



Activity Sheet 55

Rural marketing structures

Purpose

The purpose of this activity is to analyse the nature of four examples of market structures and identify any elements that make the effective, especially from the point of view of users from rural communities.

The examples are taken from

- © Mali
- © Malawi
- © Zambia
- © Honduras

Group Work

1. Read the extract from the technical paper (attached). Your group should only work on ONE of the examples (allocated to you by your trainer).
2. For your example, discuss the following questions:
 - A. *What are the features of the marketing structure in that country that makes it effective?*
 - B. *How could the marketing structure be improved to serve the needs of rural communities, especially the poor?*
3. Prepare your findings on flip chart and to elect a person to present the group's findings.



Mali

A good example of where rural markets work well is in Mali. Rural transport in Mali is centred around weekly markets. In a given area there will be a village or town which has a market on every day of the week. Each market serves a group of villages who visit this market on the given day of the week. Rural communities are generally within 30 kms of their nearest market and they transport themselves and their goods by IMT's and headloading (rural Mali has many IMT's including donkey carts, ox carts and bicycles). Where motorised vehicle services exist villagers use these depending on the distance, quantity of goods they have and the quality of the roads. Therefore most rural communities only see motorised services on one day per week; on this one day there may be more than one vehicle that visits the village depending on demand.

The traders use the motorised services to travel between the different markets on different days of the week buying the produce. The daily markets maybe upto 50 kms apart. In this way the rural transport system works quite effectively. The abundance of markets means that goods can be easily amalgamated for transport by motorised services. The relative proximity of the markets makes IMT's a viable proposition for transport from village to market.

Extract from: Matching demand with supply in rural transport. By Simon Ellis



Malawi

The marketing of agricultural products in Malawi has been dominated by the state owned Agricultural Development Marketing Corporation (ADMARC). They buy agricultural produce from farmers at the rates they publish at the beginning of the season, and then transport, store and eventually sell it to both rural and urban buyers. ADMARC is still the largest company in this business but since liberalisation there are new private sector actors competing. ADMARC has the biggest national network of centers, depots and markets, and between April and November they operate 1300 small seasonal markets. ADMARC has no vehicles on its own but contract most of their activities to local transporting companies (Ternell, 1998).

Extract from: Matching demand with supply in rural transport. By Simon Ellis



Zambia

The marketing of agricultural produce in Zambia has historically been dominated by the parastatal marketing boards which organised the collection of agricultural produce and paid the farmers a government agreed rate.

In the liberalised economy post 1991, the market was left to take over and as a result many agricultural marketing companies have formed which have taken over many of the roles of the parastatals. These companies have formed collection points for produce. In some instances the farmers bring their produce to these collection points and in others the companies send large trucks to pick up directly from the farm. However, these collection points are little more than storage areas. Formal rural markets are scarce, distant and usually concentrated at district centres. For example in the high poverty districts of Eastern and Northern Provinces the average distance to markets is nearly 40 km.

Extract from: Matching demand with supply in rural transport. By Simon Ellis



Honduras

In the Guinope Municipality of Honduras the nearest market was Tegucigalpa the capital city 60 kms from the district. Although there was widespread use of animal transport in the area, the capital was out of reach to most rural people. As a result they were reliant on the traders or “Coyotes” for the sale of their produce and for hire of vehicle services. The communities felt they were being exploited and set up mobile markets which met periodically and were advertised on the radio. In this way markets were set up within reach of IMT’s and allowed direct contact between the farmers and buyers.

Extract from: Matching demand with supply in rural transport. By Simon Ellis