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**Northern Uganda Resilience Initiative
(NURI)**



Collective Marketing Manual

**Government of Uganda
Danida**

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List of Acronyms

Abb.	Full text
CF	Coordination Function for NURI
CSA	Climate Smart Agriculture
Danida	Danish International Development Assistance
DFA	District Farmers Association
DKK	Danish Kroner
DLG	District Local Government
DSA	Daily Subsistence Allowance
DTPC	District Technical Planning Committee
M&E	Monitoring and Evaluation
MC	Marketing Coordinator
NURI	Northern Uganda Resilience Initiative
PMC	Production and Marketing Committee
RAUs	Resilience Agricultural Units
RDE	Royal Danish Embassy
Ushs	Ugandan Shillings

1. INTRODUCTION

1.1 Purpose and Scope of the Manual

The purpose of this manual is to provide operational guidelines for the implementation of marketing activities under Output one of the NURI program: Increased agricultural output of small-scale farmers. The manual serves to reinforce the marketing session in the CSA training manual by providing more details on collective marketing.

The manual is aimed at staff of implementing partners/Units and the participating District Local Governments. It is based on the **Management Manual**, which contains the general guidelines for implementation of NURI (Northern Uganda Resilience Initiative), as part of Danida country support.

1.2 Content of Manual

Section 2 gives an introduction to Collective Marketing, including two models offered under NURI and presents the implementation strategy. In Section 3 the various stakeholders are presented and contain more detailed descriptions of the activities that the key stakeholders are implementing. Section 4 goes into detail on the collective marketing activities. A number of useful formats are included in the annexes.

1.3 Distribution and Maintenance of the Manual

This manual is distributed to the DLGs and Implementing partners/Units. A complete distribution list is maintained by the Coordination Function NURI (CF).

CF is responsible for updating the manual.

2. COLLECTIVE MARKETING

Most small-scale farmers in NURI target areas consume the majority of what they produce and have only a small surplus for sale. This puts them at a disadvantage when it comes to marketing their surplus resulting in poor prices.

By cooperating with other farmers and marketing collectively farmers can obtain a number of advantages that can ensure them a better return for their investments and a higher price for their produce.

2.1 Advantages of Collective Marketing

Collective marketing gives farmers a number of advantages:

1. When farmers work together in a group, they can delegate the marketing work to a few members who can concentrate on this task and have time to collect information about potential buyers and prices in other areas so that they have a better bargaining position.
2. When produce is being bulked in one place, the buyer saves time and reduces his transport costs and can therefore offer a better price.
3. If the group decides to store their bulked produce for some months, they will normally get a better price as prices are low just after harvest and tend to increase up to the next harvest.
4. When a group does collective marketing, it will also be easier for them to acquire communal equipment like maize shellers, rice hullers etc. which will save them time and improve the quality of their produce hence better price.
5. If the group members decide to plant the same variety of crop, they will have a more uniform product and can therefore negotiate for a better price. An example is sunflower, where hybrid sunflower grains regularly get higher prices.

2.2 NURI Strategy for Collective Marketing

The NURI programme will provide basic agricultural training to 4,000 farmer groups for two agricultural seasons. Included in the training programme is an introduction to marketing. Each farmer group prepares a production and marketing plan (PMP) which guides in projecting the quantity to be marketed. This manual therefore reinforces the PMP prepared by each farmer group. Each NURI implementing unit has a Marketing Coordinator to support the implementation of collective marketing by groups.

The key stakeholder in the collective marketing activities is the **Production and Marketing Committee (PMC)** that should be set-up at group level or from several groups that come together. The PMC will prepare a seasonal marketing plan with insight from PMP and oversee and coordinate all marketing activities. The different marketing activities can be organized by the PMCs or by the individual farmer groups. In order to ensure good communication and involvement of the farmer groups each farmer group should form the PMC.

NURI will through the implementing partners/RAUs provide training and support to the PMCs. One of the services will be regular collection and dissemination of local marketing information.

NURI will promote two collective marketing models:

Model 1: Bulking and selling

Model 2: Bulking, storing and selling

The PMCs are of course free to implement what marketing activities they think suit them best, but NURI can only provide support for Model 1 and Model 2.

Where there is already a Production or Marketing Committee or a similar organisation in the sub-county or the parish, NURI Implementing Unit should investigate if the marketing activities could be implemented through that committee.

2.3 Model 1: Bulking and Selling

The rationale for this model is obtain better prices because the buyer makes savings on transport cost and time when the produce is collected in one place. Selling of large quantities may also attract more buyers and therefore improve the bargaining position for the farmers.

The idea is to bulk the produce in a particular location on an agreed day and sell all the produce to one or more buyers. This model involves the following activities:

1. Agree on and plan the collective marketing activity (what, when, where)
2. Invite farmers / farmer groups to participate
3. Confirm the quantity to be bulked/sold
4. Obtain bids from interested buyers and negotiate the best offer (price)
5. Bulk and sell

When the bulking and selling is organized by a PMC they handle activity 1-4. When the bulking and selling is organized by a farmer group they handle all the activities.

2.4 Model 2: Bulking, Storing and Selling

Model 2 adds the element of storing to Model 1. The rationale is that price increases during the storing period normally will exceed the costs of storing and therefore increase the net payment to the participating farmers.

The bulked produce should be stored in a suitable store (dry and ventilated premise which is secure) where the quality of the produce will not deteriorate. This model includes the following activities:

1. Agree on and plan the collective marketing activity (what, when, where)
2. Identify a suitable store and check that the related storage and transport cost are reasonable not withstanding security
3. Invite farmers / farmer groups to participate
4. Confirm the quantity to be bulked
5. Bulk and store the produce, keeping proper records specifying quantity, and where relevant, quality of produce for each farmer.
6. Follow the price development and decide when it is best to sell
7. Obtain bids from interested buyers and negotiate the best offer
8. Sell the produce
9. Divide proceeds from the sale

When the bulking, storing and selling is organized by a PMC and farmer group they handle all the activities jointly.

2.5 Other Marketing Elements

The two marketing models can be supplemented by other marketing elements, e.g.:

1. A group can decide that its members should plant the same variety of a crop in order to get a more uniform product, which can obtain a higher price. They can also decide to plant at the same time, so that harvest and selling are easier to coordinate.
2. A group can decide that they want to improve the quality of their produce by drying, cleaning and sorting it. For some produce like maize certain buyers like WFP have very specific standards for moisture content, insect damage, broken grains, discoloring, foreign matter etc. When these standards are met a higher price can be obtained.
3. A group can decide to transport their produce to another area where the prices are higher. This involves some effort and transport costs but when the price difference is higher than the transport costs it may be worthwhile.

2.6 Exit Strategy

When NURI comes to an end the PMCs should continue to function and organise collective marketing activities.

The fact that each of the PMC members represents a farmer group that participates in the collective marketing activities should hopefully ensure that the PMC members are motivated to do the work that is involved in running the PMC.

The cost of running the PMCs, however small, need to be covered. This could be done by each of the participating farmer groups paying a fixed annual fee or a fee for each time they participate in a collective marketing activity.

The training will focus on giving the PMC members the necessary skills so that they can run the collective marketing activities without the support of the Marketing Coordinator.

It should be noted that when produce is being sold the individual farmers have to be present to receive their payment directly from the buyers. This is to avoid collective marketing system breaks down because of mistrust between the group members, which is not uncommon.

At least three months before the programmes come to an end the PMCs should “graduate” and start running on their own with only minimal support from the implementing partners/units.

3. STAKEHOLDERS

The major stakeholders in collective marketing are described below.

3.1 Production and Marketing Committees

In NURI a Production and Marketing Committee (PMC) is set-up in each farmer group who is involved in collective marketing and where more groups come together, each farmer group should elect a member to PMC so that the farmer group is represented and a communications channel established. The PMC should have at least 5 members and at most 10 members. If there are more farmer groups the PMC should be split in two.

The PMC should establish itself with at least

- Chairperson
- Secretary
- Treasurer

3.2 Farmer Groups

The NURI farmer groups go through two seasons of agricultural training, which include a session on agricultural marketing. They normally have 25-30 members. The groups are well established with a constitution and an elected leadership consisting of chairperson, vice-chairperson, treasurer and secretary. The group's key roles in collective marketing is electing their PMCs and producing and marketing as per their Production and Marketing Plan (PMP).

3.3 Buyers

Most of the buyers who will buy bulked produce will be medium sized produce traders from the nearest town, but there could also be situations where bigger companies are interested in particular when it comes to oilseeds.

The buyers have the following roles:

1. Provide information about quantity and quality needed
2. Negotiate price
3. Pay for produce
4. Collect produce from bulking centers

Some companies may provide inputs on credit, training of farmers and packing materials.

3.4 Implementing Partners/RAUs

The implementing partners/RAUs primarily supports the PMCs and preparation of PMP in the following ways.

1. Set up PMCs
2. Train PMCs
3. Support PMCs
4. Collect and disseminate market information
5. Liaise with DLG
6. Report on marketing activities
7. Keep records

3.5 District Local Governments

The general guidelines for cooperation with the DLGs are described in the Programme Manual.

When it comes to collective marketing the key contact person in the DLG is the District Commercial Officer.

The DLGs involvement includes the following:

1. Mobilise Communities
2. Provide Technical Support
3. Manage Conflicts
4. Monitor Activities

3.6 Coordination Function NURI

A Coordination Function for NURI (CF) has been established to ensure coordination and interaction between the implementing partners/Units and other stakeholders and to support programme implementation.

CF provides the guidelines for the collective marketing – like this manual – and oversees the implementation and provides technical backstopping.

NURI CF first point of contact in the program are the Regional Coordinators.

4. COLLECTIVE MARKETING ACTIVITIES

This chapter describes the most important marketing activities that are mentioned in chapter 2 and 3. For each activity is indicated who is involved in the activity and what tools and formats are used.

4.1 Sensitise Farmer Groups

The AEOs and MC should sensitise farmer groups about the advantages of collective marketing and preparation of PMP. Subsequently in groups where PMCs have been formed, this role is now taken over by the PMCs and probably best done when the PMC has had some successful marketing activities. The sensitisation can be done by one or two representatives from the PMC participating in a regular meeting in the prospective farmer group.

The AEOs/MC can hold a sensitisation meeting at group, parish or sub-county level where they invite representatives from prospective farmer groups and representatives from the local government authorities. When a farmer group decides to join the collective marketing activities, they will elect a representative to the PMC so that they can participate in the decision making and easily be informed about the PMC activities.

4.2 Set up Marketing Committees

The implementing partners/RAUs are instrumental in setting-up PMCs. In NURI one PMC is established at farmer group level to coordinate the training. The AEO or Marketing Coordinator shall sensitize the group members about collective marketing. It might also be two or more groups come together and elect PMC.

Where this applies, the set-up process is initiated by inviting representatives from farmer groups in the area plus representatives from the local government authorities for an orientation meeting.

It is the participating farmer groups that elect their own representative to the PMC. When doing so they should take the following into consideration:

- All PMC members should be literate
- They should have a high degree of trustworthiness
- Men and women should be equally represented on the PMC

The PMC should establish themselves at least with a chairperson, secretary and treasurer.

4.3 Train Marketing Committees and Farmer Groups

Newly established PMCs will participate in a training course organised by the implementing partners/RAUs where they are introduced to collective marketing, the roles of the different stakeholders are explained, and the activities of the PMCs are discussed in detail. An outline of the training programme is shown in Annex 3.

After 3-6 months another training course is organised where subjects including: when to use model 1 or 2, post-harvest handling and quality assurance, price negotiations, keeping a good relationship with buyers are given more attention. An outline of the second training programme is shown in Annex 3.

Thereafter, the implementing partners/RAUs will support the PMCs in the following ways:

- Provide market information.
- Assist with preparations of marketing plans informed by PMPs
- Guide the implementation of production and marketing plan and collective marketing activities
- Occasionally participate in PMC meetings
- Respond to enquiries

If time is available the implementing partners/RAUs can also provide support to farmer groups that have challenges with their collective marketing activities.

4.4 Prepare Seasonal Marketing Plan

Based on the collected market information and the priorities of the PMC, a marketing plan is prepared for the coming season. This should be done in tandem with the group PMP. The plan should be ready and communicated to the members before planting time so that farmers can decide what will be marketed collectively.

The plan should include the following information per crop for the two marketing models:

Model 1 (bulking and selling)

- Name of crop
- Variety (if demanded)
- Quality specifications (if demanded)
- Packaging (type of sack etc.)
- Collection points
- Expected quantity
- Expected price (should be at the lower end of the expected range)

Model 2 (bulking, storing and selling)

- Name of crop
- Variety (if demanded)
- Quality specifications (if demanded)
- Packaging (type of sack etc.)
- Store
- Storage costs
- Expected quantity
- Expected price after storing
- Expected net price after deducting storage costs

The two plan formats in Annex 1 can be used to document the plans.

4.5 Collect and Disseminate Price Information

The marketing coordinator collects the following types of marketing information:

1. Potential buyers

The marketing coordinator will search for medium sized buyers in the area
The marketing coordinator may also search for a few large buyers / processors if there is a potential for supplying the quantities they would demand.

A register of potential buyers is prepared and maintained (see Annex 4). This should include

records of their experiences with the buyers.

2. Local Prices

The marketing coordinator will organise collection of prices from local markets where produce dealers buy from the farmers. Prices will be collected on a weekly basis for the strategic crops listed in the CSA Training Manual plus other important crops in the area. An example of how the price information can be presented is shown in Annex 5.

The price information is disseminated in the weekly radio programmes that are run by the implementing partners/RAUs. It can also be made available on requests by the PMCs.

3. Regional Prices

The marketing coordinator collect regional prices for comparisons and for exploring possibilities of selling produce to other regions.

Information about regional prices can be obtained on the internet and via SMS from the following service providers:

1. Infotrade (www.infotradeuganda.com) provides a weekly market report with retail and wholesale prices from 31 districts.
2. Farmgain provides market prices for a SMS service. You write the name of the produce e.g. "maize", "rice", "beans" in an SMS and send it to 8198 or 198. You will then receive an SMS with regional prices for that produce. The service costs Ushs. 220 per SMS.
3. Foodnet (<http://www.foodnet.cgiar.org/market/Uganda/uganda.htm>) provide weekly retail and wholesale prices collected by Farmgain in 13 locations.
4. FEWS Net Uganda (<http://www.fews.net/pages/country.aspx?gb=ug>) provides a monthly price bulletin covering 6 important crops.
5. Regional Agricultural Intelligence Network (www.ratin.net) provides daily market prices from the capitals in the five East African countries.

4.7 Quality Assure and Pack Produce

The farmer group should ensure that the produce from the participating farmers fulfil the specifications that have been agreed with the buyer.

The produce should be packed as agreed with the buyer.

4.8 Bulk and Sell Produce (Model 1)

When the bulking and selling is organised by the PMC, the farmer group participates in the planning and in the selection of the collection point. When the time for bulking comes, farmers are informed about the planned date and place for bulking in good time.

Where possible the produce should be bulked in a building in case the buyer is delayed or other problems come up. Where the produce is bulked in the open tarpaulins should be available to avoid damage to the bulked produce.

When the farmers deliver their produce to the collection center it should be checked and weighed, provided the farmer group has a scale. Records should be prepared of how much each farmer has delivered (see Annex 1).

The PMC has negotiated a price with the buyer so when the buyer arrives to collect the produce each farmer will be paid cash at the agreed price for the quantity they have bulked. The actual amount sold should be updated on the registration form.

If the farmer group is organising the bulking and selling itself, then it will have to do the activities that would have been handled by the PMC.

4.9 Bulk, Store and Sell Produce (Model 2)

When the bulking, storing and selling is organised by the PMC, the farmer group participates in the planning and in the selection of the store. When time comes they are informed about when the produce should be bulked and stored and later about when it will be sold and at what price.

The farmer group will transport the packed produce to the store, where it is checked and weighed by the store management, who will record it in the stores ledger (see Annex 2) and issue a receipt to the farmer.

The PMC decides when the produce should be sold after it has negotiated a price with the buyer so that when the buyer arrives to collect the produce each farmer will be paid cash at the agreed price for the quantity they have stored.

The stores ledger will be updated and the farmer will sign for having taken their produce out. Where the farmer has to pay for storage, he/she will receive a receipt.

If the farmer group is organising the bulking, storing and selling themselves they will have to do the activities that would have been handled by the PMC.

4.10 Keep Records

The PMCs should keep the following records:

- List of participating farmers / groups
- Marketing plans (see Annex 1)
- Agreements with buyers
- Actual quantities bulked, stored and sold (reported by farmer groups)
- Cash book for income and expenditures

The implementing partners/RAUs should keep the following records:

1. List of PMCs and their farmer group members
2. Production and marketing plan
3. Planned and actual produce bulked, stored and sold per PMC
4. Training of PMCs
5. Support provided to PMCs
6. Register of potential buyers (see Annex 4)
7. Weekly local price information

The implementing partners/RAUs will train farmer groups in CSA, improved agricultural practices and techniques, which also included a session on agricultural marketing.

4.11 Report on Marketing Activities

The implementing partner/RAU collects information from each PMC about their activities and their achievements in form of produce bulked, stored and sold and at what prices.

This information and other progress on collective marketing activities are included in the quarterly progress reports that are sent to the DLGs and CF.

4.12 Liaise/Coordinate activities with PMCs and DLGs

Each farmer group has the PMC who participates in preparation of marketing plans. When the PMC organises collective marketing activities the farmer group should provide the necessary information and be ready with their produce when the time for bulking and selling comes.

With regard to the DLG, the implementing partner/RAUs' primary contact person is the District Commercial Officer.

At the sub-county and parish level the implementing partners/RAUs will work with the respective local government authorities notably the Agricultural Officer, CDO, SAS and LC3 Chairperson.

The general guidelines for cooperation with the DLGs are described in the Programme Manual.

Annex 3. Outline of PMC Training Programmes

Outline of Training 1 - Introduction to Collective Marketing

Session	Form / Content	Duration
1. Identify marketing problems	Discussion with participants	1 hour
2. Collective marketing	Explanations with questions 1. Advantages / use examples 2. Model 1 (bulk and sell produce) 3. Model 2 (bulk, store and sell produce) 4. Quality assurance and other aspects 5. Success of collective marketing	1 hour
3. Role of PMCs	Interactive (guiding questions) 1. Sensitise farmer groups 2. Collect market information 3. Prepare marketing plan (show example) 4. Organise model 1 (discuss how) 5. Organise model 2 (discuss how) 6. Keep records	1 hour
4. Role of farmer groups	Interactive (guiding questions) 1. Coordinate with PMC 2. Quality Assure and Pack 3. Implement model 1 (discuss how) 4. Implement model 2 (discuss how) 5. Keep records	0.5 hour
5. Role of other stakeholders	Explanations with questions 1. IP/RAUs 2. Buyers 3. DLGs 4. CF	0.5 hour
6. Collect market information	Interactive (guiding questions) 1. Finding potential buyers 2. Sourcing price information	1 hour
7. Prepare marketing plan	Exercise and Interactive	1 hour

Outline of Training 2 - Improving Collective Marketing

Session	Form / Content	Duration
1. Experiences with collective marketing	Discussion with participants	1 hour
2. How much can you earn from using model 1 and model 2?	Exercises / examples /Interactive	1 hour
3. When should you use model 1 or 2?	Interactive (guiding questions) <ol style="list-style-type: none"> 1. Availability of store 2. Cost of storing 3. Expected price increase 4. Farmers need for cash 5. Other criteria 	0.5 hour
4. Post harvest handling and quality assurance	Interactive (guiding questions) <ol style="list-style-type: none"> 1. How much can you earn from improving the quality? 2. Better drying 3. Better storing 4. Cleaning the produce 5. etc. 	1 hour
5. Dealing with buyers	Interactive (guiding questions) <ol style="list-style-type: none"> 1. Creating a good relationship 2. Price negotiations 	1 hour
6. Improving the work of the PMCs	Discussion	0.5 hour

Annex 4. Register of Potential Buyers

S/N	Name of buyer	Address / location	Tel.	Produce required	Quantity/kg	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						

MC comment.....

Date..... Signature.....

Annex 5. Example of Local Price Information

WEEKLY MARKET PRICES MARKET PRICE SURVEILLANCE FORM

Surveyor nameSub County

Date.....District

Commodity	Unit	Location;				Location;				Location:			
		1	2	3	4	1	2	3	4	1	2	3	4
Beans	kg												
K132	kg												
NABE 4	kg												
Yellow	kg												
Small local beans	kg												
Soybean													
Maksoy	kg												
Others	kg												
Sesame													
Local	kg												
Sesame 2	kg												
Sunflower													
Sunfola	kg												
Panna	kg												
Rice	kg												
Paddy	kg												
Milled	kg												
Maize													
Maize grain	kg												
Maize flour	kg												

Additional Comments.....