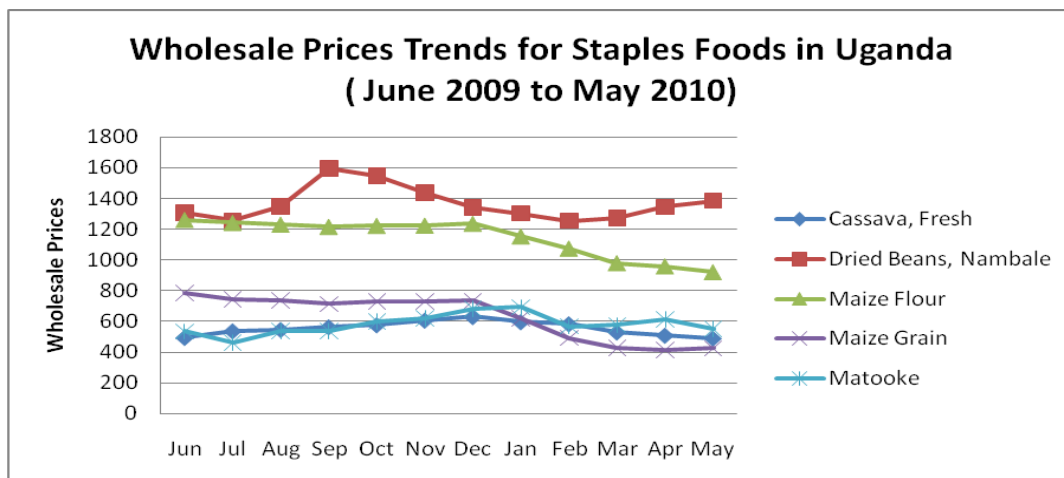
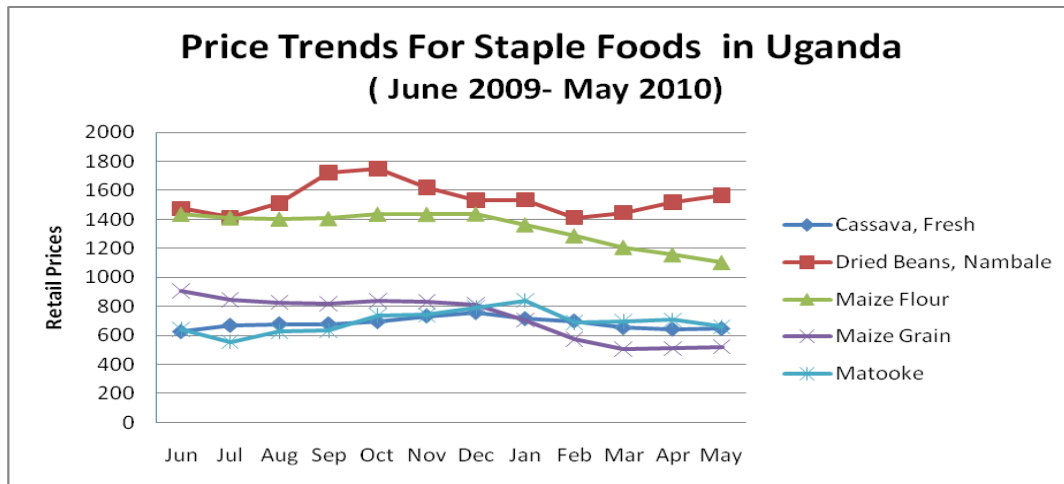
According to FIT Uganda market information is defined as a *'business resource that contributes to know-how and increases the chances for the businesses to manage prevailing situations and plan for future market opportunities'*. In principle the definition assumes that any one in need of market information seeks a resource to influence his or her business decision.

Which means that if we are discussing roles of market information in stimulating agricultural growth, we are stating that, *farming is a business not a survival strategy*. For a couple of decades, development support programmes have **preached farming a tool for food security not wealth creation**. This has influence the approach of many of small holders has against production. There are now more cases of Youth selling land to go town to ride a boda boda for quick cash, family household with huge agricultural potential only producing for leisure and home consumption, family harvesting from bushy farmlands year after year – laying on the God nature goodies. There is sense of lost hope, for some of the farmers/ small holder farmers that have tried farming as a commercial business and failed to make money.

The role of Market information in stimulating investments in agricultural sector can be derived from the following:

- Aiding farmers in price selection and choice. Based on comparison with their cost of production.
- Better negotiations, increasing the bargaining power of the producer.
- Helping the farmers to make a decision on storage verse immediate sell.
- Historical prices trends reveal patterns that inform farmer of future profitability, demand and growth of given crop or sub sector.
- Depending of the right source of technologies, approaches, methodologies, etc.
- Planning and evaluation of farming enterprise
- For government market information (production data, transaction data and market data) give early warning signals on food crisis. Help the regional planning.
- Good use of the market information leads to increasing disposal income at individual house hold level.

Prices Trends over a 12 months period for selected food crops



**Concluding Remarks**

Market Information needs to be taken in total as a resource that starts from knowing you available resources against the market opportunities. This enables the farmer to measure and gauge their potential in the selected sector. Value chain selection and analysis services have a tool that facilitates the farmers to select economic valuable enterprises. However this needs to be embraced fully with a good Market Information flow that is fed from both the farmers and the market. The farmers need to know his or her allowed costs of production in order to determine profits. Collection, analysis and storage of farmer records are critical in the farmers understanding of trends and using market data to influence their decisions.

- For the growth increase of food production with small holders, promote effective utilization land resources and management cost enable increase in profits at enterprises.
- Availability of the storage facilities and forward selling mechanism.

- Change of attitude of the farmers, branding farming as an business enterprise for personal wealth creation.
- Enhancement of infrastructure to support the farmer enterprises; e.g. roads networks, rural communication systems, e.t.c
- Policy improvement :e.g. seed management and certification systems,
- Banks and Insurance companies can support the agricultural sector if the individual farmer enterprises have relevant and justifiable records of production, traceable transactions, and good leads to market data such price trends to project crops potentials.
- Identification of farmers and linkage of farmland to the farmer, land ownership and usage patterns need to be identified.

### **About FIT Uganda**

FIT Uganda is a Business Development Company that has been in operation since 1997, it is known for its innovation in sustainable business services in the areas of market information, value chain development and business training. In the last 60 months, the company has invested heavily in the provision of agricultural market information. This national service (public in nature) was inherited from FOODNET and CTA after a call for private sector involvement. FIT launched the service under name INFOTRADE with the aim of turning the traditional approach of market data into more comprehensive data collection, analysis, storage and dissemination that will cover production data, transaction data and market data. The approach adopted by FIT takes into consideration the reasons for price information consumption verses its relevance to the farmer enterprise at all times during the farming cycle. Market price (retail or wholesale) will be relevance at the time of sale of the commodity but irrelevant to the farmer enterprise at planting if the farmer does not relate it to the unit cost of production at farm level. The relation of unit cost of production, with current trends of prices, gives the farmer an indication of relative profitability in the farming as an enterprise. This in principle requires the farmers to change style of operation by taking records, watching costs of production, observing price trends and focusing on specific commodity that give good returns, while trying to produce more efficiently with limited resources.

FIT Uganda provides Market Information using Websites ( [www.infotradeuganda.com](http://www.infotradeuganda.com)), weekly market price report, Mobile Phone ( 8555)for both push and pull messages, blackboards, notice boards, partnership with radio , print media and public market radios