

**Title** Business approaches for rural wealth creation: how fixing output market failures for poor matooke farmers in Uganda has enabled them to mobilize capital for investment

**Author** E. Kibugu

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### **Abstract**

To improve productivity and income earning ability by the rural poor, major investments in agricultural technologies are required for Africa's small-holders. Where will the money come from? TechnoServe's work with small-holder matooke farmers in Uganda has proved that poor farmers can fund substantial technology investments, but only in the context of trusted and functional output markets. However, past market failures call for innovation in order to address these failures. (i) History of market collapse creates hesitation to take on risk. Integrated business solution: Develop trust in markets. (ii) Inefficient value chains minimize value of production. Integrated business solution: Build Functional Markets. (iii) Farmers lack power to capture reasonable share of value. Integrated business solution: Profit from the market. (iv) Farmers unable to access finance or to access inputs even when money is available. Integrated business solution: Reinvest profit in production. (v) Donor subsidies create dependence. Integrated business solution: Get out. TechnoServe has applied this model to build a profitable banana industry, which enables investment in production including improved planting materials and good orchard management. Since 2006, TechnoServe has directly supported 3,100 to market 12,000 metric tons of high quality matooke, earning them over USD 1.5 million.