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Emerging food retailers and the development of hybrid food retail institutions in Ugandan produce supply chains

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**Emerging food retailers and the development of hybrid food retail institutions in Ugandan
produce supply chains**

by

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**A dissertation submitted to the graduate faculty
in partial fulfillment of the requirements for the degree of
DOCTOR OF PHILOSOPHY**

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TABLE OF CONTENTS

ACRONYMS	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
CHAPTER 1: INTRODUCTION	1
CHAPTER 2: OPEN-AIR MARKETS, EMERGING FOOD RETAILERS AND HYBRID INSTITUTIONAL LOGICS IN PRODUCE SUPPLY CHAINS IN KAMPALA, UGANDA	38
CHAPTER 3: ANALYSIS OF LONG-TERM CHANGE IN MARKET ORIENTED PRODUCER GROUPS IN SUB-SAHARAN AFRICA: INTEGRATING THE SUSTAINABLE LIVELIHOODS FRAMEWORK AND ORGANIZATIONAL CHANGE THEORY	79
CHAPTER 4: ENVIRONMENTAL CHANGE AND TRANSFORMATION OF THE INTERNAL DYNAMICS OF MARKET ORIENTED FARMERS ASSOCIATIONS: A CASE STUDY OF THE NYABYUMBA FARMERS' ASSOCIATION	113
CHAPTER 5: CONCLUSIONS	156

ACRONYMS

A2N	Africa 2000 Network
AAR	After Action Review
AGILE	African Grassroots Innovation for Livelihood and Environment
AHI	African Highlands Initiative
AISs	Agricultural innovation systems
ASERECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
CEED	Coalition for Effective Extension Delivery
CIAT	International Center for Tropical Agriculture
CIP	International Potato Center
DEO	District Environmental Office
ESA	Eastern and Southern Africa
ERI	Enabling Rural Innovation [Program]
FAO	UN Food and Agriculture Organization
FID	Farmer Institutional Development
FDI	Foreign direct investment
FFS	Farmer field schools
FFV	Fresh fruits and vegetables
FMO	Farmers' Marketing Organizations
GNI	Gross National Income [Index]
ICRAF	World Agroforestry Center
IARCs	International Agricultural Research Centers
IMF	International Monetary Fund
INRM	Integrated natural resource management
KaZARDI	Kachwekano Zonal Agricultural Research and Development Institute
LPA	Lagos Plan of Action
MDG	Millennium Development Goals
MFI	Micro-finance institutions
NAADS	National Agricultural Advisory Services
NAP	National Agriculture Policy
NARIs	National Agricultural Research for Development Institutes (NARIs)
NARO	National Agricultural Research Organization
NFA	Nyabyumba Farmers Association
NGO	Non-governmental organization
PAL	Participatory action learning
PMA	Plan for the Modernization for Agriculture
PREPACE	Regional Potato and Sweet Potato Improvement Program for Eastern and Central Africa
ROSCAs	Rotating savings and credit associations
SACCOs	Savings and credit cooperatives
SAPs	Structural Adjustment Programs
SLF	Sustainable Livelihoods Framework
SRL	Sustainable Rural Livelihoods
SSA	sub-Saharan Africa
UNSSPA	Uganda National Seed Potato Association
WED	United Nations Commission on Environment and Development

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ABSTRACT

Changing institutional arrangements are central to the nascent transformation of food retail in Eastern and Southern Africa (ESA). These emergent arrangements are reshaping the power relations, roles, and livelihood outcomes for actors in the region's food systems.

This study examines processes of institutional change within fruit and vegetable supply chains that are stemming from the expanding geographical scope of global private food standards, and from policy and demographic shifts in Uganda. First, the study examines the mechanisms through which global private food standards influence procurement strategies of emerging food retail operators (supermarkets, hotels, fast food restaurants and cafés) and how suppliers are responding to these institutional changes. Second, the dynamics of long-term change within market-oriented producer organizations linked to emerging food retailers are analyzed.

Dissertation fieldwork involved 12 months of qualitative research in Uganda. During the first phase, data on the influence of global private food standards on procurement strategies were collected through in-depth interviews with 14 large format food operators in Kampala and 25 produce suppliers to these retailers. Additional data were collected through participant observation in a supermarket and fast food restaurant for a period of one month. The second phase analyzed institutional change at the farmer level, based on a case study of the Nyabyumba Farmers Association, a small scale producers' group in Kabale district that supplies an international emerging food retailer in Kampala. Seven focus groups and 40 household interviews were conducted with members of the association.

Three mechanisms through which global private food standards are transferred to the local level are identified: 1) direct embedding of retailers within international quality assurance

schemes; 2) articulation of standards mimicking private food standards but lacking the requisite administrative and technical enforcement mechanisms; and 3) identification with global food systems but complete reliance on local informal institutional arrangements. Suppliers have responded to emergent hybrid institutional arrangements either by increasing the scale of operation or by carving out supply niches for knowledge intensive crops.

At the producer level, transformations in the market and local institutional environment increased the perceived cost in time and effort spent on those association activities geared towards supplying the emerging food retailer. In addition, different levels of technical knowledge and skills resulted in significant modifications in the motivation and consistency of participation in association activities and the decision making structure.

The findings have implications for the likely impacts of retail transformation processes on the roles of global processes in the transformation of food systems in ESA, the responsibility of government and non-governmental actors in assuring market access for small scale producers and food security for urban populations as well as the conditions under which women are likely to benefit from market oriented collective action.

CHAPTER 1: INTRODUCTION

Institutions are regulations, practices, organizing principles and meanings that become established and achieve rule like status within social fields (Scott 2004; Zucker 1987). Within traditional food markets (The term open-air markets is used henceforth) in eastern and southern Africa (ESA), the basis of contractual agreements, as well as risk mitigation between buyers and sellers, are rooted in and regulated by informal mechanisms including kinship, personal ties, social networks and reputation (Fafchamps 2008, 2003; Ferris et al. 2006; Best, Ferris and Schavione 2005; Vorley 2003; Good 1975). Although open-air market institutions still dominate food markets in the region, there has been a steady increase in new forms of food retail in the region. These emerging food retailers include supermarkets, hotels, fast food restaurants and cafés (Kaganzi et al. 2006; Cacho 2003). They bring with them new institutional arrangements supported by more formal and legal structures than are present in the traditional food supply system.

This chapter provides a background to changing food distribution systems in ESA. I begin with a brief history of the growth of emerging retailers in other developing regions: Latin America, Asia and Eastern Europe. These regions serve as important bases for comparisons with patterns of change currently underway in Africa. While the majority of the available research focuses on supermarkets, I have incorporated as much information as possible on other types of emerging retailers. The second section of the chapter introduces the research questions, study area, conceptual framework, data collection and methodology.

The Increase in Emerging Food Retailers in Eastern and Southern Africa

Large supermarkets, fast food restaurants, cafés and hotels (henceforth emerging food retailers) were once assumed to be elements of food distribution systems in the West. In the last

20 years, however, emerging food retailers have become a nascent feature of urban food distribution in developing countries (Reardon, Timmer and Berdegué 2008; Makoka 2005; Weatherspoon and Reardon 2003; Reardon et al. 2003). Emerging retailers have steadily increased in number and are gaining an increased share of the urban produce market in Latin America, in parts of Asia and Eastern Europe as well as in ESA.

In 1990, supermarkets controlled an estimated 10-20% of Latin America's food retail sector. By 2000, that share had increased to 50-60% (Reardon, Timmer and Berdegué. 2004). In 2007, the region was the fastest growth market for McDonald's and the second fastest for Burger King fast food restaurants. Although less than 50% of produce is currently sold through emerging food retailers in Asia, the region has also experienced remarkable growth. China's supermarket sector is the fastest growing in the world (Reardon, Timmer and Berdegué 2008). Malaysian consumers buy up to 60% of their produce in supermarkets, and 30% of vegetables and 40% of fruits in Bangkok, Thailand, are sold through supermarkets and hypermarkets (Sheperd 2005). In Eastern Europe, the Czech Republic, Hungary, Poland and Slovakia were the leading countries with 25-30% of their retail food sold through supermarkets in 2004. Only 10% of Russia's food retailing occurred through supermarkets at the time but the country is currently a leading destination for international retailers (Reardon, Timmer and Berdegué 2008; Dries et al. 2004).

In ESA, emerging food retailers first became established in South Africa, followed by Kenya, Zimbabwe and Zambia (D'Haese and Van Huylenbroeck 2005; Makoka 2005; Reardon et al. 2003; Weatherspoon and Reardon 2003). After, South Africa, Kenya is estimated to have the next largest supermarket sector in ESA. Although Kenya's supermarket sector was insignificant in the late 1990's by 2002 there were 206 supermarkets and 10 hypermarkets in the

country (McCullough et al. 2008; Weatherspoon and Reardon 2003). The supermarket sector has also seen a significant increase in South Africa after 1994. In 2002, South Africa had 1380 supermarkets and 33 hypermarkets (Weatherspoon and Reardon 2003). In 2004, approximately 55% of South Africa's retailed food and 20% of Kenya's urban retailed food was sold through supermarkets (Neven and Reardon 2004; Reardon, Timmer and Berdegue 2008). More recently, supermarkets are becoming established in other countries within the region including Uganda, Rwanda, Tanzania and Malawi (Makoka 2005). As indicated earlier, there is a scarcity of data on the increase of other kinds of emerging retailers in the region including hotels, fast food restaurants and cafés.

Several interconnected factors have led to this increase in emerging retailers. These factors include urbanization, foreign direct investment (FDI) following market saturation in home countries, and liberalization of the agricultural and retail sectors (Louw, Vermeulen and Madeu 2006; D'Haese and Van Huylenbroeck 2005; Makoka 2005; Bosilie, Henson and Weatherspoon 2003; Reardon et al. 2003). In Latin America, increased income and the growth in the middle class during the 1990s was a major driver in the growth of supermarkets (Reardon 2005). Similarly In sub-Saharan Africa (SSA) urbanization and increasing incomes are major drivers in the increase in supermarkets (Trail 2006). Urbanization in SSA has averaged about 5% per year since the 1980s. By 2030 SSA urban populations are expected to be growing faster than those in rural areas (Kessides 2006; World Bank 1993). The growth of cities and the accompanying constrained access to open land, the entrance of women into the formal workforce and dietary changes will all contribute to the need for purchased food in urban areas (Mireri et al. 2005; Ellis and Sumberg 1998).

The spread of emerging retailers in Latin America occurred from larger cities to smaller ones within the same country and from larger, richer countries to smaller, poorer ones. Emerging retailers in Argentina have expanded into Honduras and Nicaragua, while Chilean retailers have opened branches in Peru, Ecuador and Paraguay. With the exception of Chile, global foreign direct investment (FDI) has played a major role in this internal and regional expansion in Latin America. In 2002, multinationals had over 50% of the supermarket retail share in Latin America with Royal Ahold, Walmart and Carrefour, the largest global retailers, among the top five supermarket chains in the region (Reardon and Berdegué 2002).

Unlike in Latin America, global FDI in Africa remains relatively low and patchy (Ndikumana and Verick 2008; FAO 2004). As a result, with the exception of hotels, the development of emerging food retailers in ESA has been driven primarily by regional FDI flows and in-country investment. South African and Kenyan FDI has played a similar role to that of global retail in spreading emerging food retailers from richer, more urbanized countries to poorer, less urbanized ones across ESA (Makoka 2005). For instance, Uchumi, currently the fourth largest supermarket chain in Kenya opened a store in Kampala, Uganda in 2002. In 2008, the supermarket chain announced plans to establish five more stores in Uganda, Tanzania and Southern Sudan (Regoverning Markets 2008). In the same year, Nakumatt, the largest supermarket retailer in Kenya, opened a store in Kigali, Rwanda with plans to open one more store in Rwanda and four in Tanzania (Regoverning Markets 2007). In 2009, Nakumatt opened a 24/7-hour hypermart in Kampala. Shoprite supermarket and Nandos fast food restaurant, both of South African origin, are now present in 11 and six other African countries respectively, moving from saturated domestic markets into the major cities of less urbanized countries in the region.

The increase in emerging food retailers has also been influenced by economic reforms and policies to reduce the role of government in agricultural and food markets. State intervention in African food markets can be traced back to the 1930s when countries with higher levels of European settlement developed dualistic production and marketing structures to stabilize maize prices for European farmers¹. Major reforms, those directly related to the eventual development of emerging food retailers, began after independence in the 1960s. Newly independent governments were concerned with keeping food prices low for consumers while protecting producer prices (Kherallah et al. 2002). To reconcile these two policy objectives, governments implemented extensive reforms, creating parastatals to oversee the marketing of food crops and stabilize consumer prices. However, beginning in the 1980s as a result of a severe economic crisis faced in the previous decade, SSA countries were forced to implement economic reforms. These reforms would eventually open the retail sector to competition and lay the ground for the establishment of emerging food retailers.

To address the economic crisis African planning ministers developed the Lagos Plan of Action for the Economic Development of Africa (known as the Lagos Plan of Action- LPA) in 1979. The LPA blamed the crisis on exogenous factors such as fluctuating export prices and declining terms of trade. It proposed collective self-reliance and a reduction in the dependency on exports as the solution to the crisis (Owusu 2003; OAU 1981). For its part the World Bank produced the Accelerated Development in Sub- Sahara Africa report (commonly referred to as the Berg Report) in 1981. In contradiction to the LPA, the Berg report pointed to internal factors; failed domestic policies, corruption and mismanagement, as the course of the economic crisis (Owusu 2003). The Berg report recommended Structural Adjustment Programs (SAPs) aimed at

¹ Countries with a larger European farmer settler population had significant intervention in domestic food markets with maize prices set by the governments in order to bolster and maintain maize production.

macroeconomic stabilization (World Bank 1982; OAU 1981). Lacking the funds and international support to pursue the proposed ideas in the LPA, SSA countries began the implementation of SAPs supported by the World Bank and the International Monetary Fund (IMF) (Mkandawire and Soludo 2003; Kherallah et al. 2002). As the 1980s progressed domestic policy mismanagement became the focus of international development policy. At the same time, it was becoming more apparent to the international community that the SAPs were short term measures which inadequately addressed the structural causes of the economic crisis but with very high social costs. In the subsequent two decades, the ideological gap between the international donor community and African leaders has narrowed. African leaders have embraced neoliberal policies, pledged to improve governance and committed to meeting international development goals. The international community for its part now acknowledges shared responsibility for development failures and emphasizes partnerships between the donor community, civil society, governments and the private sector as the path to the sustainable development in the region (For a comprehensive review please see Owusu 2003).

In the agricultural sector reforms have included: the elimination of price controls to align internal food prices with international ones; eliminating government intervention in setting prices for producers and consumers; and encouraging the participation of the private sector in agricultural marketing while scaling back public spending on agriculture. It is out of these reforms that hotels, supermarkets, fast food restaurants and private traders began to grow significantly as part of urban food distribution systems.

The major influences on the entrance of emerging retailers into the region, therefore, are urbanization, regional FDI flows and SAPs. The spread of the emerging markets, however, is more nuanced. For instance, Kenya, South Africa and Zimbabwe have a higher urban growth

rate which can explain the earlier appearance of emerging retailers in these countries compared to Rwanda and Uganda. However, a closer look at Kenya, Uganda and Tanzania presents a more complex picture (see Table 1). While Kenya had a higher urbanization level than Uganda in 2003 (36% compared to 15.2% for Kenya and Uganda, respectively), this is not the case for Tanzania. Tanzanian's urbanization level (35%) is similar to Kenya's. Moreover, both Tanzania and Uganda had higher private investment rates as well as FDI flows between 1990 and 2003, an important period in the development of emerging food retailers in the region. A critical difference between Tanzania and Kenya might lie in the Gross National Income Index (GNI) with Kenya's GNI being higher throughout the 1990s and early 2000s. This indicates differences in the purchasing power of urban consumers in the two countries. Although an in-depth analysis of consumers and their role in the rise of emerging markets is beyond the scope of this dissertation, it is nonetheless important to acknowledge that they will be a critical component in the establishment and growth of emerging food retailers in the region.

Table 1: Comparisons of urban population, gross private investment, foreign direct investment and gross national income index

	<i>Urban pop as a % of total Population</i>				<i>Gross Private Investment as a % of total GDP</i>				<i>Foreign Direct Investment as a share of GDP</i>				<i>Gross National Index (GNI) per Capita</i>			
	1990	1995	2000	2003	1990	1995	2000	2003	1990	1995	2000	2003	1990	1995	2000	2003
Kenya	24.1	28.4	33.3	36.3	6.75	9.6	9.7	8.1	0.2	0.3	0.1	0.4	380	260	350	400
Tanzania	21.7	26.9	32.2	35.36	15.3	16.2	11.3	11.7	-	1.9	5.1	2.4	200	180	280	310
Uganda	11.16	12.5	14.1	15.2	6.4	12.1	13.2	15.6	0.1	0	2.9	3.0	350	250	280	250

Source: World Bank African Database 2005

The Centrality of Institutions in the Transformation of Food Systems in ESA

The transformative potential of emerging food retailers lies in their introduction of organizational structures within supply chains that are distinct from those in conventional

markets, and in their ability to amass large sums of flexible capital and economies of scale giving them more power relative to upstream actors within the supply chain (Makoka 2005; Cacho 2003; Bosilie, Henson and Weatherspoon 2003; Reardon 2005; Louw, Vermeulen and Madevu 2006; D'Haese and Van Huylenbroeck 2005; Neven and Reardon 2005). Research suggests that emerging retailers are transforming the retail structure in three key ways. First, they trade in higher volumes per transaction and introduce quality and production standards distinct from those of conventional markets (Neven, Reardon and Hopkins 2005; Reardon et al. 2004; Reardon et al. 2003). Second, as they become better established, these outlets opt out of conventional supply chains, preferring instead to deal directly with specialized intermediaries (Reardon et al. 2006; Bienabe and Sautier 2005). Lastly, as the number of emerging retailers within a country grows, a central supply system is developed, consolidating vertical integration of the supply chain.

Impacts of the increase of emerging retailers have varied. Already in countries where they have become more established, emerging markets now buy more produce than is exported and offer more consistent, in some cases better, prices compared to open air markets (Neven et al. 2005). Moreover, many fresh fruits and vegetables (FFV) preferred by emerging market outlets require labor intensive techniques that cannot be mechanized and fit in well with the smallholder mode of production (Minten et al. 2005; Neven et al. 2005; Boselie, Henson and Weatherspoon 2003). In this way, emerging food retailers are seen by some development practitioners and scholars as avenues to enhance the livelihoods of small-scale farmers in the region. Additionally, these retailers have the potential to serve a welfare function by providing low priced food to poor urban consumers, thus playing a role in increasing urban food security.

Emerging retailers, however, also have the potential to serve as instruments of exclusion, dominance and vertical consolidation within food systems. Where supermarkets have made inroads into neighborhoods, they have driven smaller retailers out of business. In South Africa, for instance, Reardon et al. (2004) estimated that in terms of sales one supermarket is equivalent to 350,000 small shops and results in a decline in the number of ‘mom and pop shops’. Far from just serving wealthy and middleclass urbanites, emerging food retailers in ESA are now changing retailing strategies to cater to the working poor (Weatherspoon and Reardon 2003). Shoprite established ‘no frill format stores’² which allow them to maintain a presence in communities that would otherwise be unable to support conventional supermarket stores. In 2009, Nakumatt announced that it would begin to open convenience-store style (c-stores) retail outlets in smaller neighborhoods in Nairobi (Nyabiage 2008). Similar to the no frill stores, c-stores are designed specifically to cater for the poorer consumer segments. The spread of these retailers into working class consumer segments means that issues surrounding commercialization and consolidation within food systems are no longer only limited to developed countries.

A critical factor shaping the ultimate impact of emerging food retailers lies in the types of institutional arrangements which develop within these supply chains. The character of institutional arrangements within emerging markets will consequently affect the power, risk and marginalization experienced by different actors within the food system as well as the nature of transaction costs, trust, and cooperation. As emerging food retailers are embedded within local contexts but are also part of a global trend, these institutional arrangements will, in turn, depend

² No Frill stores do not decorate aisles and pallets are normally arranged on the floor, have typically fewer staff, stock fewer products and non-brand items. Shoprite operates No Frill stores under the U Save brand. U Save was initiated to reduce prices and increase prices for the Shoprite brand. The U Save stores operate with a smaller range of goods strongly reflecting local tastes. They also sell private label goods as opposed to branded products in order to control costs (Shoprite 2008).

on the particular combination of elements drawn from wider global and local food retail institutions.

As indicated earlier, contemporary research into the effects of supermarkets has illuminated FDI, urbanization, and economic liberalization as explanatory mechanisms for the development of emerging markets (Neven et al. 2005; Neven and Reardon 2004; Reardon et al. 2003). In spite of the insights provided by these studies, there remains a gap in the understanding of the processes of institutional change instigated by the entrance of these emerging food retailers. African markets are severely limited by high transaction costs, seasonality, small size of transactions and poor infrastructure (Fafchamps 2004). As such, African market environments will influence the actual forms of institutions which will develop within emerging food retail supply chains. Moreover, to date, research in ESA has suggested that key changes in institutional arrangements are related to the introduction of more formal transactions including written contracts, time and date specifications of delivery schedules for produce as well as payment through checks. Researchers and practitioners often cite these institutional arrangements as being related to global retail institutions (Reardon 2005). There is, however, little research on how these global institutional arrangements are transmitted to the local level and their eventual local forms.

Research also shows that the move to more formal transactions combined with the introduction of new quality standards has favored suppliers who are able to understand and meet specific market requirements (Reardon et al. 2004). Consequently, an analysis of the impact of emerging retailers in ESA has found that large specialized intermediaries are becoming more prominent within the chain at the exclusion of small scale farmers (Makoka 2005; Vorley 2003; Reardon and Berdegúé 2002). But as Fafchamps (2004) notes, small scale intermediaries are a

critical element of food systems in Africa, and are likely to remain so for the foreseeable future. It therefore follows that smaller intermediaries are also actively engaging with the process of institutional change. There is a need, therefore, to also examine the responses of intermediaries to the institutional changes taking place within food systems. At the farmer level, the focus has remained on how institutional arrangements within emerging markets exclude small-scale producers (IFAP 2004; FAO 2003). While some crops may be suited to production without inputs, supplying emerging markets often requires a willingness on the part of farmers to make risky investments in production and post-harvest equipment (Shepherd 2007). Moreover, certification for access to emerging markets may require financial investments on the part of farmers (Hauser 2006). For many smallholders, these are risks they are not able or willing to take (Gabre-Madhin 2001). Additionally, payment schedules and contractual agreements may not take into account limited sources of cash and farmers' experience in addressing cash flow problems with smaller more immediate payments from the sale of produce. In addressing these constraints, development practitioners have advocated that small-scale farmers organize into market oriented groups to supply identified high value markets (within domestic markets these tend to be emerging food retailers) to overcome market inefficiencies and constraints related to economies of scale (Shepherd 2007; UNFFE 2006; Sanginga et al. 2004; Sseguya 2004; Bebbington and Carroll 2000; Bingen et al. 2003; Uphoff and Wijayarathna 2000; Herriot et al. 2000; Hussi et al. 1993). There is an increasing wealth of research on the factors which influence the successful establishment of market oriented research. Still missing, however, is an analysis of long term change within market oriented farmers groups.

Research Objectives

Emerging food retailers in SSA are linked to global food retail institutions but are embedded within local market contexts. In negotiating between global institutions and local institutions these retailers are at the vanguard of the nascent retail modernization process in the region. The objective of this study is to contribute to an understanding of the processes of institutional change in this retail modernization resulting from the presence of two modes of coordination within supply chains in ESA. The study examines institutional change in the context of the entrance of emerging retailers into Ugandan food markets. I analyze institutional change at the retail and producer level.

The study has the following research questions:

- What are the social mechanisms through which coordination characteristics associated with globalized food systems are transmitted to the domestic context in ESA?
- Given that the development of new forms of coordination within supply chains creates fundamental changes and tensions in the institutions that govern supply chains, including the criteria used to evaluate interaction and new forms of organization among actors within the supply chain, what are the adaptive livelihood responses of intermediaries and producers to the resulting tensions in institutional arrangements?
- What are the potential implications and impacts of institutional change on actors within the supply chain?

Conceptual Framework

The study draws on the Sustainable Livelihoods Framework (SLF) incorporating ideas from the sociology of markets, conventions theory and organizational theory. The Sustainable Livelihoods Approach (SLA) evolved in the 1980s with the increasing awareness that poverty alleviation strategies in developing countries did not take into account the complexity of people's livelihoods. Development practitioners and scholars pointed out that despite varying obstacles and constraints, people were not passive victims but, rather, used available resources to pursue a livelihood. Consequently, scholars and practitioners advocated for a holistic view of the activities

in which people engage, the constraints they face, and the economic, political and social contexts in which they are embedded, as a way of understanding poverty. As the SLA concept gained momentum, it moved from research and scholarship into the realm of policy and practice (Solesbury 2003). In 1987, the Brundtland Commission Report produced by the United Nations World Commission on Environment and Development (WED) argued that sustainable development requires that people are actively engaged not only in economic activities but also politically and socially (WED 1987). In 1992, Robert Chambers and Gordon Conway from the Institute of Development Studies at the University of Sussex offered a working definition of the concept of a livelihood. In it they emphasized the importance of self-reliance, capability and sustainability (Scoones 1998).

The original definition offered by Chambers and Conway was then modified by other members of the IDS in 1998. This dissertation uses that modified definition of a “livelihood”:
(Carney 1998:4; Scoones 1998:5):

A livelihood comprises the capabilities, assets (including both natural and social) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, both now and in the future, while not undermining the natural resource base.

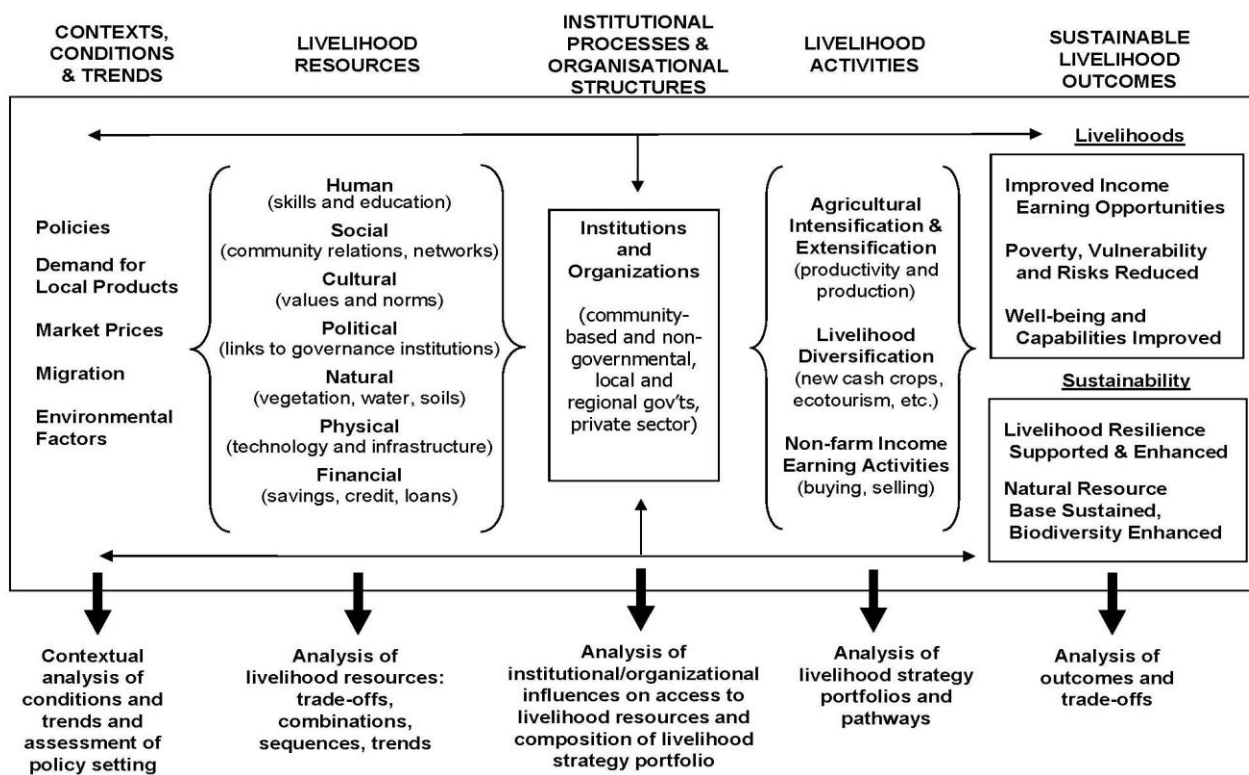
Central to SLA research is the concept of a livelihood strategy. A livelihood strategy refers to how households utilize and allocate available resources to achieve desired outcomes (Scoones 1998). This concept forms the primary analytical and pragmatic element in livelihoods research as it draws together the resources available to households and household members, the contexts in which they are embedded, and the agency that actors employ to maintain or change their position (Maxwell, Frankenberger and McCaston 2000).

Since the 1990s, the livelihoods approach has increasingly been adopted by development practitioners, scholars and researchers not only to analyze the dynamics of poverty but also to design intervention programs (Maxwell, Frankenberger and McCaston 2000). The SLF has been used to study not only the contexts but also the livelihood resources, institutional processes, livelihood strategies used by individuals and groups, and the outcomes of those strategies (see Figure 2 below). Currently, the framework has seven core capitals that are taken to comprise the resources that individuals and households draw upon to make a living. These include human, social, cultural, political, natural, physical and financial capital. Human capital refers to skills, knowledge and health that comprise the capabilities of individuals and groups. Social capital includes the number and quality of connections between individuals and groups. Cultural capital refers to a community's norms, values, beliefs, symbols, as well as rituals. Political capital includes the power to influence the formulation and implementation of social policy. Natural capital refers to natural resources, including land, flora and fauna, as well as climatic conditions. Physical capital includes all built infrastructure including roads and buildings. Lastly, financial capital includes income and wealth in form of cash, savings and credit that can be invested in other capitals (Sseguya, Mazur and Masinde 2009; Flora et al. 2004; Ellis 2000; Bebbington 1999; Scoones, 1998).

The approach has three main traditions. First, after a series of African famines in the mid-1980s, scholars were interested in the coping strategies that people utilize in the face of food insecurity (Corbett 1988). These studies highlighted the active role that people took in protecting their assets during times of stress and the tradeoffs that they negotiate (Corbett 1988; Reardon, Malton and Deldgado 1988). A second strand has focused on vulnerability. Researchers assessing vulnerability have studied livelihoods' exposure to risk, how people cope and recover

from shocks (Maxwell, Frankenberger and McCaston 2000). Third, following Amartya Sen's elaboration of the concept of entitlement (Sen 1981), there developed a strong research body involving questions on how access to resources was determined by institutional arrangements; whether there were particular resources that marked a base point for establishing a particular livelihood (sequencing); and how access to one type of resource affected access to other resources (clustering) (Scoones 1998).

Figure 1: Sustainable Rural Livelihoods Framework



Source: Sseguya, Mazur and Masinde (2009)

Originally, the livelihoods approach was rooted in concerns for food security and environmental sustainability in rural areas (Scoones 1998; Sen 1981). Recently there has been increased interest in extending the approach to analyze the roles that access to markets and market institutions play in enhancing livelihoods (Doward et al. 2003). This recent literature draws on Sen's work on entitlements and focuses particularly on how market processes influence

livelihood opportunities, constraints and institutions that foster market conditions favorable to poor producers (Kaaria et al. 2008; Kaganzi et al. 2006; Doward et al. 2003). This study draws on this recent literature connecting improved livelihoods and access to markets.

Although initially developed to address the livelihood concerns of the rural poor, the framework has also since been adapted to address livelihoods in urban areas. Cities differ from rural areas in that they are culturally and socially more diverse, contain a wider diversity of household types, and have higher income inequality. Because of this diversity, the kinds of capitals on which urban residents rely on and their concerns are divergent from those of rural residents. The basic concepts embodied in the SRL, however, are applicable to both rural and urban contexts. For instance, urban dwellers may be concerned with low wages or labor rights while rural residents are more concerned with the lack of productive assets, these concerns still reflect the vulnerability among these two populations.

While the livelihoods approach provides the tools necessary to analyze the responses to institutional change at the household level it is inadequate in analyzing institutional change at the social field and group level. To fill this gap, the study draws on the literature from the sociology of markets, conventions theory and organizational theory. The sociological literature of markets grew out of a need by sociologists to take into account the effect of social relations on market dynamics. The genealogy of the sociology of markets can be linked to political economy, sociology of labor and organizational theory (Fleigstein and Dauter 2007). In the 1960s, modernization theory dominated thinking on how economies of non-Western countries would develop. The main concern was to find pathways to help economic institutions in these countries ‘modernize,’ eventually achieving forms similar to those in Western nations. Scholars critical of this view argued that modernization theory was predicated on erroneous assumptions about the

development of economic institutions in the West. They argued that rather than a spontaneous, natural pathway, market institutions not only required state intervention but also grew out of specific historical and social circumstances (Polanyi 1944). Sociology of markets scholars brought attention to the role that power, norms, access to resources, technology and artifacts play in the development of markets. At the same time, scholars working at a different scale drew attention to the role that social networks played in allocating labor and jobs, even in market based firms. For their part, organizational theorists seeking to move beyond the dominant focus on the adaptive strategies of individual firms studied how the organizational structures of groups of organizations changed over time. They pointed out that while market opportunity brought about the existence of certain kinds of organizations and firms, the legitimacy, identities taken, and market boundaries and environments formed were all to a large extent socially created (Fleigstein and Dauter 2007).

Market environments refer to other organizations or individuals such as competitors, governments, suppliers and consumers who affect and form the milieu for a particular set of actors. This milieu can also be termed as a social field (Croidieu and Monin 2006). Social fields and the dynamics within them now constitute a core research area for sociologists studying markets but analysis of social fields are still limited within the SLA approach. For this study, food markets are taken to be part of a social field which not only constitutes emerging food retailers, but also open air markets, governments, consumers, producers, intermediaries as well as non-governmental organizations (NGOs) who all affect the dynamics and outcomes within the field.

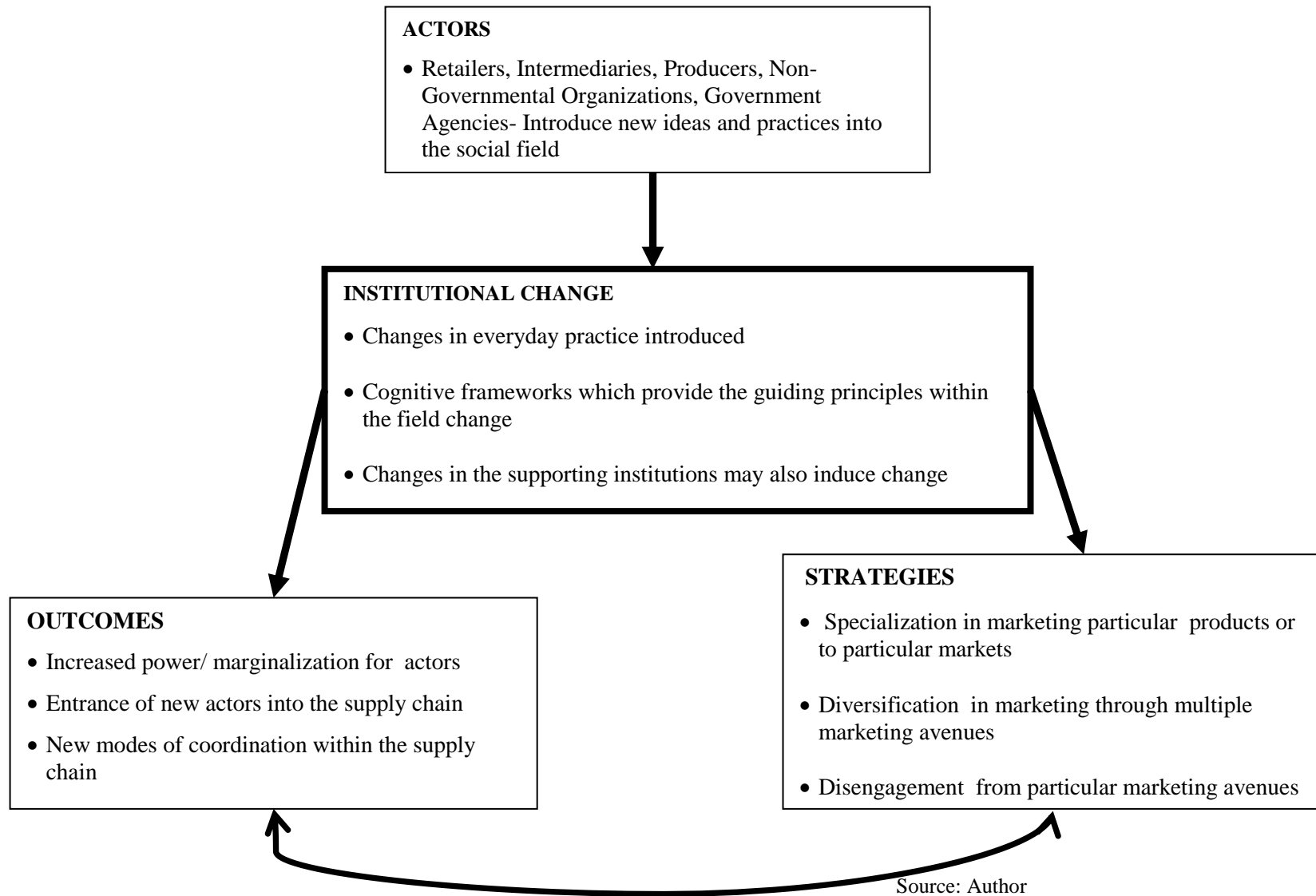
In explaining change within markets, sociologists have drawn on three major mechanisms. Scholars within the network tradition look to the structure of social relationships to

explain the form that markets take (Granovetter 1974; Burt 1992). Other scholars view artifacts and technologies used in calculative market exchange as cultural and social constructions (Zelizer 1998; 1996). Institutional theorists look to the rules, regulations, power relationships and norms to explain the form that markets take (Fleigstein 1990; Powell and Dimaggio 1991). These three perspectives overlap and often draw on the same sociological concepts to explain the dynamics within markets. In addition to utilizing the SLA framework to explain institutional change at the retail level, this study also draws on conventions theory which, in turn, contains concepts from the institutional and calculative market exchange traditions.

At the producer level, this study utilizes theories of organizational change to conceptualize ways in which producers' groups can be analyzed as social organizations. Numerous organizational change theories and models have been developed and used by scholars. A specific model of organizational change is not utilized; rather, the study explores how particular concepts can be useful in adding to the SLF. While theories of organizational change have been used to address concepts such as bureaucratization and human resource management in Western firms, they nonetheless provide insights into the processes, timing, scale and stages of change at various levels of social organization in African context.

Overall, the study draws on the SLF, especially literature on the impact of markets on viable livelihoods, on studies of food systems as social fields, and on institutional theorists' insights regarding the rise of hybrid institutional arrangements, as well as the impact of institutional change on different actors within a social field. The conceptual framework for the study is as follows (see fig 2).

Figure 2: CONCEPTUAL FRAMEWORK: Analyzing the Impact of Institutional Change in Food Systems in sub-Saharan Africa.



While the conceptual framework is influenced by the SLF, it is designed to emphasize the analysis of institutional changes in the food system. Four pivotal aspects of institutional change in the food system are represented in the framework: (1) key actors within the food system, (2) institutional change initiated by these actors, (3) strategies used by various actors to adapt to change, and (4) outcomes for various actors.

I conceptualize institutional change as initiated by particular actors within the food system who introduce new ideas or practices. The forms of actions taken by these actors may be planned and systematically implemented as in the case of new policies or capacity building activities. They may also occur through broader, more amorphous processes such as demographic or cultural shifts. Several advantages emerge from an actor-oriented analysis of institutional change. In focusing on actors, a distinction is made between those who initiate and those who respond to institutional changes. Furthermore, since institutional change occurs with significant varying consequences for different players, a theoretical analysis of actors and their actions is important in assessing the function of emerging institutions within food systems and their implications.

The conceptual framework also calls attention to the need for identifying which particular aspects of institutions are changing. Changes in institutions may occur in the everyday practices performed by embedded actors and in the cognitive frameworks that these actors use to guide action and evaluate the environment. Institutional change may also be initiated in closely associated or supporting institutions first and subsequently affect actors within the food system. As an example changes in the legal frameworks of the transport industry may have an impact on the distribution of food and eventually the everyday practices and cognitive frameworks of actors within the food system. In examining the procurement strategies of emerging retailers and

organizational change in producers' associations this study focuses on the first two identified aspects of institutional change. The third aspect of institutional change, however, will become more important as SSA economies on the whole modernize and issues ranging from urban planning to passenger safety gain more prominence.

In responding to institutional change, actors may choose varying livelihood strategies based on the resources available to them. Literature on emerging markets already shows that as emerging food retailers become established within a country, downstream actors may choose to become specialized suppliers, a strategy that requires capital and investment in knowledge. On the other hand, the entrance of emerging food retailers into the food system in SSA actually (at least in the medium term as traditional markets are expected to continue to supply most FFV within the region) represents a widening of marketing avenues for downstream actors. The increase of these food retailers then may mean a corresponding increase in the livelihood strategies associated with marketing for downstream actors. These strategies could, conceivably, include the diversification of downstream actors whereby they supply different types of markets, or it may also include disengagement where actors self-select out of particular markets.

In distinguishing between actors who initiate changes in institutions and those responding to changes, the conceptual framework facilitates analysis of outcomes as well as resources perceived as critical for various actors within the food system. The strategies that actors employ in responding to institutional change also have an impact on broader institutional processes within supply chains and ultimately institutions. In analyzing the outcomes for actors I analyze the changing power structure and the corresponding alterations in the benefits and risks for different actors, and the marginalization or rise to prominence of new actors within the food system.

Research Area

The study was conducted in Uganda. As a country in the early stages of emerging market penetration, and with a relatively small percentage of the population living in urban areas, Uganda presented the optimal case study for this research. Studies on emerging markets have focused on supermarkets in South Africa, Zambia, Zimbabwe and Kenya (Reardon et al. 2006). These countries all have a relatively higher proportion of their population living in urban areas, a significant number of supermarkets, and changes in the procurement systems of emerging food retailers that are well under way (Reardon et al. 2006). Countries such as Uganda provide an important opportunity for understanding the formation of market institutions and how these institutions affect different types of actors within supply chains.

Figure 3: Map of Uganda



Map of Uganda: Kabale is located at the southwestern tip of the country, while Kampala, the capital city, is located in the south-central part of the country.

Source: Downloaded from <http://www.lonelyplanet.com/maps/africa/uganda/>

Kampala and Kabale, the study areas, are indicated on Figure 3. Kampala city was selected as a study area as it has the densest concentration of emerging food retailers in the country and had the potential to provide the richest data for the study. Moreover, food markets in urban areas of Uganda comprise the most profitable FFV market segment. Overall consumption of bought FFV in Uganda is steadily increasing. However, largely due to differences in income, consumption is twice as high in urban areas compared to rural areas (Ruel, Minot and Lisa 2005). In addition the demand for FFV in urban areas is expected to increase significantly as a result of population growth and urbanization (Nyakaana, Sengendo and Lwasa 2007). 40% of Uganda's total urban population in 2002 resided in Kampala with this percentage is expected to increase significantly in the coming decades (UBoS 2002). The entrance of emerging food retailers into Kampala, therefore, will have an impact on the livelihoods and incomes of producers and intermediaries in the country (Kaganzi et al. 2006; CIAT 2005).

At the time of the study, only one farmers' association, based in Kabale district, was identified as supplying an emerging food retailer in Kampala. A case study of this farmers' association forms the basis of Chapter 4 in this dissertation. Kabale is located in southwest Uganda. The district has an elevation of 1219-2347 meters above sea level, with steep terrain and an average temperature of 17.5 degrees centigrade. Rainfall averages 1000-1480 millimeters per year. This climate makes the district ideal for agricultural activity. The main food and vegetable crops in the area include Irish and sweet potatoes, sorghum, beans pigeon peas, tomatoes, cabbage, wheat and bananas. The farmers' association in the study supplied Irish potatoes to an international fast food restaurant in Kampala and is discussed in the data collection section below.

Data Collection

Qualitative data were collected through in-depth interviews with market outlet managers, intermediaries and small-scale farmers. Qualitative methodologies can capture the dynamics of institutions within markets by illuminating what is changing as new retail outlets become more common, and how these changes are affecting relationships between market outlets, intermediaries and producers.

A purposeful sample of market outlets in Kampala was used to collect data on emerging food retailers. This method was used to obtain the most appropriate sample for answering the research questions. The sample covered five types of emerging market outlets (supermarkets, independent restaurants and cafés, fast food restaurants, hotel restaurants and niche markets) and one open-air market as a comparative case study. Only large and medium outlets were included in the study, as they are those most likely to have experienced pressure from FDI and consumers to innovate within their procurement systems and, consequently, associated institutional arrangements. Emerging retail outlets (n=14) were included in the study. These included five supermarkets, four hotels, three cafés and two fast food restaurants. The procurement officers or owners of these retailers were interviewed in addition to 25 suppliers linked to the outlets.

Nakasero, Kampala's largest open-air market, was also included in the study. Nakasero serves as a wholesale and retail market for FFV and is popular with city residents. In addition, preliminary research showed that the market had the greatest variety of relationships between buyers and sellers, and therefore was likely to yield the most interesting interviews. Several visits to the market also showed produce of similar or higher quality than that in emerging food retailers, Nakasero therefore provided important augmenting data on institutions within food retail supply chains. Similar to emerging markets, it was difficult to obtain data on the exact

number of traders selling FFV at the market, making it impossible to establish an accurate sampling frame.³ Consequently, snowball sampling was used to identify and interview 25 intermediaries at Nakasero.

Participant observation was also used to collect data through working in the produce department of a supermarket once a week for one month, and in the kitchen of a fast food restaurant once a week for two weeks. Data collection here involved documenting the range of produce and produce standards within emerging markets, observations on transactional characteristics, as well as on the institutional logics operating within these markets.

At the farmer level, a case study of Nyabyumba farmers group, an association selling potatoes to Nandos fast food restaurant in Kampala, was conducted. Nyabyumba farmers group is located in Kabale district in southwestern Uganda. The group was formed in 1998 with support from international NGOs to assist in the production of seed potatoes and to increase food security for the small scale producers in the region. In 2003, partly as a response to an unstable seed market and also to increase incomes for producers, the group started to market potatoes to Nandos.

Of the retailers interviewed, only Nandos and the National Organic Agricultural Movement of Uganda (NOGAMU) an organic outlet, had substantial linkages with small scale

³ It was difficult to obtain an accurate estimate of the number of traders at the market. The wholesale market is not formally regulated by the Kampala City Council. As such, there were no accurate numbers of how many intermediaries, traders and farmers come to the wholesale market between 3-7 a.m. Estimates from market officials have varied from 25,000 traders, intermediaries, farmers and consumers at this market to 7,000 individuals.

An option considered was to get an estimate of traders at the retail market, which runs from 7 a.m. to 8 p.m., and sample this. This also proved to be difficult because there was an ongoing wrangle between the market traders and the Kampala City Council. The City Council would like to build a new market elsewhere in the city to ease overcrowding and upgrade the market. Traders are convinced that the true intention of the City Council is to sell the market to private developers. This created an atmosphere of distrust for outsiders, making it difficult to ascertain the number of traders at the market.

In addition, since the volume of trade at the market has increased tremendously over the past decade, some traders set up temporary stalls in the parking lot of the market. This space is also utilized by cart drivers and the general public, making it difficult to know precisely who is a trader.

producers. However, given that the organic food market is still in its infancy in Uganda, NOGAMU producers were primarily geared towards the export market with domestic sales forming a small percentage of their overall business. With this in mind, the decision was made to focus the study on Nyabyumba farmers group.

Qualitative data were collected through focus group discussions with six of the seven groups that comprise the farmers' association, as well as interviews with 40 individual households from the farmers' association. These 40 households were drawn randomly from each of the groups.

Data Management and Analysis

In-depth interviews with suppliers and emerging retailers in Kamapala were conducted in English or Luganda. Conversations with intermediaries at Nakasero market were conducted in Luganda. Although I speak intermediate Luganda, the interviews were conducted with the assistance of a research assistant who translated while I took detailed notes of the interviews. This allowed me to follow the interviewees with ease as well as to be able to clarify or follow up on responses. These interviews were later transcribed. In- depth interviews and focus group interviews with producers in Kabale were conducted in Luchiga. Data collection in Kabale was conducted with the aid of two research assistants. One research assistant conducted the interview while the other translated the questions and responses. I took detailed notes of the interviews and focus groups. The interviews and focus groups were recorded but not transcribed. The recordings were useful in later requesting further clarification. In-depth interviews and notes from the focus group interviews were saved as word documents. Field notes taken during participant and non-participant observation in Kampala and Kabale as well as field memos were also saved as word documents.

NVivo, a software program that supports the organization and analysis of qualitative data was utilized. I created two projects in the program; one to capture research materials on the procurement strategies of emerging food retailers and the other to capture research materials on long-term change within market oriented farmers groups. Separate word documents each representing an in-depth interview, focus group notes, field notes from observations, or field memos were entered as internal documents into folders created under the relevant project. These documents then became source materials for coding and exploring relationships within the data.

Data analysis was conducted by coding (creating nodes) exploring relationships and writing memos. Coding was done manually in NVivo by reading through the source materials, identifying potentially important or interesting themes and creating a node (code) along with a description for the node. NVivo allows for the selection of portions of or whole source documents under a node. Using this feature, in addition to creating new nodes, I was able to tag additional content under an existing node. NVivo also allowed for the creation of tree nodes where subthemes could be tagged under a broader theme. Gathering content relating to a particular theme under one node was useful for exploring different aspects, additional and augmenting aspects, contradictions, or discrepancies within a theme. Thoughts exploring these observations on themes were captured and saved under memos. These memos were linked to the nodes and not source materials. Data analysis also included the explorations of relationships. Using the relationship type function in NVivo, I was able to capture observed patterns and relationships between nodes. Memos at this stage of analysis were used to conceptualize relationships between themes and to start to develop a coherent interpretation of the data.

Limitations and Validity Issues

This research has several limitations. First, the conception of the research is such that institutional arrangements in the FFV sector are determined by economic, demographic and social trends within Ugandan society. As such, exogenous forces influence actors (suppliers, farmers groups and individual households) within marketing chains. This top-down approach to social change is a limitation, as it may not take into account that institutions are maintained through the actions of individuals and groups within the social field (Scott 2004; DiMaggio 1991). In addressing this limitation I focus on specific elements of institutions that are changing analysing the specific ways in which those elements are transmitted through the chain, including who enforces contracts and who sets the expectations within the marketing chains. By unpacking the concept of institutions in this way, the research will be able to show that institutions are continually reinforced and modified by actors within the chain.

Second, consumers were not included in the study. Since the growth of emerging markets is predicated on whether consumers see them as viable alternatives to current conventional markets, an analysis of the attitudes and consumption preferences of consumers will form a critical area of study for scholars of food systems in SSA. Third, I was not able to analyse and use the data collected through discussions and participant observation at the open air market in any significant way in this dissertation. While the data collected was presented some interesting themes, the number of respondents from the open air market was not sufficient to draw patterns and make generalizations about the sector. Instead, the data is used to inform the papers presented in the dissertation. In addition, the themes observed during these interviews are used to suggest further areas for research in the conclusion.

The Rest of the Dissertation

This dissertation follows the alternative format presenting articles prepared for submission to research journals (See page 167). The rest of the dissertation is organized into four chapters. Chapter 2 examines the mechanisms through which global private food standards are transmitted to the local level. Chapter 3 suggests a framework for the analysis of long term change within farmers groups through combining the SLF with theories of organizational change. Chapter 4 is an empirical case study of the changes within Nyabyumba Farmers Association which occurred from the transformation in the vulnerability context of a market oriented farmers' association in southwest Uganda. Chapter 5 forms the final chapter of the dissertation and includes conclusions and recommendations for further research.

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CHAPTER 2: OPEN-AIR MARKETS, EMERGING FOOD RETAILERS AND HYBRID INSTITUTIONAL LOGICS IN PRODUCE SUPPLY CHAINS IN KAMPALA, UGANDA

A paper to be submitted to *The Journal of Agriculture Food and Human Values*

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Abstract

Since the 1990s, emerging food retailers – supermarkets, fast-food restaurants, cafés, and hotels – have significantly increased their presence and impact within food systems in Eastern and Southern Africa. This paper examines the mechanisms through which the procurement strategies of these emerging food retailers in Kampala, Uganda, are influenced by global private food standards. Analysis is based on qualitative data from 14 owners or procurement officers of emerging food retail operations, 25 suppliers to these retailers, and 25 intermediaries from a large open-air market. Three mechanisms are identified: direct embedding of retailers within international quality assurance schemes; articulation of standards mimicking private food standards, but lacking enforcement mechanisms; and ideological identification with global food systems, but complete reliance on local institutional arrangements based on informal relationships that provide flexibility and reduce risk. I identify how characteristics of this retail sector may impact livelihood outcomes for upstream actors within the food system and for nutrition and food safety for consumers.

Key words: institutional change, fresh fruit supply chains, fresh vegetable supply chains, Uganda, sub-Saharan Africa

Introduction

This paper contributes to the nascent literature on processes of institutional change currently underway in urban food retailing in Eastern and Southern Africa (ESA). The study focuses on the retail segment comprised of supermarkets, fast-food restaurants, hotels, cafés, and such niche retailers as organic or fair-trade stores. These retailers are referred to as emerging food retailers for the remainder of the paper. I analyze the role of global private food standards and local informal institutional arrangements in the formation of the procurement strategies of large and mid-sized emerging food retailers in Kampala, Uganda. The adaptive responses of suppliers and the potential effects of changes in retail transactions for sustainable food system outcomes in ESA are also examined. This study extends the understanding of how institutions associated with food retail at the global level are transmitted to local contexts in ESA, implications of the resulting institutional change on actors embedded within these supply chains, and how these actors create opportunities to act in the midst of uncertain institutional environments.

Until the beginning of this century, in ESA (excluding South Africa), emerging food retailers were regarded as serving a slim market segment composed of expatriates and upper-class urbanites. Beginning in the 1990s, factors such as urbanization, the related entrance of women into the paid workforce, and liberalization of the food retail sector have led to the expansion of these retailers beyond their original niches into middle-class and working-class areas (Makoka 2005; McCullough, Pingali, and Stamoulis 2008; Reardon 2005; Reardon et al. 2003). At the global level, studies of these retailers have yielded important insights into institutional change and implications of this transformation for the reorganization of food systems and outcomes for human actors and the environment. As they connect downstream and

upstream actors, food retailers serve as gatekeepers, mediating relationships among different types of actors within the food system. New retailing formats as well as consolidation and concentration within the sector in the West, for instance, have been accompanied by new supply chain management practices, changes in the power structure and organization of distribution and production systems (Swartz and Lyson 2007). In this way, retailers have the power to profoundly influence the political economy as well as the cultural-symbolic meanings and discourses associated with food (Lind and Barham 2004). While emerging retailers within the ESA context lack the size, both in terms of market share and financial capital available to large food retailers in the West, their increase nonetheless provides an opportunity to understand how institutional elements within supply chains and, ultimately, food systems in ESA are being reconfigured.

Research on changes induced by emerging food retailers in ESA has, to date, been mostly limited to the emergence of large supermarkets, projections of increased market share in the coming decades, and potential livelihood implications for rural small-scale producers (D'Haese and Huylenbroeck 2005; Louw, Ndanga. and Chikazunga 2008; Makoka 2005; Neven and Reardon 2004; Reardon et al. 2003; Weatherspoon and Reardon 2003). Fast-food restaurants, hotels, and cafés, however, are now also found in major cities across the region. In other developing country regions, such as Asia-Pacific and Latin America, other emerging retailers, particularly fast-food restaurants, are important agents of institutional change (Cacho 2003).

With regard to the livelihood implications, researchers and policy makers in the region have been concerned with the marginalization of small-scale producers from the emerging food retail sector as the sector constitutes a potential avenue for the development of domestic high-value chains. These concerns center on the lack of business and production skills among small-scale producers. These skills are required to meet quality standards, as well as, challenges in

achieving the volume and consistency demanded by high-value markets, particularly supermarkets. Neven et al. (2006) examine the patterns and determinants of consumer choices in shopping at supermarkets versus alternative produce retail outlets. However, most of the research on impacts of emerging food retailers has focused on small scale farmers. The result has been the privileging of the economic viability of small-scale producers as an indicator of food system sustainability.

Studies that have examined the impact of emerging food retailers in the region beyond the economic outcomes for small-scale producers show that these retailers are important in the transformation of a broad range of institutional elements within supply chains. For instance, in her study of Shoprite supermarket workers in, Maputo Mozambique and Lusaka Zambia, Miller (2004) shows that retailers have the potential to reshape expectations of working conditions among retail workers in the region. Miller's research shows that the entrance of emerging retailers into the region will have a broad influence on supply chain institutions beyond economic implications for small scale producers. Friedberg's (2008) research on the survival of the horticultural export sectors in Burkina Faso and Zambia shows how neocolonial cultural linkages between Burkinabe intermediaries and French supermarkets sustained the French bean industry in that country. In contrast, the Zambian horticultural sector, which relied on market forces, struggled and eventually failed. While Freidberg's study focuses on the export horticultural sector, it nonetheless illuminates how the emergence of new retail practices in sub-Saharan Africa (SSA) may become established, fail or succeed based on factors other than market forces including the organization of cultural economies or, as discussed later in the paper, on political economies.

Actual expansion of large supermarkets in ESA has been slower than initially projected (Tschirley 2007). For instance, Tschirley (2010) estimates that in most of SSA supermarkets would have to grow at 20% in real terms over the next two decades to achieve a 20% market share. Even in Zambia and Kenya, the countries with the highest supermarket concentration outside of South Africa, supermarkets will have to grow at 14% per year over the next 20 years to control 20% of the fresh produce market. However, the emerging food retailing sector as a whole, including mid-sized supermarkets, hotels, and fast-food restaurants, is growing steadily, albeit slowly. On the other hand, global and regional trends will have an impact on both “traditional” and emerging food retailing segments as financial, technological, ideological, and logistical limits to global trade are dismantled, and as income growth, urbanization, and dietary changes intensify within the region. Attention is now shifting to the broader process of retail modernization and away from a specific focus on large supermarkets (Tschirley 2007).

This paper contributes to the scholarship on emerging food retailers and institutional change in ESA in several ways. As indicated above, there remains limited research on the procurement strategies of emerging food retailers, other than supermarkets, and roles that they may be playing in initiating institutional change in the ESA context. By including a variety of retail formats (supermarkets, fast food restaurants, hotels and cafés), as well as large, and mid-sized emerging food retailers, the study expounds on the literature regarding the formation of procurement strategies for a wider range of emerging food retailers. While the livelihood outcomes of small-scale producers are important, the sustainability of food systems in the region will also depend on the implications of institutional change for other actors within supply chains. This study examines the adaptive responses of intermediaries to the increase in emerging food retailers and thus expands the focus of previous studies.

Although the growth of emerging retailers in the region, particularly supermarkets, has been slower than initially projected, an exploration of the formulation of their procurement strategies contributes to a better understanding of the processes of institutional change in the ongoing process of retail modernization. Given that emerging food retailers are linked to global retail as well as embedded in the domestic food economy, when and how these retailers use particular procurement strategies illustrates the specific mechanisms through which global private food standards are transmitted to local contexts in the global South. Moreover, the procurement strategies of these retailers, allow us to examine not only everyday approaches and interactions among actors but also how more deeply rooted structural elements, including governance and normative structures, the roles, risks and power positions of various actors and cultural-cognitive frameworks in supply chains are currently being reconstructed.

The paper has four sections. First, I outline the relationship between procurement strategies and institutional change. The second section presents the data collection methods used in the study. The third section traces the factors that influenced the entrance of emerging retailers into the country. Finally, I present the conclusion section.

Institutional Change, Procurement Strategies and Global Private Food Standards

This study conceptualizes food as a social artifact. By this I mean that food is not simply a result of objective agricultural, distribution and consumption practices. Food is a product of the structure of social relationships and prevailing cognitive frameworks. But once modes of production, distribution and consumption become established, they become taken for granted and gain the power to organize action and actors, and generate meanings independent of particular individuals. As such the wider institutional environments and cultural-symbolic frameworks determine the social and economic role of food as an artifact. For instance, the ascendance of

elements associated with rationality – efficiency, calculability, predictability, control, and a belief in the supremacy of technology (Ritzer 1993) have profoundly influenced the structure of food retailing within the US and Europe. Private food standards discussed later in this section are indeed a reflection of the embrace of these elements. As a social artifact, the criteria used and meanings associated with exchange in food retailing are governed by institutional arrangements which include everyday practices as well as cognitive frameworks. As everyday practices, procurement strategies structure and guide everyday interactions among actors while providing long-term stability for consumers, retailers, intermediaries, and producers. At the same time, procurement strategies reflect the prevalent attitudes among these actors regarding what constitutes “best practice”.

Institutions are the enduring structures that provide meaning and long-term stability within a particular societal sector, while at the same time guiding everyday interactions among embedded actors (Scott 2005). Eaton, Meijerink, and Bijman (2008) define institutional arrangements as the “set of rules or agreements governing the activities of a specific group of people pursuing a certain objective” (pg. 10). Following this definition, procurement strategies are conceptualized as the rules and agreements between retailers and suppliers regarding acceptable quality standards and the mechanisms for managing relationships, structuring and guiding everyday interactions. They are approaches to sourcing and transforming produce into final products for consumers, reflecting a consistent plan of action in sourcing produce, establishing and maintaining relationships with suppliers, and communication of produce standards (Mainville, Reardon, and Farina 2007). As practices which govern relationships they can vary in their degree of formality ranging from written contracts or equally binding informal agreements to ad hoc interactions. They are also a reflection of the prevailing attitudes among

retailers and suppliers on how supply chains should be organized and the appropriate structure for power, risk and profit within supply chains. As such, procurement strategies are also cognitive frameworks that reflect dominant paradigms within food systems. Cognitive frameworks represent a coherent set of assumptions and expectations that develop over time and are accepted by many types of actors within a social field (Bastedo 2009; Croidieu and Monin 2006; Dacin, Goodstein, and Scott 2002; Friedland and Alford 1991; Marquis and Lounsbury 2007). They also form a framework for understanding and evaluating the environment, as well as an interpretive scheme for establishing relationships and formulating responses to perceived changes (Greenwood, Suddaby, and Hinings 2002; Marquis and Lounsbury 2007; Thornton and Ocasio 2008). Procurement strategies, therefore, consist of beliefs, values, and associated practices that serve as the underlying organizing principles for actors and guide action and decision-making.

Institutional change implies the establishment of new cognitive frameworks and associated practices. As such, the process is intertwined with innovation and entrepreneurship and is often initiated, championed, and sustained by particular actors (Heimer 1999). Because emerging food retailers are linked to the global food economy but are embedded within the domestic context, they lie at the crux of negotiations between global retail institutions and pre-existing local retail institutions. In this negotiation, emerging food retailers have become key entrepreneurs and innovators, and are initiators of institutional change introducing alternative knowledge structures and organizational patterns within domestic food systems in ESA.

While new actors are important catalysts for institutional change, pre-existing governance structures and actors influence if/how new ideas and practices become institutionalized and gain acceptance as practical solutions or just passing fads (Greenwood, Suddaby, and Hinings 2002;

Marquis and Lounsbury 2007). Existing actors may take advantage of opportunities arising from transformation of the wider environment by using resources available to them (Leca, Battilana and Boxenbaum 2008). Alternatively, they may counter-mobilize by defining or strengthening opposing institutional practices and cognitive frameworks to resist change. Moreover, although it is possible for powerful entrepreneurs to singlehandedly transform institutions, typically they must mobilize and collaborate with other actors possessing specific skills (Perkmann and Spicer 2007). In this context, highly embedded agents become key (Lawrence, Hardy, and Phillips 2002), as they can effectively navigate existing institutional frameworks and confer legitimacy on incoming institutional entrepreneurs. Within food systems in ESA suppliers, including intermediaries and supplier-farmers, are key embedded actors. These key actors will be critical in the eventual configuration of food systems as they will influence if/how new ideas and practices become institutionalized and gain acceptance.

Analysis of institutional change in this study is predicated on two aspects; changes in the institutional arrangements (practices and cognitive frameworks), and the role key embedded actors play in leading or adapting to this change. This is achieved by the examination of how emerging food retailers, through the use of procurement strategies, negotiate between elements derived from formal global institutions and informal local institutions. Additionally, the adaptive responses of intermediaries to the resulting institutional change are analyzed.

In theorizing the process of institutional change, we utilize Thevenot's (2002) conventions theory. Conventions theory is concerned with explaining how economic coordination occurs when 'modes of coordination' (defined as institutions, conventions or rules of the game) are no longer valid as a basis of action within a social field. These 'critical situations' occur when specific or everyday acts of coordination among actors take place in

uncertain institutional environments because they cannot be pegged to an underlying universally agreed upon organizing principle. A universal organizing principle ensures that action is justifiable as actors are able to make judgments regarding the intentions of the other parties involved in the exchange. Actors are also able to make calculations about the returns if they invest in the exchange. Finally, universal principles enable agreement on the value of goods as the definition of quality by actors coincides with the recognition of quality for other actors. How quality is defined, either through externalized measures such as standards or through internalized aspects such as interpersonal trust, is a critical aspect of the mode of coordination that develops. Four types of modes of coordination are identified. These include market coordination, industrial coordination, domestic coordination and civic coordination. In market coordination, the primary indicator of quality differences is price, and actors respond flexibly to changes in prices. In the industrial mode of coordination, although price is an important consideration, there is heavy investment in the standardization of goods. Domestic coordination relies on the resolution of uncertainty through personalized exchange and trust, and actors respond slowly to change. Civic coordination relies on unity built around a common interest with price being of only marginal concern. Table 2 below shows ways that actors recognize and define quality, as well as, the modes of coordination most likely to emerge in certain or uncertain institutional environments. Within food markets in Uganda, we trace how emerging retailers negotiate between a global industrial- market convention and a local domestic-market convention.

Table 1 Forms of Coordination within Social Fields

Defining Quality	Recognizing Quality	
	With uncertainty	Without uncertainty
Externalized (standards and norms)	Market Coordination	Industrial Coordination
Internalized (trust and authority)	Civic Coordination	Domestic Coordination

Source: Flora 2012

The Rise of the Industrial- Market convention in Global Food Supply Chains

In managing and responding to concerns regarding food safety, ethics, and social and environmental issues private governance mechanisms have emerged as a key feature of global food supply chains. Fuchs and Kalfagianni (2010) identify the following three interrelated forms of private governance mechanisms in global food systems: Corporate Social Responsibility initiatives (CSRs), Codes of Conduct (COCs) and private food standards. Under CSRs, private firms undertake efforts to improve positive social, environmental, ethical, or economic outcomes. These initiatives have encompassed various mechanisms: self-reported monitoring of compliance of criteria developed by the firm itself; Public Private Partnerships (PPPs) in which public and civil society actors form partnerships with business entities to develop COCs or to share knowledge and resources ostensibly to benefit all actors involved; and coercive approaches in which consumers or other civil society actors have undertaken campaigns or boycotts forcing firms to broaden their objectives beyond the maximization of profits. COCs refer to written principles and guidelines that form the basis of interaction and exchange among private and public sector actors within the global food system. Private food standards, on the other hand, encompass technical and administrative rules, procedures, and auditing processes developed by food retailing firms, particularly supermarkets, to ensure that produce meets certain production, handling, and transportation criteria. Our focus is on the latter set of private governance mechanisms, namely global private food standards.

The rise of these global private food standards has been influenced by the adoption of manufacturing sector techniques by Western retailers in the 1990s that led to the shift from individual store to supply chain management and the corresponding integration of upstream actors into vertically coordinated supply chains. This resulted in a fundamental restructuring of

power relations, making retailers the most powerful actors within global produce supply chains (Busch 2009). Diminishing technological and logistical barriers to international trade combined with shifting consumer preferences in the North toward year-round supplies of fresh produce has intensified South to North fresh produce trade. At the same time, since the 1980s, sustained public focus on health and environmental issues directly related to food, including “mad cow disease,” the threat of avian influenza, and debates over the implications of genetically modified foods, has increased demand for traceability and accountability within global produce supply chains. These demands for traceability and accountability have focused on enhancing food safety, particularly through limiting pesticide residues and microbial contamination (Amekawa 2009).

In response to these growing consumer anxieties, food retail corporations initiated private food standards (Freidberg 2008). These standards have deepened the vertical integration of supply chains as retailers seek to increase supplier compliance with articulated standards. Furthermore, the scope of these private food standards has expanded significantly in the past two decades in terms of how the production, transportation, and processing activities are coordinated and regulated. In addition, the number of private food standard schemes has also increased, with seven major international private food standards initiated since the 1990s (see Busch 2009). Private food standards are now an integral part of retail competition strategies in which greater profits are achieved by increasing control over vertical and horizontal elements of the produce supply chain. Horizontal control refers to the incorporation of new elements controlled by retailers, or regulated through articulation of new standards, or streamlining and formalization of existing standards. Vertical control refers to increased control over other actors within the supply chain partly through mechanisms to increase compliance with articulated standards, such as

formal contracts or communication technologies (Henson and Humphrey 2009). They now encompass meta assurance schemes involving multiple stakeholders and often span multiple aspects, such as food safety and environmental and social dimensions (Fuchs, Kalfagianni, and Havinga 2009). While voluntary and existing parallel to national standards, private food standards are now de facto obligatory for participation in global food retailing chains. Most producers in the Global South who wish to export produce to Western countries must now participate in a quality assurance scheme and are expected to respond quickly to changes in the quality standards (Busch 2009).

The industrial-market convention within global produce supply chains, therefore, relies on strategies for competition determined by coordination economies in which retailers achieve greater profits by increasing control over horizontal and vertical elements of the supply chain. The articulation of external formal standards and the ability of producers to be flexible in responding to changes in these standards are also key aspects.

The Domestic-Market Convention within Open Air Markets

While global private standards rely on the articulation of formal standards, food quality standards at the local level in ESA are contextual and particular to the country. Public food quality standards in Uganda, are initiated by the National Standards Council (NSC), which identifies problems and needs for food quality and safety. Formalized and widely available standards for FFV are primarily related to the export sector, while domestic standards are geared toward food processing rather than the handling of FFV. For instance, between January and June 2009, the NSC passed 94 standards addressing value addition in animal feed, potato products, and spices; none was directly relevant to FFV handling. Consequently, quality standards and management of relationships among actors depend on informal mechanisms. While procurement

strategies associated with international standards are based on formal mechanisms, those within traditional food systems in Uganda are based on long-term interpersonal relationships with flexible and contingent arrangements for buying and selling produce. These interpersonal relationships consist of a network of producers, intermediaries, and vendors in a decentralized system. Despite the presence of short-term lending between actors at the market, negotiations on price for produce and quality inspection were done on the spot, with possibilities for further collaboration, but no assurances. Informal agreements, commonly referred to as “gentlemen’s agreements,” form the main contract enforcement mechanisms. These networks rely on trust and reputation acquired through repeated business interactions to facilitate exchange among actors. Intermediaries actively work to cultivate a good reputation as honest and fair individuals. For instance, during our research at Nakasero market we found that wholesale traders worked hard to maintain networks with “their” producers and vendors, occasionally offering seed stock to trusted producers under informal seasonal contracts, selling produce to vendors on credit, or even voiding some debts for the sake of maintaining long-term relationships.

The domestic- market convention within open air markets, therefore, relies on immediate market exchange and interpersonal trust. Table 3 below summarizes the industrial- market and domestic-market conventions

Table 2: Forms of Coordination within Emerging Retailers Supply Chain

	Industrial-Market Convention	Domestic-Market Convention
Main Coordination Mechanism	Networks	Hierarchies
Key Embedded Actors	Intermediaries	Suppliers
Lead Actors	Intermediaries	Retailers
Justification of Action	Avoiding Risk	Profit
Quality Definition and Recognition	Embodied Personal Knowledge / Weak Public Standards	Formal Global Private Standards

Source: Author

Data Collection and Analysis

The paper draws on qualitative data obtained through participant observation, non-participant observation, and in-depth interviews with actors linked to emerging retail outlets in Kampala between July 2007 and June 2008. I worked for three weeks as a produce sorter in a supermarket and a potato chopper in a fast-food restaurant. This participant observation period was critical in building rapport with the network of respondents included in the study. It developed a foundation for understanding the organization of the supply chain and roles played by different actors in it. More suitably phrased interview questions were reformulated after the participant observation period to be more suitably phrased for the context. Participant observation was also useful later in developing the analytical categories used in interpreting the findings.

Emerging outlets were distinguished from traditional outlets based on their definition of quality standards relating to the production, transportation, or handling of produce, and the use of branding as part of their marketing strategy to a defined consumer base. All retailers in the study were located within or at the outskirts of Kampala Central Division. The division includes the central business district and middle- to high-income residential areas, thus providing a robust consumer base and a vibrant mix of large- and medium-scale food outlets. The physical proximity of the retailers resulted in a network of emerging retailers with regular interaction among each other and persistent consumer pressure. As a result, these retailers had to consciously think about their procurement strategies and the consumer demographic they were appealing to.

The 14 emerging food retailers in the study included five supermarkets, three hotels, three cafés, two fast-food restaurants, and one organic food retailer (See table 1). Using an interview

guide, in-depth qualitative interviews were conducted with the owners, procurement officers, or purchasing officers, and 25 suppliers to these retailers. These 25 suppliers included 14 small-scale specialized suppliers, three large produce supply companies, three purchasing officers, two lead farmers, and one small-scale farmers' association, the latter is the only farmers' association identified that was supplying an emerging food retailer. In this study, the term 'lead farmer' refers to producers who take the initiative in organizing other producers to collectively grow produce for an identified market. Additionally, these producers also provide business skills, training on growing techniques and loans for purchase of planting materials.

Procurement officers, owners, and some purchasing officers make decisions on who supplies the outlets, and they interpret guidelines for dealing with suppliers and quality standards set by parent companies or develop these guidelines. They also manage the process of inspecting, accepting, or rejecting produce supplied and, in this way, implement the abstract ideas and guidelines. Owners and procurement officers have the discretion to initiate or end relationships with suppliers and decide on the length and quality of these relationships. Suppliers are a crucial link in the value chain, connecting retailers and other intermediaries or farmers. Suppliers source produce from other intermediaries and producers who are embedded within the mainstream food market and who use pre-existing norms. As such, suppliers play an important role in transmitting new institutional elements to other upstream actors within the supply chain. Procurement officers, owners, purchasing officers, and suppliers play an important gatekeeping role within food systems. They have control, either directly or indirectly, over critical resources, including information, skills, and money, that are important in determining the relative power of actors within supply chains. Evolving patterns of behavior, thoughts, and attitudes among these actors, therefore, are representative of institutional change within food systems.

The interview guide for procurement officers, owners and those purchasing officers responsible for making sourcing decisions covered four areas: background of the food retailer including ownership and year of establishment; quality standards, delivery schedules, and contract mechanisms with suppliers, and whether and how these have changed; composition of the suppliers that the retailer sourced from and why; and the marketing strategies of the retailers.

The interview guide for suppliers included questions on four aspects: background information, including the number and types of retailers supplied and kinds of produce supplied; where and which kinds of actor-suppliers, in turn, they bought produce from and the advantages or disadvantages of this method of sourcing; quality standards, delivery schedules, and contract terms; and how the suppliers had adapted to new procurement strategies from emerging retailers.

The Growth of Emerging Markets in Kampala

The development path of emerging food retailers in Uganda is linked to the pre-colonial racialized history of agricultural trade, to the liberalization of the food retailing sector following the collapse of the agricultural sector, and to increasing urbanization rates. I outline each of these factors in this section.

The political economy of Uganda has played a central role in the establishment of emerging food retailers in the country. A fundamental aspect of British colonial rule in East Africa was the allocation of legal, economic and political rights to colonial subjects on a sliding scale based on race. Under this system, Asians⁴ occupied a privileged category in which the provision of somewhat limited rights was, nonetheless, in direct contradiction to the absence of

⁴ Most of the Asians in East Africa at the time were of South Asian origin, primarily Indians but also Pakistanis. Indians have been present in East Africa since the 1890s when Sir Harry Johnston, then administrator and commissioner of present day Malawi, brought in 270 Indians to augment military capacity. They were later joined by 32,000 Indians from Punjab and Goa, who came to East Africa as indentured servants, to build the railway. Approximately 10% of these earlier immigrants stayed after the completion of the railway. Together with late merchant migrants from Gujarat in search of business opportunities, Indians formed then a 'middlemen minority' who became economically successful playing a vital role as intermediaries linking black African producers to white buyers (Patel 2006; Jamal 1976).

rights for black Africans. Ugandan Asians played what Hundle (2012) refers to as the ‘middling role’ both politically and economically. Economically, while Asians provided skilled labor (civil service and service labor) and entrepreneurship within the economy, black Ugandans supplied unskilled labor. By independence in 1962 there were approximately 60,000 South Asians in the country involved in every aspect of commercial life, including agricultural trade (Jamal 1976). A large number of hotels were owned and operated by South Asians. At independence, the deeply racialized political economy of Uganda had resulted in corresponding race-based income inequalities. With the leaders of newly formed African countries seeking ways to promote nation building, Asians became increasingly blamed for the economic disempowerment experienced by the black population under colonial rule, not only in Uganda but in other East African countries. The perceived economic sabotage of black Ugandans along with politicized discussions regarding integration and whether Asians could really become “Africans” and have a stake in the national identity, became the basis of political and economic measures designed to minimize their influence.

Table 3: Profile of Emerging Retailers Interviewed for the Study

Type of outlet	Name	Year Established	Ownership	Size of retailer	Target consumers	Agreements with suppliers
Hotels	Shangri-La	1990	Chinese	12 rooms Single outlet	Business travelers and tourists	Vouchers
	Equatoria	1991	South Asian	89 rooms - Part of domestic chain with six three-star hotels	Upper- and middle-class Ugandans tourists	None
	Serena	2004	Central Asian	152 rooms; international five-star hotel	Upper-income Ugandans, tourists, international conventions	Semi-formal contracts, Vouchers
Cafés	Ban Café	1993	Indigenous Ugandan	–	Young, middle-class Ugandans, tourists	None
	1000 Cups	2003	Indigenous Ugandan	–	Tourists, upper-class Ugandans	None
					Tourists, upper-	

	Pap Café	2004	Indigenous Ugandan	–	and middle-class Ugandans	None
Super-markets	Uchumi	2002	Kenyan	–	Upper and middle class Ugandans, tourists	Vouchers
	Lil' Italiana	Early 1990s	Italian expatriate	–	Upper-class Ugandans	None
	Quality Hill	1994	Belgian expatriate	–	Upper class Ugandans, tourists	None
	Payless	1997	South Asian entrepreneurs	–	Middle and upper income Ugandans	None
	Shoprite	2000	South African	–	Upper-, middle- and working-class Ugandans	Formal contracts
Fast-food restaurants	Nandos	1999	South African	Large, international	Upper-class and middle-class Ugandans, tourists	Vouchers, formal contracts
	Steers	1999	South African	Large, international	Upper- and middle-class Ugandans, some tourists	None
Organic retailer	NOGAMU	–	–	Only organic outlet in Uganda	Expatriates	Participatory guarantee scheme

Beginning in the 1960s, the government took measures to restrict the role of Asians in food markets. The 1960 Trade Licensing Act prohibited trading by non-citizens outside specified areas (GoU 1969). The act effectively excluded Asian intermediaries from trading in most areas in the country (Jamal 1976; Patel 2006). Although Asians were blamed for existing power disparities among actors within agricultural value chains in many African countries, this sentiment was particularly virulent in Uganda, as it was related to a political struggle between the Buganda king, Mutesa II, on the one hand, and Dr. Milton Obote and Benedicto Kiwanuka on the other. Obote deposed Mutesa II in 1966 and in 1968 made the Nakibuvo declaration. The aspiration was to find mechanisms to distribute resources and economic wealth more equitably, as well as encourage collective ownership of the economy by way of cooperatives and state enterprises (Obote 1968). The Produce Marketing Board (PMB) was formed in 1968 creating a formal marketing structure designed to bypass private traders. By the 1970s, the idea of Africanizing the economy had spread beyond agricultural chains. With the expulsion of Asians

by President Idi Amin in 1972, large and mid-sized hotels owned by Asians were expropriated as part of a major enterprise nationalization strategy⁵. After the liberalization of the retail sector in the 1990s, many of these hotels were repurchased by returning and new Indian immigrants who brought with them new food retail practices acquired in the West.

Bolstered by government funds and a commodity price boom in the early 1970s, a centrally controlled agricultural marketing model continued to be regarded as the optimal way to provide smallholders access to agricultural markets. However, government control made revenues vulnerable to political pressures with funds being diverted for political purposes or embezzled. The PMB increasingly became a political tool with funds diverted or embezzled. This was exacerbated by extreme political instability between 1979 and 1986, which caused the gross domestic product (GDP) to stagnate. Particularly sharp declines were recorded in the agricultural GDP which retracted by 20% between 1970 and 1986 (Lundahl 1990; Opolot and Kuteesa 2006). By the early 1980s, the country's formal agricultural marketing institutions had almost completely disintegrated (Opolot and Kuteesa 2006). In any case, the state monopoly system had not functioned effectively regarding domestic crops for actors within agricultural chains maintaining parallel marketing routes. The significance of parallel marketing structures was the continued predominance of informal institutions within the marketing of produce within the country characterized by informal quality standards and use informal contract mechanisms.

At the time that structural adjustment programs began in 1987, the agricultural sector contributed 50% of the GDP, with food crops comprising 71% of agricultural GDP. An essential element of regulatory reform was to reduce perceived inefficiencies in agro-food markets and reform supporting institutions through elimination of price controls, abolition of marketing

⁵ According to Hundle (2012), in stark contrast to the pre-expulsion period, only 200 South Asians designated as civil servants or dependents by the state remained in Kampala by 1979.

boards, removal of commodity movement restrictions, and encouragement of private sector participation (Baffoe 2000; Opolot, and Kuteesa 2006).

Following regulatory changes introduced through economic structural adjustment programs (SAPs) in 1987, hotels were the first emerging retailers to become established in Kampala. As part of the liberalization of the food sector, the 1993 Public Enterprises and Divestiture Act allowed privatization of state enterprises. Of 69 state-held ventures privatized or divested 1993-2009, 25% were hotels (World Bank 2010). Asians were once again welcome to play the role of an entrepreneur class as the Ugandan government eager to promote the country as an international investment destination. Many of the hotels were purchased by the previously expelled Asians who had resided in the West and brought back novel quality standards and procurement strategies. These hotels then became the nascent core of the establishment of the emerging food retail sector. Mid-sized supermarkets and cafés were also becoming established during this period. These early supermarkets were located in upper-income neighborhoods, such as Muyenga and Kololo, and served a small market segment comprised of expatriates and upper-class urbanites. These supermarkets served as anchor stores for small shopping malls. Cafés, on the other hand, were located predominantly in the city center.

Since the 1990s, urbanization and the related entrance of women into the paid workforce, income growth in urban areas and liberalization of the food retail sector have become more important drivers in the expansion of these retailers into the urban middle- and working-class food markets across SSA (Makoka 2005; McCullough, Pingali, and Stamoulis 2008; Reardon 2005; Reardon et al. 2003). Kampala has experienced rapid growth in the past two decades. In 1991, the city's population was estimated at 774,241; by 2002, this had risen to 1,189,140 and by mid-2011 the Uganda Bureau of Statistics (UBOS) estimated the population at 1,650,600 (UBOS

2011; Mukwaya 2004). At the same time, the number of people living below the poverty line in Kampala City decreased from 15.3% in 1992 to 5.5% in 2002. The poverty line is measured by the ability of households to buy a food basket meeting minimum nutritional requirement of 2250 calories per adult per day (UBOS 2007).

Although political events were an important force in the establishment of the retail sector in the country, demographic changes in terms of the increasing urbanization and the entrance of women into the formal working force have now become more important factors in the growth of the emerging retail sector. The late 1990s marked a new phase in the country's food markets with the entrance of large-scale retailers and increase in mid-sized retailers. South African and Kenyan retailers, facing saturation and mounting competition at home, sought new markets within ESA. Steers and Nandos became the first large international retailers to open in Kampala (see Table 1 for dates of establishment). This was followed in quick succession by Shoprite and then Uchumi. In 2009, the Kenyan supermarket chain Nakumatt launched a 24-hour "hypermatt" in the city. Deregulation and privatization also created opportunities for smaller independent entrepreneurs and mid-sized emerging food retailers to enter the market, with mid-sized retailers spreading to middle- and working-class areas. These retailers also marked the expansion of South Asian entrepreneurship into the food retail market beyond hotels. Although the initial period, which involved the establishment of supermarkets and cafés, as well as hotels, in upper-class areas was made possible by regulatory reform that attracted retail investment, the second phase was fuelled by urbanization and demographic changes in the city, with increasing demand beyond the original niche.

The Transfer of Global Governance Mechanisms to an Emerging Food Retailing Sector

We interviewed retailers and suppliers on the produce quality standards, the mechanisms for managing relationships, and the formality and origin of these standards. Following interviews with respondents in the study, I identified three mechanisms through which global private food standards were transferred to the Ugandan context.

Immersion within international quality assurance schemes

The direct influence of global private food standards can be related to retailers formally linked to international quality assurance certification schemes. Only three of the 14 retailers interviewed were directly linked to international quality certification schemes. These were the Serena Hotel, Shoprite Supermarkets, and NOGAMU, the organic produce retailer.

As part of the international Serena group of hotels operating in the Middle East and Africa, the hotel is certified in order to maintain its international rating as well as its brand identity. The hotel is certified by the Société Générale de Surveillance (SGS), an international third-party certification company that provides certification for Global Food Safety Initiative (GFSI) standards, as well as for 12 additional international standards for production, processing, and manufacturing (SGS 2011a). Serena is certified under SGS' own Hygiene Monitoring Approval (HMA) Scheme designed specifically for the hospitality industry. Under the scheme, food operators are audited for continuous monitoring of and compliance with specified standards benchmarked to the globally harmonized HMA regulations. The audit includes aspects related to internal hotel management issues, but, more importantly, external aspects that shape interactions with suppliers. These latter sets of auditing criteria cover testing for pathogens, particularly Enterobacteriaceae-family bacteria (*E. coli* and *Salmonella*) and Baccillales-order bacteria

(*Listeria* and *Staphylococcus*); testing for chemical residues including pesticides and veterinary residue; and testing for heavy metals (SGS 2011b).

The need to meet these standards structures the relationship between Serena and its suppliers. SGS conducts unannounced testing at critical control points, including storage and kitchen areas. At these interface points between suppliers and the hotel, suppliers are expected to adhere to particular produce handling procedures. These include wearing such protective gear as gloves, uniforms, and gumboots to minimize the risk of contamination. Serena specified the transportation conditions for produce stipulating that produce must also be transported in labeled vans and in crates. Moreover, Serena occasionally tests supplied produce for chemical residues and heavy metals in addition to occasionally inspecting suppliers' produce grading and washing stations and farm growing conditions.

The outlet had 20 suppliers composed of large supply companies, specialized suppliers, and small intermediaries. Large supply companies had brand names and employed wage workers who were responsible for any additional light processing needed after produce was bought. This ranged from trimming of vegetable stalks, washing to packaging the produce. These suppliers normally supply a large variety of produce to high value markets and source from other smaller specialized suppliers or directly from producers. Smaller specialized suppliers ranged from individual suppliers to small scale farmers who relied on a small number of outgrowers to source produce. Intermediaries are still linked to traditional markets and supply high value markets only as part of a diversified portfolio of market channels. Although Serena relied on large broker companies to source most of their produce, they had nonetheless maintained long-term relationships with smaller specialized suppliers and lead farmers to supply particular hard to

find or grow produce. The retailer offers some assistance to these suppliers to ensure the produce meets the required standard.

We guide a lot of people, like this supplier; he had a small van, and we advised him he should get a better van. [He] should not leave items thrown all over the floor of the vehicle. You [have to] develop him. He bought crates, a bigger van; we told him, your staff has to be in uniform. He bought them gumboots and gloves. You know, he is now a better trader. His van is well labeled. Wherever he drives it, you see it far better. Whenever he delivers produce, he arranges everything, sorts out item by item. They used to deliver and were used to doing their own things. We told them, No! This is the only standard and you have to do it this way. You can't put things wherever you want. So you have to [train the suppliers]. [*Interview, Petero, procurement officer, Serena Hotel, May 14, 2008*]

The Serena claimed that, because of its location within Kampala City, there was no need for long-term cold storage and that “freshness” was a key aspect of the hotel’s quality assurance to consumers. The hotel sources produce every day from suppliers. Although Serena’s procurement officer initially indicated that the hotel signed formal contracts with all of its suppliers, interviews with suppliers contradicted this claim. While the large broker companies had formal contracts with the retailers, smaller suppliers and the two lead farmers claimed to have gentlemen’s agreements with the hotel. In a subsequent interview, the hotel indicated that a preference for gentlemen’s agreements with smaller suppliers in order to maintain competition and to reduce the risk of supply failure resulting from overreliance on a single supplier.

While Serena sourced produce directly from suppliers as needed, sometimes on a daily basis, Shoprite relied on Freshmark, its fruit and vegetable procurement and distribution arm, to source produce. Freshmark owns a centralized distribution center with refrigerated storage that supplies both supermarket branches in Kampala City. According to the company’s website, Freshmark’s standards are aligned with Global GAP. Suppliers to Shoprite had to comply with transportation and quality requirements similar to those of the Serena Hotel. Freshmark claimed to prefer to source directly from local producers in order to reduce handling costs and provided

initial substantial assistance to emerging farmers to meet this standard. In practice, however, I found that the company relied on large broker companies and large-scale commercial farmers selling produce on the international market. All three of the large brokerage companies supplying Serena Hotel supplied Freshmark as well. Freshmark also imported a significant amount of produce from Southern Africa, highlighting the logistical difficulty of sourcing produce from small-scale intermediaries and producers as a hindrance to acquiring produce from within Uganda.

The National Organic Agricultural Movement of Uganda (NOGAMU) is a membership organization comprised of small-scale producers and other stakeholders. The aim of the organization is to promote organic production and small scale agriculture in Uganda. NOGAMU works with 60 farmers groups providing training for producers and identifying suitable markets for these groups in the form of local organic outlets, supermarkets, local exporters, schools, and other traders and markets. As part of the International Federation of Organic Agriculture Movement (IFOAM), NOGAMU drafted and promoted the Ugandan Organic Standard (UOS), domestic standards modeled after those of IFOAM. This included the formation of UgoCert, a company providing organic certification services. While the bulk of UgoCert's activities are related to the export market, a parallel participatory guarantee scheme (PGS) is used to certify produce sold within the domestic market. NOGAMU's PGS is part of common East African Organic Products Standards developed in 2007 and are recognized in Burundi, Kenya, Rwanda, Tanzania, and Uganda. Following the development of these organic standards, Kenya, Uganda, and Tanzania established a common mark—a logo and brand used on the produce unit itself indicating the product has met certain standards—and developed a joint alternative protocol for participatory compliance verification. While UgoCerts's formal inspection and certification only

covers export produce, the NOGAMU PGS relies on the members of farmer groups to guarantee that the produce supplied by members follows ecosystem and pest management practices outlined under the scheme.

The procurement strategies discussed above determined the types of suppliers who were able to supply these retailers. The large produce brokerage companies in the study, JP Cuttings, Daily Fresh, and Namuza Foods, supplied low-margin high-quantity vegetables, such as greens or horticultural crops, that were difficult to produce in large enough quantities to meet quality and size requirements for emerging markets under Ugandan climatic conditions without additional infrastructural investment. Additionally, unlike in Kenya where there is a longer history of export horticultural market involving small-scale farmers, the Uganda horticultural industry is still in its infancy. These characteristics limit the supply of these horticultural crops within the mainstream Ugandan food markets as well. Anecdotal evidence, from our conversations with intermediaries from the open air market, however, suggests that demand for these types of vegetables are on the rise in higher- and middle-income urban markets as Ugandan consumer tastes change. This discrepancy between the demand and supply for horticultural produce within the Ugandan domestic market, plus the financial limitations related to the expense of developing a cold chain at the regional level, makes it profitable for retailers who are able to meet the demand and quality required by emerging retailers.

While JP Cuttings was a producer-supplier company, Daily Fresh and Namuza Foods sourced from producers and other intermediaries. For JP Cuttings, in addition to farm infrastructure that served a dual purpose, the farm already had refrigerated trucks, which made it easy to supply multiple large retailers in the city. Daily Fresh sources directly from producers and occasionally intermediaries linked to the open-air market. The majority of Daily Fresh

suppliers are small-scale producers with whom the broker has cultivated long-term relationships. Daily Fresh buys produce from intermediaries at Nakasero or Owino open-air markets only in instances where demand exceeds available supply from producers. Sourcing directly from producers shortens the supply chain by eliminating other intermediaries and increases profits for the broker. Additionally, by developing long-term relationships with producers, the company is able to define the crop varieties and production methods used for the crops sourced, but avoid the long-term capital-intensive farm investments needed in a large-scale production operation similar to that of JP Cuttings. The company's major investments are instead in post-harvest handling facilities and equipment, including washing stations, refrigerated transportation and storage. Although the company developed long-term relationships with producers, these relationships were based on gentlemen's agreements. During the interview, the supplier explained that the preference is to maintain relationships with two or three producers for each item supplied.

Namuza's produce sourcing model was similar to Daily Fresh with the former also buying produce from small-scale farmers and intermediaries. However, the company did not invest in long-term relationships with producers, relying instead on sourcing produce from farmers who brought produce to the Nakasero wholesale market.

Smaller scale suppliers linked to these three retailers can be classified into two categories. The first category is comprised of lead-farmers who relied on four or five other smallholder out growers to meet the demand of emerging retailers. Out growers were paid on a monthly basis by the lead farmers. Both lead farmers in the study indicated that the retailers to which they were attached occasionally provided them with improved seed. These lead farmers provided the retailers with high value niche crops that are knowledge- and labor-intensive, but involve lower financial involvement. Smaller specialized suppliers delivered various types of produce,

depending on what was required by retailers. As indicated before, while larger suppliers had formal contracts with the retailers, small suppliers operated with gentlemen's agreements. Contrary to our expectations, some of the smaller suppliers interviewed actually preferred gentlemen's agreements over formal contracts. Suzanne, a lead-farmer supplier to the Serena Hotel explained.

Initially, I really wanted to have contracts with the hotels. But the problem with mushrooms is that they may get contaminated. You can have two consecutive crops contaminated. If you have a contract, you are obliged to go out and look for mushrooms even beyond the price that you are being paid. At one time I had a contract... they were giving me UGX 4500, I didn't have mushrooms and mushrooms were nowhere to be seen. Especially in the dry season [it's really challenging]. They said they want their mushrooms, I went to Nakasero and I had to buy mushrooms for UGX 10000! So later when I asked Serena for a contract and they refused I said well... I let it go because I am protecting myself and I understand that they also have to protect themselves....Contracts are ruthless. If you mess up, then you are out. For someone who is growing the kinds of crops at the volume I am growing, it's better to have a gentlemen's agreement. *[Interview, Suzanne, mushroom supplier to Serena Hotel, May 16, 2008]*

While all three retailers were directly linked to international private quality standards that required suppliers to adhere to formally articulated standards, the actual mechanisms used to manage the relationships between retailers and suppliers varied. Only one of the retailers – Shoprite - had formal contracts with suppliers while the other two retailers preferring to use vouchers and semi-formal contracts.

Articulation of standards without enforcement mechanisms

While the rest of the retailers in the study were not directly linked to international produce standards, their procurement strategies were, nonetheless, influenced by global retail institutions. Retail outlets not directly linked to international quality assurance qualification schemes includes those retailers who articulated produce quality standards, but did not have the mechanisms in place to enforce the standards with suppliers. These retailers included the two fast-food

restaurants in the study (Nandos and Steers), the Shangri-La Hotel, and the Hotel Equatoria, as well as Uchumi, Quality Hill, Payless, and Lil'Italian supermarkets.

Although Nandos-Uganda was not connected to an international food standard, the food operator received regular surprise inspections from the company headquarters in South Africa. Inspections covered hygienic food handling by employees, the use of branded merchandise to serve customers, and whether the franchise was using company-sanctioned ingredients. These hygienic standards, however, did not go beyond the retailers' interface with suppliers. Uchumi had standards that defined transportation and produce handling requirements. Similar to Shoprite, Serena, and NOGAMU, Uchumi had guidelines limiting the amount of chemicals used in growing produce. While the supermarket had guidelines for limiting pesticide use, no specific mechanisms were in place for ensuring guidelines were followed. Hotel Equatoria had developed hygiene standards for produce handling in the kitchen, but did not extend these to suppliers. Both Lil'Italian and Payless relied on informally defined hygienic standards to which suppliers had to adhere to at the time of delivery. Quality Hill is a retail complex that included a butchery, an inn, a bakery/café, and a grocery store. The grocery store operator was required to adhere to sanitary standards at the time of delivery. Quality Hill, on the other hand, rented its produce space, but the tenant was required to maintain the strict cleanliness standards.

Although these Food retailers had defined quality standards based on international food quality standards, the technical and administrative core which is the hallmark of global food assurance schemes is missing. These retailers cited the expense of enforcing private quality standards as a major reason for the lack of enforcement mechanisms. Domestic public standards have no supporting institutional structures (e.g., inspecting bodies, labeling structures to show produce differentiation). Retailers would, therefore, have to bear the cost of creating and

implementing these systems. Because of the numerous small-scale intermediaries and farmers involved, the cost of implementing new regulations or certification would be high and borne by retailers.

This group of retailers had the greatest variety in terms of suppliers. Hotel Equatoria and Payless relied on their own purchasing officers to source quality produce. These purchasing officers normally used trucks provided by the retailer and bought from Nakasero market. Both emerging retailers indicated that it was easier to find the desired varieties and quality of produce by using purchasing officers. Quality Hill rented out the produce space to an independent tenant. The tenant was expected to follow hygienic standards set by Quality Hill. The rest of the retailers in this category relied on a mixture of small specialized suppliers. Because of the decentralized nature of innovation and horizontal network structure of the Nakasero supply chain, these emerging retailers are able to take advantage of institutional arrangements that combine elements of formal quality standards and informal norms of managing relationships borrowed from traditional markets. These arrangements ensure that reasonably stringent quality standards of emerging markets are met, while also providing the flexibility and contingent nature of institutional arrangements within the open-air supply chain. In this way, emerging retailers were able to pass risk to suppliers who, in turn, passed risks to other intermediaries or producers within the supply chain. As one procurement officer stated:

For us at the end of the day, we don't lose. If you supply 200 kg of tomatoes and we sell 150, 50 goes bad. Next time when you're supplying, you will have to first give us the 50. [*Interview, Cosmas, Uchumi procurement officer, May 12, 2008*]

Identification with global food retail community but reliance on local informal institutions

The last category of retailers is food operators who used improved hygienic standards to lay claim to membership in the global retail community. The three cafés in the study fell into this category. Although these retailers used cognitive frameworks in which they identified with

global retailers, they have no articulated hygiene standards and rely on actors within traditional markets to source their produce. Café owners stressed the international nature of their establishments, claiming that there was no difference between their retail outlets and those in New York or Rome. Emerging retailers actively used this claim of belonging to the global retail community to develop a normative dichotomy between emerging markets as clean and hygienic and traditional markets as unhygienic. This is in contrast to large retailers directly integrated into global food retailing systems, such as Serena and Nandos, the focus on hygiene was related to the direct transmission of standards through franchise or sister companies to maintain brand integrity.

You go to a traditional restaurant, you say, “I want chicken,” it basically comes on the plate with the wings, flying there. So you know you are so intimidated by the chicken, [if] you want a salad you don’t want to share it with a cockroach. So in other words [traditional retailers] are not putting their knowledge [to good effect.] [*Interview, Banyan, Owner Ban Café, June 26, 2008*]

These retailers see themselves as representing the interests of a particular kind of new African consumer consciousness by offering clean, cheap food. An important aspect is that these efforts are aimed not at upper-class consumers, but at middle- and working-class consumers.

I think Africa made a mistake in the 1960s by saying this is a product for the domestic market and this one is for the foreign market. [*Interview, Michael, owner 1000 Cups Café, May 10, 2008*]

This effort to attract middle- and working-class consumers was not limited to cafés in the study. Shoprite claimed to draw most of its consumers from the middle- and working-classes (Shoprite 2010), while Uchumi “emphasizes growth away from city centers, focusing instead on the residential shopper, enabling them to remain closer to the hearts (and ultimately the pocket and purse) of the average Kenyan” (Uchumi 2010). This shift in advertising and focus toward the middle- and working-class African consumer is radically different from the 1980s when

supermarkets focused on meeting demand from upper-income and expatriate consumers. As such, even though, paradoxically, emerging retailers claim that the new African consumer already exists, a significant portion of their current advertising by retailers is aimed at changing the views of working-class consumers.

It's a matter of creating local demand. Ugandans [c]ould not drink a good cup of coffee because it wasn't there...even in the deep village...[if] the peasants can afford a bottle of beer, they can afford a coffee... a banana muffin... my passion is not to open a coffee shop in New York. My passion is to open a coffee shop in every African city. Because in every town there is beer, there is Coca-Cola. Why should I subject my people to Coca-Cola when they can smell coffee? It's the same price, what is the problem? There is a myth about [the nature] of African poverty and we need to address it. [*Interview, Banya, Owner Ban Café, June 26, 2008*]

In this way, emerging retailers exhibit awareness that Africans are viable consumers who present opportunities to generate profits. This is substantially different from actors within open-air markets who, while definitely aware of changes in customer demand, were not engaged in actively and consciously trying to shape demand.

The quote above points to another critical aspect in the establishment of emerging retailers in Kampala: the process is dependent on the transformation of particular aspects of supply-chain relationships from the social realm into commodity relationships. I found that emerging retailers advertised themselves as providing public services and social spaces for young Kampalans.

They love it. These young guys from MTN, in the Banks...those fellows who don't drink alcohol, where do they go? Where do you go after church service? Where do you go in the evening after work? The "third place." You have your place of work, there is a place you stay in, and you need a third place. Where do you go to relax? We are creating the third place for Ugandans. If you need a good salad, it's here; salad is African. [*Interview, Banya, Owner Ban Café, June 26, 2008*]

Most people go [to a good restaurant or coffee shop] not to look for good food...[but] for a good bathroom. They want it to be clean, they want incredible customer care and you know good food becomes part of it. [*Interview, Jolly, Pap Café owner, July 10, 2008*]

These last set of emerging retailers show that emerging retailers and consumers within ESA food systems are engaged in a mutual reframing process where the discourses surrounding food distribution and consumption are used to qualify Africans as part of a modern global community. These retailers therefore provide interesting insights into the way that cognitive frameworks within food systems in the region are changing.

Conclusions

Results from interviews with various types of intermediaries show that the impact of private standards and regulations is not limited to retailers that are directly connected to global retail institutions. Following interviews with emerging retailers, I identified both direct and indirect pathways in which emerging food retailers' procurement strategies were influenced by global private retail standards. The direct pathway included retailers that had to meet global produce quality assurance scheme standards. Of 14 retailers interviewed, only three (Shoprite, Serena, and NOGAMU) formally specified any growing conditions and produce standards for suppliers. Two pathways for the indirect influence of global retail institutions were identified. The first category was retailers who articulated standards, but then did not have any enforcement mechanisms to enforce these standards. The second category of retailers identified with the cognitive frameworks of globalized retail, but whose institutional arrangements were completely embedded within open air markets.

Our study analyzed changes initiated by emerging food retailers within FFV supply chains in Kampala, Uganda. The entrance of emerging retailers into the food system has encouraged the rise of new specialized intermediaries, such as brokers and purchasing officers who operate in significantly different ways from small-scale intermediaries within the open-air market. Relationships between emerging retailers and specialized intermediaries represent the formation

of an important alliance between institutional entrepreneurs and highly embedded actors able to navigate the existing institutional environment while taking advantage of new opportunities arising from change. The evolution of this relationship will be a key factor in the character eventually assumed by supply chains. Specialized intermediaries, however, rely on actors within the open-air supply chain to source their produce. This has resulted in a split within emerging retail supply chains where the top of the chain (retailers and their immediate suppliers), resemble globalized retail supply chains, while the bottom of the chain (producers and other intermediaries on whom these suppliers rely) is still embedded in traditional supply chains. The continued reliance on informal institutional arrangements is however advantageous for small scale suppliers who are able to rely on flexible arrangements and are not required to supply under adverse conditions.

These findings suggest that large urban-based intermediaries, who tend to have more capital and usually male, are better suited to take advantage of changes resulting from retail modernization than smaller intermediaries, including vendors or rural intermediaries, as well as producers. In recognizing that export markets may only benefit a small proportion of producers, and that domestic markets are potential venues for value added domestic products and to improve livelihoods of small-scale farmers, most efforts of NGOs and policy makers have focused on linking producers directly to emerging food retailers. Our research findings with regard to specialized intermediaries indicate that policy makers and NGOs may need to widen their efforts to include a focus on improving relationships among actors along the entire value chain, including among various types of intermediaries, as well as between intermediaries and small-scale farmers.

Some formal mechanisms associated with global food retailing institutions, such as vouchers and contracts, are used within emerging retail supply chains; although emerging retailers and their suppliers preferred the use of informal mechanisms to resolve conflicts over price and payment for produce. Similarly, the establishment of emerging retailers in Uganda is influenced by the creation of hybrid institutions that utilize elements from local institutional arrangements and from international retail institutional logics. The development of emerging retailers in Africa is not simply the imitation of Western food systems or simply a reaction to local conditions.

As Busch (2009) notes, power within food systems is defined by the ability of actors to win the struggles that take place over specific social meanings associated with particular events, processes, and actors. Emerging retailers are actively involved in influencing discourse by creating new meanings and representations of food distribution and roles of actors in the supply chain within the food system. Their focus is on devolution of hygiene responsibility from consumers to retailers. Additionally, they are focusing on creating social spaces for young working-class African consumers within the city. The significance of African consumers has been historically ignored and subsumed under discourses on labor and food security (Burke 1996). The establishment of emerging retailers in places where the population was previously assumed to be too poor to sustain them is a testament to the importance of consumers in institutional change.

The study shows that emerging retailers have been focusing their efforts on attracting middle- and working-class Africans within Kampala City. Although this market segment and their share of it are relatively modest at present and will likely grow more slowly than previously predicted, shifts in the attitudes and habits of middle- and working-class consumers will be a key

factor in the transformation of food systems in Uganda and SSA as a whole. As such, there is a need to expand the research on food systems to include a sociological analysis of discourses on the changing the roles and innovations of various actors along the value chain, including consumers.

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**CHAPTER 3: ANALYSIS OF LONG-TERM CHANGE IN MARKET ORIENTED
PRODUCER GROUPS IN SUB-SAHARAN AFRICA: INTEGRATING THE
SUSTAINABLE LIVELIHOODS FRAMEWORK AND ORGANIZATIONAL CHANGE
THEORY**

A paper to be submitted to the *International Journal of Agricultural Sustainability*

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Abstract

In sub-Saharan Africa, market-oriented producer groups are now heavily promoted for their potential to link small-scale farmers to markets to increase incomes, agricultural growth, and broad-based poverty alleviation. Current studies of these market oriented farmers groups show that success over the longer term will likely dependent on a set of factors that set them apart from other types of producer organizations. These include a singular focus on the goal of producing for the market, careful management of joint assets, maintaining a dynamic learning culture, effective communication, and coordination, as well as the ability to respond effectively to environmental changes. While there is acknowledgement of the uniqueness of market-oriented producer groups, relatively few studies have addressed the issue of how to understand and theorize the processes of long term change within these groups. The purpose of this paper is to advance conceptualization of how long-term change occurs within market-oriented producer groups in sub-Saharan Africa. I do this by exploring how the sustainable livelihoods framework can be utilized to understand the processes of change at the organizational level.

Key words: Sustainable Rural Livelihoods, Market Oriented Groups, Organizational Theory, sub-Saharan Africa

Introduction

The purpose of this paper is to advance conceptualization of how long-term change occurs within market-oriented producer groups in SSA. This is achieved by examining how the Sustainable Livelihoods Framework (SLF) can be utilized to analyze, understand, and monitor change processes within market-oriented producer groups as organizations. I argue that market-oriented producer groups have become autonomous arenas for social organization in many parts of SSA, on a par with the household or community, through which resources are accessed and major institutional processes take place either facilitating or constraining action. Forms of action within FMOs are distinct from those pursued within households and communities because of the orientation of their collective action toward the market. market-oriented producer groups, like other organizations, seek to increase control over resources and the external environment, enhance innovation and performance among members, and improve the efficiency of the organization in the production of goods.

Scholars and practitioners utilizing the SLF have mainly been concerned with processes and outcomes at the household level. Within the SLF framework, producer groups are conceptualized as part of the institutional matrix. For instance, Bingen (2000) identifies ‘collectives’ as part of nested mediating institutional arrangements ranging from familial to communal to state institutions. This paper argues that market-oriented producer groups present significant differences and challenges from other forms of collective action. As such, current concepts within the SLF which reflect an orientation to the household level and may not be able to adequately address change within FMOs. To articulate how the SLF can be used to study organizational change within FMOs, this paper identifies ways in which each of the concepts in the SLF, can be refocused to the organizational level.

Participation by small-scale producers in markets is now seen as a key determinant the success of the sub-Saharan Africa (SSA) agricultural sector and for poverty alleviation (World Bank 2010; Roukayatou et al. 2009; Kaaria et al. 2008). This follows major shifts during the past two decades in conceptualizing the role of agriculture in economic development; the adoption of new theoretical frameworks guiding how research, technology development, and education should be structured within agricultural systems; and changes in the role played by governments and non-governmental organizations (NGOs) in fostering development.

Although market access is increasingly regarded as critical for the economic development of the region, individual small-scale producers face major barriers to successful participation in marketing activities. These range from restricted access to financial credit and inputs, lack of necessary skills to engage in higher value chains, and lower bargaining power vis-à-vis other actors in the supply chain (Merkelova et al. 2009; Aliguma, Magala, and Lwasa 2007; Shepherd 2007; Sanginga, Tumwine, and Lilja 2006). The viability of agricultural-based livelihoods and the ability of agriculture to stimulate broad-based economic growth will depend on small-scale producers' capabilities as key stakeholders with power to determine the nature of their engagement within supply chains (Kaaria et al. 2008). International agricultural research centers and NGOs working in SSA have now established projects that include participatory market chain analysis, development of market information systems, and rural agro-enterprise initiatives (Sanginga et al. 2004). Most approaches are designed to shorten the supply chain by eliminating or reducing the number of intermediaries and increasing the capacity of small-scale farmers to engage directly with buyers (Shepherd 2007).

To compensate for market inefficiencies, weaknesses in service provision and resource constraints, market-oriented producers' groups are now promoted as the most effective way to

enable farmers to participate effectively in high-value markets (Shepherd 2007). Collective action can enable producers to reduce input and transportation costs, overcome limited access to credit, access training from service providers, conduct research, and experiment with new products for the market, as well as increase economics of scale (Kaganzi et al. 2009, 2008; Markelova et al. 2009). Facilitated linkages have mainly been to high-value markets (including supermarkets, fast-food restaurants, and breweries) where farmers deliver produce of a specified quality and quantity to the buyer. For buyers, these arrangements ensure consistency in desired quality over time while small-scale producers receive regular guaranteed, and in many cases higher, incomes.

Following Miiro, Mazur, and Matsiko (2012), market-oriented producer groups are referred to as Farmers Marketing Organizations (FMOs) for the remainder of this paper. As indicated earlier, FMOs differ significantly from other forms of farmer collective action. In addition to serving conventional functions, such as experimentation with new technologies and production skills, FMO members must acquire significant business skills in order to meet quality demands from high-value markets. Training needs to be designed not only to continuously improve the skills of existing members and transfer necessary skills to new members, but also to engender a culture of innovation. To meet requirements for quality and consistency of supply in high-value markets, FMOs have to develop strong internal coordination and communication for production and marketing activities. To compensate for market inefficiencies and in order to provide extension services and credit to members, these organizations also have to develop the capacity to manage joint assets. Joint assets may range from simple assets, such as collectively owned equipment, including hoes or spray pumps to extremely complex ventures, such as savings and credit organizations (SACCOs). More than other forms of smallholder collective

action, FMOs must be organized to respond to a dynamic policy and market environment while not losing sight of the original goal of generating sales and increasing members' incomes. The need for strong coordination and communication structures, to provide continuous training, to respond to changes in the environment, and to maintain a strong goal orientation make the organizational structure, internal dynamics and collective values critical aspects of the long-term success of FMOs.

The SLF remains one of the most empirically utilized and relevant frameworks in SSA, but it has mainly been applied at the household level. An organizational SLF approach enables us to analyze the realities and complexities of livelihoods in SSA while taking into account group level processes. This approach has utility for studying the new context and developments in African agriculture. Insights from studies analyzing FMOs from an organizational perspective can be used to develop models for the management and improvement of human capital and for strengthening the capacity of FMOs to analyze, manage, and respond to environmental and internal change, particularly after the facilitating organizations exit. At the theoretical and conceptual level, organizational theory can be critical in understanding the evolution of structure and culture within FMOs in SSA in understanding change processes, including innovation, learning within organizations, and the outcomes for organizational members.

This paper is organized as follows. The next section provides a brief background outlining the factors that have influenced the renewed interest in agriculture as an engine for economic growth within SSA and current conceptualizations of the role of small-scale farmers in achieving this growth. In this section I also review current literature on the factors that determine the success or failure of market-oriented farmers' groups in SSA. I then outline the major principles of the SRL framework and also introduce key aspects organizational change. In the

final section, specific aspects of organizational theory that can enhance the SRL framework are discussed and suggest areas of further research.

The Role of Small-scale Producers in Agricultural Systems

In the past decade, agriculture has regained attention as a priority sector for economic development in SSA. The renewed attention stems from the continued importance of agriculture as a source for livelihoods and food security, as well as its potential for comparative economic advantage.

Agriculture is the main source of livelihood for rural households in SSA. These households in turn will represent a majority of the poor in the region for the foreseeable future – by some estimates until 2040 (Roukayatou et al. 2009; WDR 2008; Gabre-Madhin and Haggblade 2001). Because nearly all agricultural growth experienced in recent decades can be attributed to smaller farms (FAO 2009), improvements in the agricultural sector, particularly agricultural markets, will have a positive impact for broad-based poverty alleviation by increasing incomes for small-scale producers. Given the relative advantage of other developing regions in manufacturing and considering that agriculture offers higher returns for investment compared to other sectors in SSA, there are growing arguments for focusing on agriculture as the most viable base for economic growth (World Bank 2010; Roukayatou et al. 2009; Kaaria et al. 2008; Rajalahti, Janssen, and Pehu 2008; Irz et al. 2001). Despite recent growth, food production still lags behind food consumption in the region with food imports increasing to fill the gap. Many SSA countries, however, have had difficulty covering import bills as export revenues are limited (Rokotoarisoa, Lafrate, and Pashali 2009). With basic foodstuffs constituting a large share (60-70%) of total consumption expenditure by the poor, food markets have become an important component of assuring food security in the region (Gabre-Madhin and Haggblade

2001). Some scholars and practitioners now argue that small-scale farmers' market access is the major constraint to agricultural-led growth (Barham and Chitemi 2009; Poulton et al. 1998).

As agriculture has come to the fore of development discourse, the role small-scale producers are expected to play in the sector has also changed. This can be attributed to major shifts in the roles played by governments and NGOs, as well as in the major framework for conceptualizing relationships among actors in agricultural systems. With the implementation of structural adjustment programs (SAPs) in the 1990s and the legitimacy crisis faced by state institutions, foreign aid was redirected to NGOs and other private actors deemed more accountable and closer to the intended recipients of aid. The role of these non-state actors shifted from the provision of humanitarian assistance to development agents. At the same time, donors and international development agencies embraced participatory development approaches, rejecting previous top-down models. The idea was that if local people were consulted and encouraged to set priorities, this would engender ownership, improve aid effectiveness, and ensure the long-term sustainability of development projects (World Bank 1998). Increasing the participation of small-scale producers in key development processes became a central tenet of agricultural policies and interventions in the region (CAADP 2011; World Bank 2008). It is against this background that NGOs and governments have shifted to the agricultural innovation systems (AISs) framework in designing agricultural projects, including those aimed at improving market access. A critical factor distinguishing AISs from previous frameworks is the view of small-scale producers as entrepreneurial actors who are active participants in research and technology development (Rajalahti, Janssen, and Pehu 2008). Here producers are expected to demand services from key service providers while responding to market demand from consumers. In line with the adoption of AIS, NGOs and other development agencies have made

the formation of farmers' groups, including FMOs, a prerequisite for accessing project resources (Stringfellow et al. 1997). The focus has been on organizing farmers into new groups or working with existing groups and building their capacity to supply identified markets (Markelova et al. 2009; Shepherd 2007).

Factors Affecting Success of Market-oriented Collective Action for Small-scale Farmers

Considerable research evidence now exists regarding the environmental and physical resources, as well as group and facilitating-organization characteristics, that shape the successful establishment of FMOs (Markelova et al. 2009). Reports show that the type of commodity determines the difficulty of marketing and affects the economic viability of an agro-enterprises undertaken by groups. Barham and Chitemi (2009) conducted a pre- and post-intervention evaluation of 34 small-scale farmers' groups in Tanzania. These groups were part of a larger six to eight month joint government-NGO program to increase incomes and food security through market access. Fourteen groups were engaged in cereals and legumes as agroenterprises. Of these, only four were able to improve their marketing position. Two of these groups diversified into other high-value crop markets. One of the remaining two groups stored the crop for sale later in the season, while the other pooled resources to purchase inputs in bulk and sold outputs to a single buyer. Other studies also point to difficulties in ensuring the success of marketing interventions based on staple crops. This is related to the lack of differentiation, difficulty of competing with private intermediaries, vulnerability to food imports, and a history of state intervention for staple crops (Bernard and Spielman 2009; Aliguma, Magala, and Lwasa 2007; Coulter 2006; Stringfellow et al. 1997). Consequently, staples also offered lower rates of return (income) compared to the costs of collective action. Additional costs include loss of individual autonomy and increase in management demands on group members including the coordination

of marketing activities, increased time spent on communication, time and labor costs associated with monitoring and enforcing agreed behavior among all group members, and management of joint group assets (Coulter 2006; Stringfellow et al. 1997).

While most studies point to group size as an important factor in the success of market-oriented groups, there is no agreement on whether small or larger group size is more suitable. Some scholars have argued that smaller groups are more likely to have greater internal cohesion and homogeneity of interests, making it easier for producers to focus group energies on the agro-enterprise, therefore, increasing the likelihood of sustained success (Stringfellow et al. 1997). Others point to the advantage of larger groups in achieving the economies of scale often needed to participate effectively in markets. Yet in other settings group size has not been an important factor in determining the success of market-oriented groups (Barham and Chitemi 2009)

The evidence on whether wealth and educational levels of group members are important aspects for the success of market-oriented groups is also mixed. Lower levels of poverty among group members can positively influence the success of market-oriented groups as the implementation of new ideas often requires significant resource investment (Kaganzi et al. 2008). Poorer producers have limited resources and may be socially and politically marginalized (Thorp, Stewart, and Heyer 2004). In some settings, however, studies have shown that physical assets have not been a significant factor in ensuring market success with natural capital playing a larger role (Barham and Chitemi 2009). Additionally, wealthier households may have less incentive to participate in farmers' groups, as the returns on their labor and time are higher for non-farming activities (Ouma et al. 2010). For instance, Ouma et al. (2006) found wealthier rural households in Rwanda and Burundi are actually more likely to participate in markets as buyers and not sellers. In terms of education, Sanginga et al. (2008) found education was not a

significant factor in enabling producers to participate in markets, while Barham and Chitemi (2009) found that groups with a higher level of education were more likely to improve market access. Barham and Chitemi (2009) argue that groups with more educated members may be better able to acquire marketing skills. The length of the intervention may offer an explanation for the discrepancy in these findings. While the Tanzanian intervention was carried out over six to eight months, the Kabale intervention continued over a decade, with producers involved in farmer research groups prior to engagement with the high-value market. As such, longer interventions may provide more time for the groups to overcome barriers associated with a lack of education through other organizational processes.

While there is no agreement on the significance of wealth and education, most studies agree that pre-existing social organization, shared norms, and a history of past success in collective action significantly increase the prospects of success for FMOs. The advantage of pre-existing groups is twofold. First, in cases where traditional groups already conduct some processing or bulking, the opportunity exists to develop these activities further to take advantage of marketing opportunities. Second, a pre-existing history of collective action, whether based on traditional cooperative activities or formed for other purposes, indicates that groups have established norms, rules, and social capital prior to pursuing marketing (Stringfellow et al. 1997). In their study of farmer research groups in the Enabling Rural Innovation (ERI) Program in Uganda, Malawi, and Tanzania, Sanginga et al. (2008) found that research groups passed through three stages. First, many farmers joined with the expectation of receiving free handouts. When handouts were not provided, many group members withdrew after the initial period, membership stabilized, and the group established strong norms. In the last stage, membership increased again, albeit at a slower rate, with more women joining the group. Next, when the

marketing intervention was initiated, the structures, norms, and roles developed during the farmer research group phase was fundamental in enabling the producers to adapt to complex coordination activities, thus making it easier to mobilize needed investments (Barham and Chitemi 2009; Thorp, Stewart, and Heyer 2004; Kaganzi et al 2008). This is also exemplified by farmer field schools (FFS) established by the Food and Agriculture Organization (FAO) of the United Nations in Kenya during the mid-1990s. Okoth et al. (2006) found that many of the groups were still in existence 10 years later and had used the previous FFS experience to initiate additional collective action including those related to marketing.

From their study of farmer research groups, Sanginga et al. (2008) found that as groups matured, the number of more affluent men involved declined, while the number of women and the poor in general increased. Women eventually constituted approximately 60% of group membership. The researchers concluded that farmers groups were effective in including women and the poor to participate effectively in agriculture. Although women may be able to participate in FMOs, they do not benefit at the same level as their male counterparts. Male-led or dominated groups are more likely to improve their marketing position compared to women-led or dominated groups (Barham and Chitemi 2009). Several possible explanations pointing to the cultural and resource constraints faced by women have emerged in the literature. In their study of participation by small-scale farmers in Mozambique, Gotshi, Njuki, and Delve (2008) found that despite the presence of formal by-laws ostensibly espousing equal participation and responsibilities for men and women, established gender roles persisted and affected the interaction of men and women within groups. Cultural constraints that limit mobility or lower bargaining power with intermediaries have also been shown to negatively affect women farmers (Kaaria et al. 2008). Gotschi et al. (2008) found that single, widowed, or divorced women were

more likely to participate in farmers' groups than married women. This is because cultural limitations that confine married women to the domestic sphere are somewhat relaxed for single, widowed, or divorced women. Producing for high-value markets requires producers to adopt new production methods and seed varieties that have been shown to require more family labor (Celis and Holleman 1991). As female-headed households often face labor constraints, they may not be able to produce for high-value markets at the same level as male-headed households

The roles of facilitating agencies and the private business sector have also been shown to affect the success of FMOs. The quality of training and services provided by facilitating organizations and such government agencies as extension services influence the probability of success of FMOs. While scholars and practitioners agree that for farmers' organizations to successfully access markets, facilitation by NGOs or other facilitating organizations is almost always needed; they also agree that the sustainability of initiatives to transition producers to market-oriented agriculture will depend on the involvement of the private sector (Markelova et al. 2009; Shepherd 2007). Initiatives that seek to bypass the private sector by directly provisioning services and subsidies undermine existing commercial and social linkages between producers and other actors. At the same time, they provide little incentive for producers' groups to develop the skills or organizational structures necessary for engaging in markets. Evidence now shows that many producers' groups have difficulty in maintaining access to markets while competing with the private sector after the withdrawal of facilitators (Shepherd 2007). Demand-driven service provision, where the private sector is the major distributor, has now either replaced or coexists with government-led service provision across SSA. The private sector, however, has not been able to fill the void and provide services for geographically remote producers or those with limited natural or financial resources. As a consequence, efforts to link

producers to markets, partly because the process is still in its inception, are resulting in uneven outcomes, with producers in higher productivity and easily accessible areas able to increase market access, while those in more marginal areas having seen weakening access to produce markets (Poulton et al. 2005; Lundy et al. 2002).

An overview of the current literature on group level factors that affect the success of FMOs shows there are numerous factors that seem to have an impact on their success including group resources, individual member and household resources, group size, and relationships with facilitating organizations. These studies provide critical insights into factors to take into consideration in promoting FMOs. However, there is still a need to conceptualize and analyze group level change within farmers' groups and to acquire additional insights into how FMOs succeed, fail or adapt over the long term. By combining the SLF and theories of organizational change may help build better models and theoretical frameworks for conducting research, analyzing long-term change and trends within FMOs, and develop better interventions for FMOs. In the next section I introduce the SLF and outline key concepts in theories of organizational change.

Sustainable Livelihoods Framework and Organizational Change

The Sustainable Rural Livelihoods Framework

The sustainable livelihoods framework (SLF) developed from the necessity to better understand the diverse ways in which individuals and households in developing countries pursue a living and the complex structures and processes that mediate access to resources, as well as limit or enable livelihood strategies.

While the SLF remains a popular framework, some of the agencies (e.g., The Department for International Development of the United Kingdom) that played an instrumental role in

bringing the SRL framework into the mainstream of development discourse now use other organizing frameworks, for instance, the Millennium Development Goals (MDG): institution building, governance, and climate change (Batterbury 2008). The idea of households and individuals possessing capital has also been debated. Some scholars have pointed out that in the original framework, important capital and resources were not identified. For instance, cultural and built capitals are now identified as important resources (Flora, Flora, and Fey 2004).

Additionally, political capital, which affects marginalization and therefore is central in determining access to other capital, is an important resource utilized by households, but was not included in the original framework. Moreover, in privileging the agency of actors and employing a behaviorist lens, some scholars have criticized the SRL for being neutral to larger political economy, history, or cultural factors. Social scientists also point out that rational decision-making assumptions underlying the framework do not represent the entirety of how people make decisions about their livelihood choices. Deep-rooted cultural norms and meanings are important guiding principles for action and are sometimes more powerful determinants of behavior than economic criteria. In using the SLF, I acknowledge the lack of robustness of the framework and the criticisms leveled against its conceptual and intellectual merits. The SLF however, remains relevant in analyzing the complexities of people's lives and in thinking about the interconnectivity of factors that affect livelihood outcomes. Moreover, most development organizations currently utilize aspects of the livelihoods approach, attesting to the continued usefulness of the framework as a tool for understanding the relationships between poverty, the environment (institutional, economic, and physical), and people's agency (Butterbury 2008).

Reviewing the extensive literature generated by the SRL framework since the early 1990s is beyond the scope of this paper. Rather, I identify and discuss relevant key features and

concepts of the framework. The framework is concerned with how the context and resources of households influence choices made to pursue a living, as well as the outcomes of these choices on the ability of the household to pursue a living in the future. According to Carney (1998), a livelihood consists of:

The capabilities, assets and activities required for a means of living. A livelihood is considered to be sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

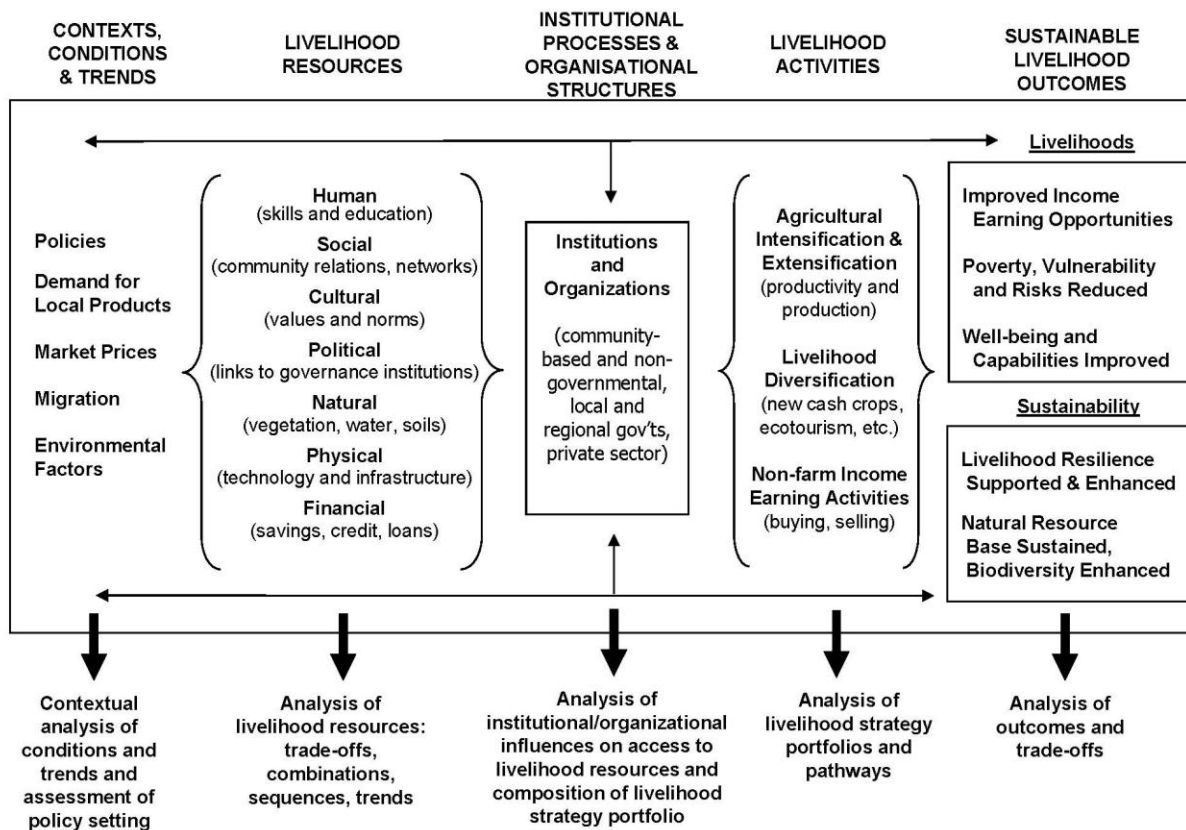
The central elements of a livelihood comprise the context, the assets to which the household has access, the combination of activities carried out by household members who constitute its livelihood strategy, and the outcomes for household well-being and the natural resource base. The context includes such factors as the political and policy environment, socioeconomic conditions, market context, and agroecosystem features. These factors can support or profoundly diminish the conditions under which households are able to pursue specific livelihood strategies and the resultant outcomes. The context within which households are embedded forms their vulnerability context (Amekawa 2010; Ellis 2000). When a livelihood system has the asset base and capability of recovering or adapting to changes within the environment, it is considered to be sustainable and resilient.

Changes in the environment are conceptualized from a temporal perspective, including trends, shocks, and seasonality (Chambers and Conway 1992). Trends are changes in the political, cultural, socio-economic, or natural environment that occur over long periods of time and may have a positive or negative impact on livelihood strategies and systems (Ellis 2000; Chambers and Conway 1992). For instance, long-term soil degradation negatively affects the ability of households to continue to successfully pursue agriculture as a source of livelihood. Shocks refer to relatively rapid transformations (Chambers and Conway 1992). Natural disasters,

such as floods or earthquakes, as well as manmade events, including conflict, are examples of shocks that may destroy a household's asset base. Diseases may also act as shocks by affecting the health of household members, increasing the financial burden as well as placing additional demands on healthy members for caretaking. For instance, HIV/AIDS has had a devastating impact on the availability of household labor in Africa. Seasonality refers to cyclical cumulative and predictable events, such as when rural households sell produce at harvest time for income, albeit at low prices, and buy produce for consumption at higher prices later in the season.

Changes in the environment also lead to a transformation in the vulnerability context that can have positive and negative outcomes for a household over the long or short term. The increased use of agricultural technology, for example, can have positive outcomes in raising agricultural productivity for food, thereby increasing household food security. Increased use of agricultural technology, however, is also associated with an increase of monocultures and the use of pesticides, both of which have negative impacts on agroecological diversity and the latter on the health of farmers (Amekawa 2010). Another example can be seen in the SAPs initiated in SSA in the 1990s. The removal of centralized marketing structures potentially allowed producers to participate more effectively in produce markets. However, as documented in studies of FMOs, demand-led agricultural service provision has significantly reduced the potential of geographically remote producers to access agricultural extension services and the ability to participate in markets. SAPs also illustrate that changes in the vulnerability context may have differential short-term and long-term effects. While the short-term effects of the SAPs on production systems were distressing for most households, the longer term effects have been mixed, with some households able to make the transition from state-managed to market-mediated agricultural systems.

Livelihood resources or capitals (see Figure 1) comprise the livelihood assets and resources that people utilize in pursuing a livelihood (Kollmar and Gamper 2002). These assets and resources include physical, natural, social, human, financial, cultural, and political capital. Human capital encompasses knowledge, skills, and health of individuals. Social capital refers to the extent of connections and strength of networks, and mediates access to other capital or multiplies the impact of other capital. Cultural capital includes the meanings people attach to their context, livelihoods, and indicators of wealth and poverty. Political capital includes the power and ability of households to use and defend their rights and claims to assets and resources. Natural capital includes the natural resources that are directly under the control or access of households, including land, trees, or use rights to wild resources. Physical capital includes built infrastructure and services to which a household has access. Financial capital includes wages, savings, and credit.

Figure 1: Sustainable Livelihoods Framework

Source: Sseguya, Mazur, and Masinde (2009)

Livelihood activities or strategies refer to the combination of activities in which households engage given their context, the capital involved, and the meanings they attach to livelihood activities. Within the SLF are three broad clusters of livelihood strategies. These are agricultural intensification/extensification, diversification, and migration (Scoones 1998). With intensification, households pursue activities intended to increase agricultural yields through use of more labor and/or technology. Extensification involves placing more land under cultivation. Households can increase their off-farm income earning activities, thereby diversifying their livelihood. With migration, households may choose to move elsewhere either permanently or temporarily. Outcomes refer to the long-term implications and feedback loops between the livelihood strategies and the resources needed to pursue this livelihood. If the feedback loop is

positive, then livelihood activities and strategies not only contribute to household wellbeing, but also regenerate or increase the household's resources.

Scoones (1998) identified six elements that characterize the relationship between household assets and livelihood strategies. Access refers not just to the availability of resources but also the ability of people to actively use these resources in desired ways. For instance, in many African contexts, although family land may be available, younger women's access to land may be mediated by their relationships with their mother-in-law and husband. Sequencing refers to the basic resources that households need in order to establish a particular livelihood strategy. Land and labor, for example, are prerequisites for agriculturally based livelihoods in SSA. The ability to substitute one form of capital for another is an important aspect of how households manage their assets and resources. The concept of substitution also refers to whether one particular resource is a precondition for acquiring other types of resources necessary for pursuing a livelihood. Particular households or individuals may have different combinations of resources an aspect Scoones (1998) refers to as clustering. Households and individuals also make tradeoffs by pursuing a particular livelihood strategy and foregoing another.

Finally, the types of resources available to households and individuals change over time as households augment, use, or deplete resources over time. Trends in the availability of household resources, therefore, have an impact on other related aspects. The SLF also pays particular attention to institutional processes (the matrix of formal and informal institutions and organizations in which households are embedded) that mediate the ability to carry out such strategies and achieve desired outcomes. Outcomes are the long-term implications and feedback loops between the livelihood strategies and the resources needed to pursue this livelihood. If the

feedback loop is positive, then livelihood activities and strategies regenerate or build up the household's resources while contributing to the households' wellbeing.

Market Oriented Farmers Groups and Organizational Change

Burnes (1996) defines organizational change as a transformation of the activities, interactions, or belief systems among individuals or groups within an organization or at the collective level involving the entire organization. It is related to other change processes, such as innovation, diffusion, and institutionalization, but is distinct. Innovation and diffusion both occur through social networks that may have amorphous boundaries. Organizational change occurs within defined boundaries involving organizational members or structures. Moreover, innovation and diffusion imply the rise of novel ideas while the process of organizational change may, in fact, involve the return to old practices, structures, and traditions (Kazer 2001). Within the SLF adaptation is a broad concept referring to how individuals or households respond to change in their context. I suggest, however, that organizational change can be used to indicate how organizations or their components change in direct response to the changes in the external environment. Innovation is also a limited term within organizational theory, referring to a deliberately introduced new procedure within the organization intended to produce benefits for the organization or organizational members.

An analysis of long term change within FMOs from an organizational perspective also means explicating the assumptions about the nature of social organization, why change occurs, processes and outcomes of change, and the relationship between structure and agency in shaping organizational change. It is also important to illuminate different aspects of organizational life and to understand the multidimensional and dynamic triggers and outcomes of changes, as well as the varying responses of stakeholders (Kazer 2001; Spreitzer 1996; Van de Ven and Poole

1995; Morgan 1986). This includes three basic aspects. First, there is a need to examine why change occurs. That is, whether change is generated as a response to an external impetus or is generated as a result of events within the FMO: forces and sources of change (Burnes 1996). Second, the stages, timing, and characteristics of change are an important area of study. Finally, the outcomes of change processes and measurement of these outcomes forms the third broad area for study..

Forces and sources of change are the external and internal environments that trigger change in the organization or its components (Kazer 2001). External sources of change involve changes in the social, political, or economic environment of the organization. Internal sources of change within an organization include such aspects as transformational leadership or the rise of change agents within the organization. An important aspect is that both externally and internally initiated change can arise from political processes, such as when coalitions or factions form within the organization and advocate for or resist change (Carnall 1995). In addition, whether change is initiated as a result of external factors or internal processes has implications for the sustainability of change and whether it is seen as valid by members (Rajagopalan and Spreitzer 1996). Primary distinctions in the process of change at the organizational level should also examine whether the change involves a large proportion of the organization's members (active change) or a few individuals in the organization (static change). This distinction may be important in the analysis of and the unpacking of the concepts of equity and participation as the power structures within farmers groups change over time. For instance, as Sangiga et al. (2004) show, strong leadership within market oriented producers groups may be more important than democratic decision making in ensuring success of group ventures. Finally, first-order change is a small, incremental, ongoing processes, while second-order change involves fundamental

changes in aspects of the organizational components (Kazer 2001; Levy and Merry 1986). Analysis of change using these concepts allows for a more thorough analysis of political processes within FMOs and drivers of that change.

Change can either, be adaptive, or generative. While adaptive change refers to a one-time organizational response to changes in the external environment, generative change occurs where organizations assess the environment and marshal resources to continuously make adjustments in line with set goals (Senge 1994). Generative change is associated with learning organizations. Change can also be planned or unplanned. Planned change is intentionally designed through the use of internal member or leadership expertise and may also engage expertise from outside agencies. Unplanned change, however, is not necessarily detrimental to the organization and can be the beginning of innovative ideas or periods for the organization. Kazer (2001) notes adaptive, generative, planned, or unplanned changes can be either proactive or reactive. Proactive change involves a preemptive response from the organization or its members. Reactive change is a consequential response to an external or internal crisis.

Outcomes of organizational change can include new structures, processes, rituals, or activities. They can also include changes in the culture involving the beliefs, attitudes, and values of organizational members (Neumann 1993). Organizational change can be positive or negative and can include intended and unintended consequences. Because the outcomes of organizational change include intended and unintended outcomes, they can be very difficult to measure (Kazer 2001). As such, it is important that change agents be able to identify both intended and unintended consequences of FMOs.

Refocusing Concepts of the SRL to the Organizational level

Vulnerability Context

The vulnerability context and responses to environmental change are viewed from the perspective of household characteristics in the SLF. Including an organizational perspective in the vulnerability context would take into consideration the growth or maturity stage of the FMO and how this shapes the response of FMOs to changes in the vulnerability context. Organizations go through varying stages of growth and decline. During entrepreneurial periods, organizations experience intense periods of learning, innovation, and experimentation with structures and arrangements where norms and rules are formed and resources marshaled (Levy and Merry 1986). As Sanginga et al. (2008) show, as FMOs mature, members gain skills and the organization may operate in a more efficient manner with the development of a strong sense of collective ownership. During this intermediate stage rules, regulations, and structures become institutionalized. As time passes, however, institutionalized rules, regulations and structures may become so important that experimentation and innovation yield to procedure and tradition (Levy and Merry 1986). At whichever developmental stage, FMOs have to make decisions on which practices to maintain and which to discard. As a result, this short-term action leads to longer term evolution processes by which the structures and culture of an organization change. At the same time, the growth stage of the organization will profoundly influence how FMOs respond to environmental change. Regardless of the level of innovation, environmental shocks can have a devastating impact on FMOs if they are in an early maturity stage before the structure and culture become institutionalized or if the organization is in decline. This is because the lack of structure may prevent the effective diffusion of new ideas, technologies, or practices. On the

other hand, procedure and tradition may prevent the FMO from formulating the best responses to change.

Analyses of long-term organizational change in FMOs are particularly pertinent as events at the global level are transforming the vulnerability context for producers in developing countries. In the reconfiguration of global food systems and markets, trends and cyclical events at the global level are more likely to be felt as shocks at the local level. As an example, the increased integration of agricultural markets has also increased the tendency for the transmission of price volatility between commodity prices. Trading of commodities in equity markets using complex financial instruments is decoupling the fundamental movements (supply and demand) and ownership of the commodity from monetary investments in the sector. At the same time demand from the energy sector is fuelling the transmission of price volatility between the energy and the food sectors. (Gilbert 2010). These global trends are exemplified in the 2008 boom and bust price cycle, where food prices increased to a 30 year high and then fell by 50% within the same year. In developing countries, the price boom and bust was felt as a shock to the livelihoods of producers and consumers. This increased tendency for global trends to affect local communities as shocks also includes other aspects, such as climate change. For FMOs, the ability to change production methods, practices, and technologies or to incorporate new products will become particularly important in responding to this change in the vulnerability context. The organizational structure and culture of FMOs will be an important component of their ability to adapt to the demands of a more dynamic vulnerability context.

Theories of organizational change can contribute to an understanding of how changes in the political, social, or economic environment modify the organizational structure or culture for FMOs (Table 1). Participation in markets requires fundamental changes in risk-averting behavior

where producers engaged in producing for the market have to make higher upfront investments in inputs and production equipment. Changes in the vulnerability context, such as increased price volatility, may push group members to avoid risk by moving away from market-oriented agricultural production and using available resources for subsistence production. This may in turn result in a decline in participation, exit of group members, decrease in ownership levels, or reorientation of the market production goals of the FMO. The communication and coordination structures that are essential for market-oriented production depend to a large extent on the continual willing participation and ownership of group members. Declining participation and ownership transform the organizational structures and diminish the capacity of the group to produce for high-value markets. Whereas reduced group membership may have some negative consequences, it may also lead to more cohesive organizational structures and increase the ability of the smaller groups to produce for the market.

Table 1: Potential Focus Areas of the SLF at the Organizational Level

Sustainable Livelihoods Framework		Additional areas to augment SLF analysis of long-term organizational change in FMOs	
Main Concepts	Sub-Concept		
Context, conditions and trends	Trends, Shocks, Seasonality	Analysis of forces and sources of change for FMOs	<ul style="list-style-type: none"> • External environment <ul style="list-style-type: none"> - Organizational life cycle - growth, maturity or decline phase as a determinant of organizational response to environmental change • Internal environment <ul style="list-style-type: none"> - Structure (coordination and communication structures, power structure) - Culture (values, beliefs, symbols, stories and myths)
		Analysis of feedback loops between environment and FMO	<ul style="list-style-type: none"> • Type of Change <ul style="list-style-type: none"> - Adaptive or generative - Planned or unplanned • Scale of change <ul style="list-style-type: none"> - First order or second order change - Static or active change
Capital	Types of capital (Political, Social, Human, Natural, Financial, Physical, and Cultural)	Analysis of group capitals (joint assets such as land, hoes, SACCOs, warehouses)	<ul style="list-style-type: none"> • Household capital' and strategies' interaction with organizational level processes • Holistic analysis of organizational structure and culture
Outcomes	Intensification, extensification, Diversification	<p>effect of household level outcomes (intensification, extensification, diversification) on FMO effectiveness</p> <p>Disengagement from or specialization in supplying particular marketing channels</p>	<ul style="list-style-type: none"> • Analysis of effectiveness of FMOs in supplying high value markets • Analysis of organizational specialization of FMO and households within • Analysis of goal reconciliation (Reconciliation of development oriented goals with market specialization) • How FMOs structure continuous learning for members

Exploring the impact of environmental change on organizational theory can also contribute to an analysis of the feedback loops of long-term change within FMOs. This can strengthen explanations of how and why environmental change related to particular types of transformations

within the FMO, whether it is first order or second order, active or static, adaptive or generative change. Feedback loops are also important to identify patterns of subsequent interactions between the transformed FMO and the environment.

Group Capital and Livelihood Strategies

Capital is fundamental to enable small-scale producer households to engage in markets. An understanding of the interactions between group level processes on the one hand and household resources and marketing strategies on the other is the important contribution of organizational theory in this aspect. Given the complexity of building the capacity of small-scale producers, initiatives to link producers to markets have tended to focus on promoting one crop to one marketing channel. Depending on returns from the market and resources available, households may choose to concentrate trade to the promoted channel. Alternatively, they may sell produce through diverse marketing channels or engage only in ad hoc participation in markets. Thus, within the same market-oriented group, major differences may exist in the investments that households have made in technology and inputs, as well as the level of marketing and training activities that they are willing to undertake. While these are decisions made at the household level, over time they result in changes in the functioning of the whole group. Divergences in skill level because of differential training and differences in the willingness to participate in marketing activities compromise the ability of the group to supply high-value markets over the short term. More importantly, this has implications for other aspects of the FMO over time, such as the ability of the organization to marshal resources to respond quickly to crises.

Over the long term, new group-level processes, such as the acquisition of joint assets, can also be accompanied by the development of important divisions in the institutional arrangements

on which households rely to produce for markets. For instance, households are able to borrow larger amounts of money from a SACCO and can potentially buy more inputs and produce more for the market. SACCO loans, however, are riskier compared to pre-existing institutional arrangements, such as rotational savings groups, as the household has to put up collateral and pay interest on the loan. Additionally, with increased access to markets as the local economy differentiates, poorer group members may also come to rely on alternative institutional arrangements, such as agricultural wage labor. Although households with few resources may still participate fully in the FMO, they may come rely on different institutional arrangements than do wealthier households.

From the examples above, we can see how over time processes at the group level may lead to differentiation in institutions relied on for market production at the local level and in household marketing strategies. Depending on how these factors unfold, feedback loops to the internal dynamics of the group will be created with corresponding changes in motivation to participate in FMOs and competing group objectives leading to the dilution of core group functions. Organizational theory can contribute through the analysis of these feedback loops. The use of these organizational concepts can allow us to probe the relationships between capital at the household level and other fundamental processes of change at the group level. This is not only limited to change processes in the structure and culture of the FMO, but also to other processes, such as innovation diffusion and institutionalization.

In addition to contributing to the analysis of the interaction between capital at the household level with group level processes, the concepts of organizational structure and culture are valuable in conceptualizing long-term change within FMOs from a holistic perspective. By this I mean that by using organizational theory, the assumptions made about social organization

can be made explicit and changes in structural elements can be linked to cultural elements within FMOs. For example, an analysis of how decisions are made and the decision-making structure within FMOs can be combined with analysis of the various sources of power ranging from expertise to myths to tradition. Structural elements of FMOs include the decision-making structure, coordination and communication structures, division of labor within the group, and monitoring and enforcement structures. Cultural elements include rituals, routines, symbols, and myths and stories.

Outcomes

At the outcome level, theories of organizational change can help explain long-term sustainable outcomes for FMOs. This will include defining how FMOs can measure their effectiveness given their mission and goals to enable small-scale producers to participate in markets while building democratic structures at the producer level, which may prove to be contradictory goals. As such, organizational effectiveness for FMOs may need to include multiple dimensions, such as provision of market-oriented services to members and production of goods for a particular market. Through the use of organizational design principles, FMOs can be advanced as learning and virtuous organizations. As learning organizations FMOs have to develop strong leaders who can act as managers of the change process even after the exit of facilitating organizations, as well as the capacity to propagate and reproduce innovative internal environments. This will involve continuously developing the skills of the members, understanding the forces and sources of change, understanding the internal dynamics of the organization, including the interrelationships between organizational structure and culture, plus leadership that can manage organizational change. Organizational theories can be useful in

identifying indicators of what constitutes the particular benefits not just for members but also for communities.

Conclusions

Market-oriented group formation has been an increasingly popular strategy; recent research shows that this may be effective only in particular contexts (Chirwa et al. 2005; Neven et al. 2005). For instance, where extreme poverty reduction and food security are the overriding concerns, market-oriented farmer organizations may not be optimal since the costs of organization can be too high for poor households (Barham and Chitemi 2009; Hitchins et al. 2004). In this paper, I analyzed the nascent literature on factors that affect the successful establishment of FMOs. I found that these factors ranged from human capital aspects, such as gender and education, to group wealth and natural capital availability to social capital factors, such as a history of past collective action. The literature shows that longer term processes including cultural constraints on the participation of women in markets or the potential mediating role of education in determining the success of shorter term interventions are important. As such, the success or failure of FMOs must be evaluated in the longer term. This paper suggests that in refocusing the main concepts of the SLF to the organizational level can provide useful insights and concepts that can be incorporated into existing frameworks or theories for understanding the realities and complexities of small-scale producers' livelihoods in SSA. I identified five areas where the SLF can be augmented and to analyze processes of change at the group level within FMOs. These include the an analysis of whether the drivers of change are internal or external (sources or forces of change), an analysis of feedback loops between the environment and group processes and structures, an analysis of group capitals which encompasses group assets such as

SACCOs, and an analysis of group level outcomes including specialization or disengagement from particular market avenues.

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CHAPTER 4: ENVIRONMENTAL CHANGE AND TRANSFORMATION OF THE INTERNAL DYNAMICS OF MARKET ORIENTED FARMERS ASSOCIATIONS: A CASE STUDY OF THE NYABYUMBA FARMERS' ASSOCIATION

Abstract

This study examines how market-oriented producer groups adapt to shifts in market demand and changes in group membership over time. The research involved a case study of the Nyabyumba Farmers' Association in southwest Uganda, which has supplied chip potatoes to Nandos fast-food restaurant in Kampala Uganda, since 2002. Data collection was carried out in 2008 through focus group discussions and in-depth interviews with members of the association. Decreased demand and increased input prices diminished the perceived benefits of participating in production and marketing activities for Nandos. Fluctuating group membership also led to uneven levels of knowledge and skills needed for meeting Nandos' quality requirements. In turn, the structure of decision-making and coordination of marketing activities became more hierarchical over time, increasingly being carried out by a smaller number of producers in the association. Moreover, the institutional arrangements that wealthier and poorer producers in the community relied on to pursue a livelihood were also transformed. Wealthier producer gained more power through the increasing centralization of decision making while poorer producers, disproportionately women, became increasingly more marginalized by a lack of resources but, nonetheless, sought to remain in the association so as to receive technical advice and financial assistance from emergent power brokers.

Key words: Long –term change, Market- oriented producers' organizations, Uganda, High Value Markets

Introduction

Individual small-scale producers in sub-Saharan Africa (SSA) face major challenges in accessing domestic agricultural markets. These producers are undercapitalized and lack the economies of scale to take advantage of many market opportunities. They have limited access to key services, including extension, credit, and market information. Because of this limited access to key services and lack of storage facilities, they face high transaction costs, lack the capacity to absorb market shocks, and have lower bargaining power compared to intermediaries (Shepherd 2007; Fafchamps 2004). With increased urbanization and changing consumer demand, however, new domestic food markets, such as supermarkets and fast-food restaurants, are emerging within the region (FAO 2009). While demanding higher produce quality standards, larger volumes, and year round supply, these emerging markets offer opportunities to develop high-value market links for small-scale producers (Sanginga, Tumwine, and Lilja 2006).

To overcome the challenges that individual small-scale producers face and to take advantage of new opportunities in food markets, governments, donors, and non-governmental organizations (NGOs) in SSA are currently promoting market-oriented producers associations and groups. Most initiatives designed to link producers to these new domestic food markets aim to shorten the supply chain by eliminating intermediaries and connecting producers directly to buyers, thereby replacing ad hoc sales with coordinated links between producers, processors, and buyers (Kaaria et al. 2008; Shepherd 2007). Interventions seek to enhance the capacity of producers' groups to provide the needed quality and quantity, as well as improving access to supporting services. To enhance the capacity of farmers to supply buyers with the expected quantity and quality of agricultural produce, agencies typically provide training in agroenterprise management, establish coordinated production structures that ensure year round supply to the

buyer, and undertake measures to encourage trust between producers and buyers. To improve producers' access to key services, facilitating agencies have initially provided extension services, while building the capacity of producer groups to demand extension advice independently from other service providers over the long term. There is also considerable investment in alternative financial institutions and market information services to ensure that producers have access to credit and price information. Examples of these financial institutions include savings and credit co-operatives (SACCOs), Rotating Savings and Credit Associations (ROSCAs), and micro-finance institutions (MFIs). Market information systems characteristically build on developments in communications technology by utilizing local radio, Internet, and satellite technology (Poulton, Kydd, and Doward 2006).

Scholarly research on market oriented groups (FMOs) has focused on identifying factors that determine the success or failure of these groups, as well as critical entry points for interventions. Numerous factors have been identified, including group size, gender, previous history of success as a group, homogeneity of group members in terms of goals, and trust between buyers and producers (please see chapter 3 for a more detailed discussion of these factors). Critical entry points have included capacity building for small scale farmers groups through intensive training in production and business skills or the strengthening of trust within the supply chain between producers and buyers (Barham and Chitemi 2009; Bernard and Speilman 2009; Kaganzi et al. 2008; Aliguma, Magala, and Lwasa 2007; Shepherd 2007; Thorp, Stewart, and Heyer 2004; Stringfellow et al. 1997).

Studies of the processes through which these groups adapt to changes in the political, institutional, or social environment over time are still limited. Analyses of ways in which producer groups adapt are particularly important as FMOs are expected to serve a wide variety of

sometimes incompatible goals. These groups are expected to serve a critical role in the transformation from subsistence to market oriented agriculture in sub-Saharan Africa. These groups are conceptualized by governments and NGOs in the region as avenues to enable poor producers to engage in markets and as a way to build inclusive, democratic structures at the local level. Through these groups, producers can access training for market production and can increase incomes for members. Additionally, these groups are expected to serve as an avenue through which poor farmers particularly small scale women farmers can access produce markets. However, research now shows that to succeed, FMOs have to be focused on the singular goal of market oriented production. Follow-up studies of farmer to market linkage interventions in East Africa show that male-dominated market-oriented groups have been more successful than female-dominated ones; that cooperative action may not be necessary for all market activities with strong leadership being more important. Moreover, these follow up studies show that these groups do not work well for poor, marginalized producers who do not have the necessary resources to take advantage of market opportunities (Barham and Chitemi 2009; Sanginga et al. 2008; Shepherd 2007). When facilitating organizations are still present in the community, market-oriented groups do not have to reconcile these divergent goals and expectations. However, after interventions end, many producers' groups face difficulties or are unable to maintain access to high-value markets (Shepherd 2007). The difficulties in reconciling multiple goals and maintaining access to high value markets after the exit of facilitating agencies underscores the importance of better understanding processes of long term change within FMOs.

The purpose of this paper is to contribute to understanding how market-oriented producer groups that supply domestic high-value markets adapt to a changing environment over the long term. Through an in-depth case study of a farmers' marketing association in southwest Uganda, I

examine how changes in market demand and in group membership transform the internal dynamics of market-oriented farmers' groups. The Nyabyumba Farmers Association (NFA) is comprised of six farmers' groups with approximately 120 members. Beginning in 1998, the association received extensive support for natural resource management, improved technology and production techniques, business development skills, and enhancement of social capital from international development organizations and local NGOs. At the time of the study in 2008, the group had five years' experience in successfully supplying chip potatoes to Nandos, an international fast-food restaurant with home offices in Kampala. The study focuses on the role of three factors—increasing input prices, changes in group membership, and unpredictable market demand—in altering coordination and participation in marketing activities within the NFA.

The paper begins by providing a brief background on Ugandan government policies to promote market-oriented production, characterizing potato production in the Kabale district where the NFA is located, and summarizing the history of agricultural intervention for the group. I then outline our data collection methods. Next, we examine changes in group dynamics following increased input prices and changes in market demand. Finally, I conclude with a discussion of the implications of the study's findings regarding approaches to link small-scale producers to markets in ESA.

Promotion of Market-oriented Production in Uganda

Since 2001, first under the Plan for the Modernization for Agriculture (PMA) and subsequently under the National Agriculture Policy (NAP), the government of Uganda has promoted commercialization of small-scale agricultural production to stimulate agricultural growth and accelerate poverty reduction. Under both the PMA and NAP, organization of groups and formation of producers associations has been encouraged to overcome the constraints that

individual small-scale producers face in accessing financial and extension services and achieving the economies of scale needed to participate effectively in markets. Farmers' groups are now a key interface between small-scale producers and other stakeholders in the agricultural system, including private sector businesses, development organizations, and government institutions, such as the National Agricultural Advisory Services (NAADS) and National Agricultural Research Organization (NARO). NAADS, NARO, and development organizations have developed agricultural interventions that emphasize capacity development through groups rather than individual producers. The assumption is that focusing policies and interventions at the group level enables government agencies and development organizations to reach a higher number of producers, thus multiplying the benefits and creating farmer-to-farmer knowledge and learning systems at the local level (NAADS 2012).

It is in this context of the move to transform subsistence agriculture to commercial agriculture with the organization of small scale producers into FMOs that the Nyabyumba Farmers Association was formed. As Irish potatoes are a major food security crop in Kabale district, the main focus of interventions aimed at the association have used that crop as a starting point.

Potato Production in Kabale District

In Uganda, production of Irish potatoes (which in Uganda refers to all types of potatoes except sweet potatoes) began in the early 1900s. While accounts vary as to whether it was introduced by missionaries from the Democratic Republic of Congo or by the colonial administration, the crop was rapidly adopted in the highlands. Since under good conditions the Irish potato is high yielding, can be intensively farmed, and stores for relatively long periods of time, it became important for food security in the highlands. The Kabale and Kisoro districts in

the southwest highlands produce a majority of the crop. Kabale district alone produces 60% of the Irish potatoes consumed in the country (Kaguondo et al. 2008). Irish potatoes require 60 to 80% soil moisture for best yields. Domesticated by the Incas in the Andean regions of Peru and Bolivia (Office of International Affairs 1989: 92), potatoes are ideally suited to upland Uganda, so altitude is also an important variable in production, with higher altitudes reducing susceptibility to fungal and viral diseases. Kabale has an average annual rainfall of 1000 mm and lies at an altitude of 1,500 to 2759 m above sea level (Carswell 2007). The hilly nature of the district (see Picture 2) is also advantageous, as potatoes can be cultivated on slopes during the rainy season, but moved to the swampy valleys in the dry season (Food Net 2007). A majority of the crop is consumed within Uganda, and exported to Rwanda during seasonally low production windows (Kaganzi et al. 2008; Food Net 2007).

Despite its importance for food security, poor seed quality and low productivity have continued to present major challenges because of a history of disease outbreaks, periods of civil conflict, and limited input use (Kaguondo et al. 2008; Aliguma 2002). In 1946, following a devastating case of late blight, potato production in the country was reestablished using seed potatoes from Kenya (Kaguondo et al. 2008). However, disease problems coupled with a lack of suitable varieties persisted. To improve the quality of potato with resistance to late blight, a potato improvement program was established in 1968 by Makerere University and NARO. Between 1968 and 1977, five improved potato varieties were released (Kakuhenzire et al. 2004). After this period, escalating civil conflict between 1971 and 1986 prevented continued research on improved varieties until the 1990s (Kaganzi et al. 2009). In 1989, the International Potato Center (CIP) together with the Regional Potato and Sweet Potato Improvement Program for Eastern and Central Africa (PREPACE), under which NARO's potato research program has been

based, resumed research and development of improved varieties (Kaguondo et al. 2008). Despite the resumption of research and availability of improved varieties, productivity is still low, with national average yields of about 7- 8 tons per hectare (t/ha). Although average land holding in the district is three acres, with a majority of the crop grown intensively on small plots and relying on rain-fed production, the poor yields are mainly attributed to poor agronomic practices. Under rain-fed conditions, producers using improved seeds and growing techniques can attain 25 t/ha (Kinyae et al. 2004; Aliguma 2002; Low 2000).

A majority of the crop is consumed as ware (ungraded) potatoes (Picture 1), boiled or used in stews. As in the rest of ESA, urbanization and changes in consumption are leading to alternative ways of preparing and consuming foods. This includes the consumption of potatoes as crisps (chips) and chips (fries). During the 1990s, Uganda liberalized the food retailing sector, allowing the entrance of large-format food retailers, including supermarkets, fast-food restaurants, and hotels. In November 1999, Nandos opened a fast-food restaurant in Kampala, part of the very first fast-food court complex in Uganda. The complex included franchises (Chicken inn, Pizza Inn, Vasillis Patisserie, Mateos Restaurant, and Steers) operated by Innscor⁶ Limited, a Zimbabwean food distribution and marketing company. The complex offered eat-in as well as “dial-a-delivery” service. During the first three years of operation, Nandos bought potatoes from the open-air market. This was particularly problematic, however, as supply and prices were irregular. Moreover, the restaurant required large, oval-shaped tubers to minimize wastage during the chip-making process. The emphasis is on the harvesting of standard straight

⁶ As of 2011, Innscor Limited held the franchises for Chicken Inn, Pizza Inn, Creamy Inn, Bakers Inn, Mr Baker, and Steers. Although the company operates the franchises, they do not own them. Steers, for instance, is owned by Famous Brands from South Africa, but its African franchises are operated by Innscor. In 2007, due to declining standards in its franchises, Nandos Uganda reportedly sought to separate its franchise operation from Innscor.

long chips from the potato, makes the size and shape of the potato particularly important. The process is carefully monitored and recorded with ideally only 20% or less loss of the potato considered acceptable. As such, restaurant personnel claimed to have spent an inordinate amount of time searching for potatoes to meet the restaurant's quality standards from the open air market. By the time PREPACE and CIAT sought to negotiate a supply contract for NFA producers, Nandos was seeking a reliable supplier and considering importing frozen potatoes from South Africa. As such, the restaurant was open to working with the NFA producers to secure a more constant and reliable Irish potato supplier.

Formation of the Nyabyumba Farmers' Group

Kabale district has a long history of cooperative action, including agricultural labor exchange groups and rotational savings groups, as well as support groups for medical and funeral arrangements and expenses. Historically, there are no formal systems of chieftainship among the Bakiga, the largest ethnic group in the district and among whom this research was conducted. Instead, political authority was exercised through the household, clan, or lineage (Turyahikayo-Rugyema 1982; Edel 1957; Roscoe 1924). More recent forms of collective action align with these historical social distinctions. In her study of agrarian change in the Kigezi district (present day Kabale, Kanungu, Kisoro, and Rukungiri districts), Carswell (2007) documents the presence of agricultural labor exchange groups during the colonial period. These agricultural labor exchange groups are both commercial and noncommercial, with the former providing wage labor during peak demand periods for such activities as land clearing, weeding, and harvesting. Noncommercial groups work collectively on particular plots as requested by members. From our conversations with producers, agricultural labor exchange groups normally self-select from friendship networks. Older community members, however, are not usually invited to participate

in an agricultural labor group because they cannot perform hard physical labor over long periods of time. Rotational savings groups for both men and women are popular and common in the district and tend to be disaggregated by gender, with women and men belonging to different kinds of groups. We found, for instance, that men do not belong to “merry-go-round” groups, which save money over a specified period to purchase gifts or food for group members. Men, however, do belong to rotational savings groups that collect contributions and provide loans with interest to members. Eventually these groups divide the savings and interest accrued among members, rather like informal Western stock investment clubs. Funeral groups are typically based on clan and lineage ties and were cited as the most important and socially powerful groups. All adult members of households in the area contributed to and belonged to a funeral group. Although the various kinds of groups are based on kinship and lineage ties or are self-selecting by age, gender, and friendship, membership in the group was considered a household rather than individual venture.

In 1995, Kabale district was selected as one of the eight benchmark sites for the African Highlands Initiative⁷ (AHI). The initiative was hosted by the World Agroforestry Center (ICRAF), but encompassed a broad range of International Agricultural Research Centers (IARCs), among which were the National Agricultural Research for Development Institutes (NARIs) of the countries involved, which were under the umbrella of the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASERECA), local and international NGOs, and local governments (Collinson, Chuma, and Carson 2000). The initiative’s aim was to improve livelihoods in the densely populated and cultivated highlands of eastern Africa by reducing natural resource degradation and improving agricultural systems. Five

⁷ AHI initially operated across five Eastern African countries (Ethiopia, Kenya, Tanzania, Uganda, and Madagascar) at eight sites. In 2002, the sites were reduced to five. Kabale district belonged to the initiative from its inception.

major objectives were identified for the initiative. These were: development of strategies for intensification in the highland systems through participatory approaches; encouraging research and development innovation at all levels in the agricultural system; developing and improving watershed management through collective action and governance; strengthening local institutions and equity; and advancing the impact of innovations through scaling out and institutionalization (AHI 2011). The initiative included numerous development partners with a range of technical expertise. The major issues identified in Kabale were distant markets, poor soil fertility, soil conservation problems, and fragmented land ownership.

Table 1: Major Interventions for Irish potato production in Kabale

Initiative	Year	Development Partners	Participatory Processes
AHI	1995-2002	IARC, NARO (KaZARDI), NAADS, Donors, Africare, A2N, DEO local government ICRAF, CIAT, and CIP, PREPACE	<ul style="list-style-type: none"> • Participatory action learning (PAL) and empirical research (ER) – multidisciplinary research teams which included local communities • Integrated natural resource management (INRM) - Inclusion of producer productivity concerns in the identification of NRM issues • African Grassroots Innovation for Livelihood and Environment (AGILE) - use of institutions and institutional innovation as the entry point for INRM • Farmer Institutional Development (FID) - focused on developing a foundation for producers to participate in demand-driven service delivery. This included farmer group formation and registration and the formation of the Coalition for Effective Extension Delivery (CEED) to facilitate PAL on how producers' farmer organizations can participate under NAADS. • After Action Review (AAR) - tool used to facilitate the reflection of farmers on achievements, lessons, and challenges of the process of formulating and implementing by-laws, community action plans, and functioning policy task forces • Gender and Equity
ERI	2002-2007	CIAT	<ul style="list-style-type: none"> • Participatory agroenterprise development • Business administration skills • Natural Resource Management • Gender- decision-making and control over income

Initially, AHI focused on technology development. An evaluation of this first phase determined that the top-down approach to technology development was not generating the

desired ownership from local actors. The initiative then focused on the development of “social infrastructure” needed for producers to use, adopt, and adapt technologies and information that was useful for them and would improve natural resource management over the long term (Opondo, Sanginga and Stroud 2006). AHI used numerous participatory methodologies and tools, some of which are identified in Table 1. Underlying these methodologies and tools was a multidisciplinary approach in which task teams included not only researchers from various disciplines but also farmers. These teams identified entry points for addressing NRM degradation; farmer experimentation was encouraged to develop technologies with immediate benefits for producers and using those to solve more complex NRM issues over the long term; emphasis was placed on building producer capacity through farmers’ groups to engage with such other stakeholders in the agricultural system as NAADS and NARO. A major focus of the intervention was on promoting gender equity and strengthening women’s decision-making and tenure rights over land and identified NRM issues (ILAC 2006; Sanginga et al. 2006; Stroud 2006; Amede 2003; Stroud 2003; Tanui 2003).

The Nyabyumba Farmers’ Association was officially formed in 1998 with support from Africare, an American NGO. Producers formed a Farmer Field School through which they received weekly training in disease and land management techniques and improved potato production techniques, improved nutrition and HIV/AIDS education, and small ruminant and poultry rearing techniques (Magala et al. 2005). Particular attention was paid to the development of social capital. Under the CIP/PREPACE initiative to revitalize research to produce improved seed varieties, the association received assistance from PREPACE, the Kachwekano Zonal Agricultural Research and Development Institute (KaZARDI) which is part of NARO and CIP in order to produce disease free seed and ware potato.

Picture 1: Seed, Ware, and Chip Potatoes

The picture above shows the various types of potatoes. At the extreme left are Nandos size potatoes. The two piles in the middle are ware potatoes and the heap on the right shows seed size potatoes. Medium potatoes are optimal for boiling and stewing— according to conversations with producers. On the right are seed potatoes. Smaller sized seed is best as it produces more eyes increasing the number potatoes that grow per tuber planted.

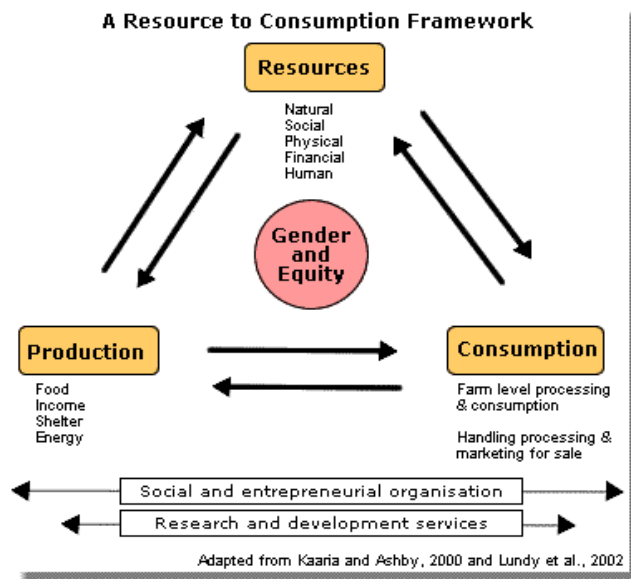
At the time, the demand for high quality seed was at its highest as the country's seed stock was greatly diminished following the 1994 war. While most farmers eventually self-supply for seed, the market remains the most important source of first seed (45%) with neighbors as the second important source of first seed (35%). In addition, due to limited amounts of basic seed stock developed by the national research program, there was no large private sector involvement. Nyabyumba Farmers' Field School members were, therefore, part of a small number of specialized and trained seed potato multipliers and one of the few sources of clean seed. NGOs seeking a source of quality seed bought seed from the association and then redistributed it to other producers at no cost. In 1999, the group received additional support to establish the Uganda National Seed Potato Association (UNSPPA). Demand from Rwanda was also quite high. After the 1994 civil war and genocide, population displacement and loss of infrastructure and human knowledge seriously affected potato production, seed breeding, and dissemination services. Because of the physical closeness to Rwanda, coupled with the excesses in seed and ware potato, Kabale farmers were well situated to meet the gap. Following the initial farmer field school, additional farmer run field schools, where producers trained other producers, were established. The group expanded from an initial membership of 20 to an association composed of six groups of 120 farmers with 60% of the membership composed of women. Demand for seed, however,

began to taper off in the late 1990s as NGO demand declined and the local seed market became oversupplied. At the same time, the Rwandese market began to improve following the end of the civil war and genocide.

Development of the High-value Potato Enterprise

The decline in the seed market provided an opportunity for the International Center for Tropical Agriculture (CIAT) to work with the Nyabyumba Farmers' Association to improve their marketing situation. The Enabling Rural Innovations (ERI) program combined a focus on food security and natural resource management with market-oriented production. ERI also utilized farmer participatory research and incorporated natural resource management. The main objective was to develop rural agroenterprises by combining participatory value chain analysis with value chain development (Sanginga et al. 2006).

Figure 1: Enabling Rural Innovation Framework



The aim of the ERI initiative was to use the most effective elements from the previous AHI approach when working with rural communities to build more robust livelihoods (Sanginga et al. 2006). As indicated in the ERI conceptual framework (Fig. 1), ERI applies a resource-to-

consumption (R-to-C) conceptual framework. The approach was specifically designed to benefit women through technological change by creating positive forward and backward linkages from resources or assets, post-harvest handling and processing, and market opportunities (Kaaria and Ashby 2001). A working group was formed with producers and three service providers to identify market opportunities. The working group identified ware potatoes as the preferred market intervention product. While producers had identified buyers, the ware potato market remained unorganized. Ware potato is conventionally sold at the farm gate as ungraded, mixed variety produce. Most producers did not store ware potatoes, but sold them directly from the field. This resulted in widely fluctuating farm gate and market potato prices. For instance, Kaguongo et al. (2005) show that the minimum and maximum potato prices in Kabale can vary by more than 70% at the farm gate. Long distances to the larger markets are also important in reinforcing lower prices and price fluctuations for ware potatoes.

After participatory market chain analysis, producers chose Nandos as the preferred market. This was the riskiest market option, but potentially offered the highest returns. After conducting field trials with KaRZARDI, producers picked the cultivar Victoria as the preferred improved potato variety. Although the variety is less resistant to late blight and less tolerant to bacterial wilt than local varieties, it has higher yields and is early maturing. Also, late blight can be controlled through fungicide, while bacterial wilt can be controlled through mechanical methods, such as using clean seed and planting equipment. Additionally, if fertilizer is used, Victoria produces large tubers suitable for making chips. In their study of potato production in Uganda, Kaguondo et al. (2005) found that Victoria was the most profitable variety even when compared to such other improved varieties as Rutuku and Cruza (see Table 2). With the right investments and through staggered production, producers would be able to supply the outlets throughout the

year. CIAT, NARO and Africare conducted participatory experiments on spacing, dehaulming (dehaulming involves cutting off the top of the potato plant allowing the tubers to mature underground), and optimum fertilizer rate with producers. CIAT also provided extensive training to group leaders in agroenterprise management and business management.

To reduce wastage during the chip-making process, Nandos required producers to supply potatoes larger than 80 grams and oval in shape. Nandos requested 10 tons of potatoes each month. In a 2003 meeting between producers and the fast-food restaurant, it was agreed that the producers would deliver fifty 100 kg bags every two weeks. Producers would be paid UGX 32,200 (Uganda shillings) for every bag on the 15th of the month.

Table 2: Comparison of on-station performance (KaZARDI) between 1989-91 and attributes of improved potato varieties

Variety	Days to maturity	Mean yield (t/ha)	Resistance to late blight	Resistance to bacterial wilt	Dormancy (weeks)	Storability
Victoria	Early (80-90)	35	High	High	Medium (6)	Good
Kabale	Late (110)	24	Moderate	Moderate	Long (9-10)	Excellent
Kisoro	Early (90-100)	28	High	-	Medium (6-8)	Good
Cruza	Late (115)	19	High	High	Short (2-4)	Fair
Rutuku	Late (95-120)	17	High	Low	Long (11-13)	Good
Sangema	Early (90)	14	Low	Low	Long (12)	Good

Source Kaguondo et al. (2005)

Payment was done by check and producers had to open a bank account. The initial contract was signed between Nandos and 73 association members, 43 females and 30 males (Africare 2006). Producers received extensive additional training in postharvest handling and storage to meet Nandos' quality standards after approximately 80% of the produce was rejected between July and September 2003 (FAO 2010; Kaganzi et al. 2009). The association also started a savings and credit co-operative (SACCO) in September 2004. As of 2006, the producers had earned UGX 73,770,000 (\$40,983) (Africare 2006).

While one of the main objectives of the intervention during the AHI initiative was to develop adaptive research capacity, improve watershed management, intensify potato production

and strengthen institutions, ERI was designed to build the marketing capacity of the groups. The market intervention was linked to the earlier AHI approach through linking consumption and marketing to NRM, and by using participatory approaches and experimentation methodologies and tools. Gender was also integrated into the technology development process to ensure equity in access to technologies and distribution of benefits. The emphasis was on building the skills in the community to identify and analyze market opportunities while taking into account their asset base (Kaaria and Ashby 2005). Although both approaches emphasized experiential learning, key intervention and entry points varied. The AHI/CIP approach focused on commodity development, in this case improved seed technology. ERI, on the other hand, used a beneficiary and territory, rather than a commodity, as a starting point for technology and market development. With the ERI approach, producers were empowered to collect market information to test new crop varieties for food and income security and to plan collective marketing strategies that increased their competitiveness in national and international high-value markets. Project experiences showed that the ERI approach was highly useful for empowering farmers to become more active decision-makers within markets (Sanginga et al. 2008). During both AHI and ERI interventions, the focus was on improvement of innovation and knowledge capacity of producer groups to improve their ability to experiment with new technology and to interface with research and development agencies, as well as building business skills to improve the position and market power for producers' groups. At the time of the research AHI and ERI had both been phased out from the area.

Data Collection and Analysis

The Nyabyumba Farmers Association is comprised of seven groups. Six are independent groups with members based in neighboring villages. The seventh is an apex group whose

members are affiliated with the other six groups. The six independent groups included the Nyabyumba Farmer Field School (FFS), Rushongati Farmer-Run Field School (FRFS), Buranga FFS, Rushebeya FRFS, Nyabyumba Church of Uganda FRFS and Kikore Tukorerehamwe FRFS. In contrast, the Nyabyumba Irish Potato Growers membership is constituted of the 20 most successful potato producers within the association who also hold membership in the other six groups. Producers within this group are expected to produce and supply the bulk of demand from Nandos, as well as provide leadership in finding new markets for the association and in the organization and administration of the SACCO.

This study is a case study of the NFA with the members of the association forming the unit of analysis. Data collection included focus group discussions and in depth interviews with members of the association. Focus group discussions were conducted with each of the producers' groups in the association. During informal conversations with producers and development workers who had worked with the association since its inception, it became apparent that group leaders in the association were accorded very high social status and as a result are able to exercise a great amount of social power. Group members often tended to defer to group leaders' opinions and points of view. To lessen this leadership effect and encourage more interactive group dynamics, group leaders were not included in the focus group interviews. As the leaders of the six groups were also members of the Nyabyumba Irish Potato Growers, their opinions and views were captured during the focus group discussion with that particular group.

Prior to conducting focus group discussions, I met with the association chair, vice chair, and association secretary and requested a categorization of the groups according to the consistency of supply to Nandos. The six groups were divided into three general categories. Groups that were relatively successful, meaning their members produced and supplied Nandos potatoes regularly,

those that were moderately successful, and struggling groups whose members supplied Nandos irregularly. This group division was also confirmed by development workers working with the community. A general meeting was also held with association members to discuss how the focus group discussions and interviews would be conducted. Group membership had changed considerably since the inception of the association. Starting with 120 members, the association was reduced to 92 members at the time of the study. Additionally, there had been significant membership turnover in some of the groups. As a result, it was suggested that only ‘active’ members be included in the study. Active members were producers who regularly participated in group activities, including coming to group meetings, participating in the SACCO, and were perceived to be energetically seeking to become strong potato producers. This last distinction is important, as some producers who had not sold any potatoes to Nandos since joining the association were still considered active members, although they were not viewed as successful farmers. This is because community members employed additional criteria, particularly related to ‘group reproductive’ activities. Such reproductive activities included making bricks for the construction of a new church or providing labor for growing potatoes on the church plot. The importance of these reproductive activities is discussed later in the paper.

Two churches, the Church of Uganda and the Catholic Church, provided the only socially appropriate public meeting spaces within the community. All focus group discussions were conducted at the Church of Uganda (COU). The COU has always been the preferred venue for general association meetings and training. This preference was related to the fact that the chairman of the association was also the catechist of the COU. Spatial arrangements during focus group discussions were flexible. At the onset of the discussions, members were seated in a circle. As focus group discussions included other methodologies, such as the use of vision

diagrams, participants were able to move around as the discussions progressed. The focus group discussions were conducted in Luchiga and were moderated by a research assistant trained in facilitation and interviewing skills. Although an interview guide was designed with the assistance of the research assistants, a non-directive approach was employed during the discussions. This provided a greater opportunity for participants to express their views and therefore bring about a better understanding of the dimensions of the research issues. Another research assistant assisted in the translation during the discussions. Pictures 2 and 3 show members of the NFA during focus group discussions. Both research assistants are very familiar with the community and the development of the Nyabyumba Farmers Association. Both have been involved in research and training conducted by CIAT and Africare. Translation during the discussions allowed me to take notes of the discussion, to ask follow up questions and clarify responses.

Picture 2: discussion on advantages different marketing channels



Picture 3: Sitting in circle before start of focus group



Households included in the in-depth interviews were selected during the focus group discussions. Table 3 below shows the number of households interviewed in each of the groups. Selection occurred through a simple selection process. A basket with pre-folded cards was passed around and focus group participants picked a non- interview or interview request card.

Those who had picked cards with an interview request were informed that participation was voluntary and they could choose to withdraw from the interview process anytime. None of the potential interviewees declined to participate in the study. Ten households were drawn from each of the three group categories (successful, moderately successful and struggling). In addition, 10 members of the Nyabyumba Irish Potato Growers were also interviewed. A total of 40 in-depth household interviews were conducted. A majority of the producers preferred to have the in-depth interview conducted at their respective homes with the rest of the household members. Only three of the 40 interviews were conducted at the COU. Each interview was conducted at a time preferred by the group member. Like the focus group discussions, interviews were conducted in Luchiga with the assistance of the two research assistants. One research assistant conducted the interview in Luchiga and probed for further responses while the other assistant translated the responses, and I took detailed notes following the translation. Field memos and field notes comprising observations and initial ideas for analysis were also written during my time in the field. They captured initial thoughts on responses from producers, additional encounters with producers outside the interview and focus group discussion contexts, difficulty encountered during interviews or focus group interviews as well as tentative ideas for analysis including potential broad themes for analysis.

Data management and analysis was conducted through NVivo qualitative data analysis software. Transcribed interviews, notes from focus group discussions, field notes and field memos were entered into NVivo as Word documents. In NVivo, the documents were saved under a project and within the project under individual folders. Initially, coding was done by creating free nodes both for the interviews and the focus group interviews. Creating free nodes was important in creating themes and allowed comparisons among interviews as well as among

focus groups. In the subsequent step, tree nodes were created with sub-nodes clustered under the tree nodes. Sub-nodes were useful in beginning to explicate the patterns and links between relationships and observed themes during initial free coding. During the coding process, memos were written and saved in NVivo. Memos during the data analysis process included ideas on the integration of tree nodes into a coherent interpretation of the data and on the development of conceptual ideas.

Table 3: Number of Association Members Interviewed

Groups in Nyabyumba Farmers Association	Total Membership by Group	HH Interviewed
Nyabyumba Irish Potato Growers	20	10
Successful		
Nyabyumba Farmer Field School	23	7
Rushongati Farmer-Run Field School	11	3
Moderately Successful		
Buranga Farmer Field School	11	6
Rushebeya Farmer-Run Field School	8	4
Struggling Groups		
Nyabyumba Church of Uganda Farmer-Run Field School	24	8
Kikore Tukorerehamwe Farmer-Run Field School	7	2
	92	40

Findings

Changing Market Demand and Increasing Input Prices

From 2007 onwards, when the agroenterprise project was completed, the group found it increasingly difficult to maintain the quality and quantity of fresh potatoes needed to supply Nandos year round. At the time of the study in 2008, the group had undergone various transformations in the coordination of marketing activities as well as in the decision-making process. Producers pointed to changes in the market, institutional support, association membership, and physical environment as the precipitants for the transformation in participation in marketing activities and decision-making processes.

Declining market demand for seed and ware potatoes was an important factor in transforming the context for the group. The successful production of potatoes for Nandos was linked to and mediated by seed and ware potato production and marketing. Fertilizer and fungicides are key inputs in the production of the large tubers needed for Nandos. Producers depended on the sale of seed to buy these inputs needed to grow chip potatoes. While chip potatoes sold to market for approximately UGX 32,000, a bag of seed potatoes cost UGX 60,000-80,000. Ware potatoes fetched the most varied prices, ranging from approximately UGX 3,500 per basket to UGX 21,000-30,000 per bag. Potatoes were typically sold in bags of 80 and 100 kg. However, producers could also sell potatoes in a variety of volumes ranging from bags of various sizes to baskets to small heaps. While seed potatoes fetch the highest price, it also takes three to six months for the eyes to sprout and mature, and store for another six months under the right conditions. This longevity is significant, as it makes it possible to sell seed at the producer's discretion. In addition to buying inputs, producers used income from seed to pay for production activities such as labor to clear land at the beginning of the season, then weeding, and dehauling, or harvesting. Ware potatoes, on the other hand, were used to meet subsistence food needs, as well as intermediate and quick cash needs. This was because ware potatoes were the most versatile and could be sold through a variety of market channels. Both the seed and ware potato markets depended on the reputation of the Nyabyumba Farmers Association as a source of disease-free seed and ware potatoes. As such, a majority of the seed was bought at the farm gate by intermediaries or other farmers. Ware potato, in addition to selling at the farm gate, was sold at the local market or hawked along the road. With income from ware potatoes used to fill in the gaps in intermediate and immediate cash needs, producers indicated they use the income from Nandos to pay for more substantial household needs, such as school fees or repairs to the home.

For most producers in the association, this market diversification was critical in ensuring a consistent income from potato production over the whole year.

After the genocide in Rwanda, demand for seed and ware potatoes there had been very high. Producers claimed that Rwandese middlemen would initially buy all potatoes, even those that were obviously diseased. As the Rwandese government began to reinvest in its national agricultural system, and in potato production in particular, demand for Kabale seed and ware potatoes from Rwandese middlemen began to fall. For producers, this decline in demand affected the ability to invest in inputs for the production of chip potatoes. This was compounded by a drought experienced in 2006 that forced producers to stop supplying Nandos for two months and modify the coordinated production arrangements. Producers were no longer able to take advantage of growing potatoes in the swampy valleys during the dry season and switched to drip irrigation. The 2008 post-election violence in Kenya also raised input prices significantly, compromising the ability of producers in the association to produce potatoes of the quality required by Nandos. As Uganda is a land-locked country, fertilizer is imported through the Kenyan port of Mombasa and transported overland. Prices for fertilizer and other imported inputs in Uganda are, therefore, particularly dependent on the political and economic stability of Kenya.

Although there were increases in fertilizer prices, drought, and declining demand from Rwanda, new marketing channels were opening up for some producers in the association. Producers in Rushebeya and farmers' groups in Buranga lived furthest from the communal potato store, but were in proximity to a major road, meaning they were able to sell ware potatoes to larger intermediaries and had better access to bigger markets. Buranga producers had also acquired an informal contract to supply ware potatoes to a local high school. Finally, while

Nandos had initially indicated that a set volume of potatoes was needed every month, in reality demand from the restaurant was much more uneven with occasional delays in payments.

These changes in market demand changed the cost attributed to coordination and marketing activities for producers in the struggling and moderately successful groups. Producers had to develop a staggered production schedule in order to supply Nandos, necessitating growing potatoes during unfavorable seasons under adverse conditions. Group members also jointly cultivated some plots to experiment with new production techniques, but also to produce and sell to Nandos for group income. Group income was then used to purchase jointly owned hoes and spray pumps which could be used as needed by group members. At the individual level, producers had to keep track of the bags they were selling to Nandos and had to wait for payment.

For those already struggling to acquire the resources needed, such as labor, a spray pump, or hoes, these changes led to a reevaluation of whether or not to produce for the high-value market. This is evidenced by Joy, a member of the Nyabyumba Farmer Field School, who had previously been an active Nandos producer and was deciding to scale back production for the high-value market at the time of the study. Joy had seen a significant reduction in the amount of household labor as three of her children had married in the previous season. In the past, she was able to rely on her parents to link her to kin who could provide free labor. Her parents had both recently died. While there were labor exchange groups in the area, she had not been invited to join one because of her age. Her husband was a security guard for a local politician and had his own agricultural and livestock-rearing activities. As a result, her husband was unable to provide reliable labor to the potato enterprise.

The potato venture was a means to provide food and other basic needs for the family while her husband's wages provided for larger household expenditures, such as school fees and

medical expenses. Because of the irregularity of household labor and problems with access to a spray pump, she lost a significant portion of her harvest due to blight. At the same time, she had taken out a loan for UGX 200,000 to buy inputs, as she had not sold an adequate amount of seed in the previous season. She bought fertilizer for UGX 100,000 and spent the rest on various inputs, including fungicide. She expected to sell her seed potato in the current season to recoup the money for the loan but the demand for seed had been lax. After saving her potatoes as seed, she had been forced to de-eye the seed and sell them in baskets as ware potatoes. This was a substantial loss in income, as she had sold each bag of seed for UGX 70,000 in the previous season, but sold an equivalent bag of ware potato for UGX 21,000. Because of the dismal harvest and the decline in demand in the previous season, she was struggling to pay back the loan, which, she claimed, accrued an interest of about UGX 10,000 each month. In addition, she had to contribute UGX 1000 every 20th of the month and another UGX 1000 every 5th of the month to the SACCO. Given that her main responsibilities were to ensure the household's food security, she indicated that she was considering producing for Nandos on an ad hoc basis and selling potatoes to the association chairman individually instead of through the group directly to Nandos. This switch would mean that she would opt out of the staggered planting schedule and reduce her participation in-group activities. In addition, she was also considering withdrawing from the SACCO, but had been encouraged by her children to stay. We found that Joy's experience with the SACCO was typical of many producers who were struggling to produce for the high value market. Changes in market demand destabilized the intricately interlinked sources of incomes for producers in the association. As a result, these producers were unable to successfully utilize institutional arrangements (such as the SACCO) that were designed specifically to aid in the production for the high value market.

Producers with resources to produce for Nandos also reevaluated production for the high-value markets with members in one of the farmers groups deciding to only participate on an ad hoc basis. Robina, the chairwoman for Buranga Farmer-Run Field School and a member of the Nyabyumba Irish Potato Growers, is an example of producers in this category. With over 100 acres of land, in addition to potatoes, she grows a wide variety of crops for sale, including beans, maize, sweet potatoes, field peas, wheat, millet, sorghum, green bananas, fruits, avocado, apples, oranges, tomatoes, and guavas. In early 2008, Robina had decided to end participation in the coordinated production of potatoes for Nandos. Instead, whenever the association required additional potatoes for Nandos, she would make individual arrangements with the association chairman. In the season prior to the study, she had planted four acres in potato and harvested 130 bags. She then sold four bags to the association chairman, 50 bags through regular customers, and six bags of seed potatoes through intermediaries. She reserved six bags of seed for replanting in the next season. The remaining 64 bags would either be consumed by the household or sold individually to intermediaries or sold through the open-air market.

Using the skills acquired during CIAT's training in agroenterprise management and business administration, she negotiated guaranteed ware potato marketing avenues for herself and other group members. First, taking advantage of her husband's political connections as a local parish chancellor, she was able to negotiate an informal agreement with a local school, Kigezi High School, to supply sweet and Irish potatoes. Second, since Buranga is near the major road to Kabale town, procurement officers for hotels in the town frequented the area to scout for produce. Robina had carefully cultivated and established long-term relationships with procurement officer in Kabale town and supplied several small hotels with potatoes and other crops that she grew for sale. Unlike Nandos, however, these hotels were mainly interested in

medium-sized potatoes for use in stews. Third, because of the proximity to the road coupled with the reputation of the area as a source of good potatoes, Buranga received a high number of intermediaries seeking to buy potatoes. In addition to receiving price information on a regular basis over the radio, producers in the association had also developed strong internal communication structures for market information. Association members typically discussed the intermediaries to whom they had sold potatoes and at what price. This sharing of market information among association members was critical in minimizing potential price exploitation by intermediaries. The particular combination of alternative marketing avenues available to producers within Buranga reduced the interest in the high-value market channel, which, in comparison, required more inputs and more time and effort to coordinate production and marketing activities.

Joy (Church of Uganda FRFS) and Robina (Buranga FFS) illustrate the complex intricate and fragile relationship between chip, ware, and seed potato markets particularly for producers within struggling and moderately successful groups, respectively. Producers make decisions on whether to grow for the high-value market depending on the success or failure of the crop in other marketing channels. This effect was particularly pronounced for those producers who are already struggling to produce for the high-value market or for those producers who have alternative stable market channels. Changes in market demand lead producers who are struggling to reevaluate whether to invest scarce resources in production for the high-value market or to focus on less risky marketing channels. For the second group of producers, participating in the coordinated staggered production schedule, purchasing additional inputs of fertilizer and fungicide, time needed to monitor and manage disease, and the delay in payment all diminish the benefits of producing for high-value markets if a stable alternative market channel is available.

Interestingly, we found that these producers wanted to maintain membership in the association, but reduce participation in marketing activities associated with production for Nandos. The preference was to sell to the high-value market on an ad hoc basis by making one-on-one arrangements with the association chairman. The price paid on these individual arrangements was made on a case-by-case basis between the producers and the chairman. Price paid was negotiated at the time of sale. Producers reported receiving between UGX 25,000 and 32,000 for a 100 kg sack of potatoes. Moreover, at the time of the study, these individual arrangements had begun to take on additional forms. For instance, two producers with limited resources claimed to have received seed loans from the association chairman and a few of the prominent producers, then repaying the loan in potatoes suitable for Nandos. Poulton et al. (1998) use the term “interlocking transactions” to refer to arrangements in which inputs are provided at the beginning of the season and recovered at the time when the crop is purchased. These arrangements pointed to significant changes in the organization of the group. I interpret the arrangements between producers with limited resources and more successful producers as taking on the characteristics of ‘intermediation.’ Producers with resources began to fill in the role of the private sector in the provision of key services for those producers in need of these services. Perhaps because both wealthy and poor producers in a community were bound by membership to the same association, these relationships were not perceived as exploitative by producers. During our interviews with producers who were struggling to meet market demand to Nandos, only one complained of feeling exploited by these arrangements. As more of the coordination responsibilities fell to fewer members in the association, the relationships between group members in the successful groups with those in struggling groups also changed. Producers in the struggling groups reported that instead of the SACCO or the national extension service, they

relied on individual producers in successful groups for credit and extension advice. This indicates that for poorer producers who were not able to build up the same level of group social capital, personal social connections were still more important than group membership.

Changing Group Membership

While the core leadership and some key members had remained part of the association since the beginning of the association, the membership of the groups had changed considerably. As the association matured, the number of men in the group had declined, while the number of women increased. At the time of the study, the association was composed of 80% female membership. Church of Uganda Farmer-Run Field School was the last group to join the association with a group initially composed of younger female members who left the group after marriage. These original members were replaced by older female community members. The group was almost entirely composed of women, with the chairman being the only man. Kikole Tukolererehamwe was reassembled with new members after the original group chairman had a falling out with the association chairman and had left the group, taking most of the group members with him. Nyabyumaba Farmer Field School had begun with 30 members and at the time of the study had 23 members with only eight of the members considered very active. Church of Uganda Farmer-Run Field School began with 32 members and lost eight members, mostly because these members were young women who had since married and moved away from the community. Both Kikole Tukolererehamwe and Rushebeya groups had lost over half of their original members. The original membership of Kikole Tukolererehamwe had declined to seven members, down from 23. Rushebeya lost 17 of its members, with group membership decreasing from 25 to eight members.

The completion of the AHI and ERI projects was accompanied by the exit of facilitating agencies from the community. Producers indicated that this significantly weakened the institutional support available to the association. Producers had been particularly dependent on the Africare agents to provide technical training and support on the proper agronomic practices and on post-harvest handling. During the period of intervention, Africare agents were the most important source of information for association members. While NAADS extension and training agents continued to work in the area after the completion of the ERI project, they lacked the long history of interaction and rapport that existed between Africare agents and producers. At the time of the study, new members reported that prominent producers in the association were their sources of information of agronomic practices. Farmer-to-farmer sources of information were informal and not systematically organized, leading to differences in the skills and knowledge levels of producers in the association.

Kikole Tukorehamwe and Church of Uganda, the two groups with the majority of new members within the association, showed how the exit of Africare had an impact on the level of knowledge and skills for producers who later joined the group. Because of the late blight and bacterial wilt pressure in the region, disease management was an integral part of the technical training received from Africare. Producers received training on when to apply fungicides during the growing season and on monitoring fields for early signs of leaf infection. Producers who had undergone the training with Africare indicated they had more information on the proper use of fungicide to manage blight and the use of clean equipment to prevent bacterial wilt. Producers who joined the association after the completion of the ERI project had not received this training from Africare. These producers, many of whom belonged to Kikole Tukorehamwe and Church of Uganda, cited other farmers as the primary source of advice on agronomic practices. The

quality of advice, in turn, depended on the quality of the social networks of the individual producer and the amount of time that lead farmers had available to provide advice. For instance, during a household interview, Mauda, a 32-year-old farmer belonging to the Church of Uganda Farmer-Run Field School, complained at length about the significant crop losses she had suffered to disease in the previous seasons. Asked whether she had received or sought any training on ways to reduce the chances of bacterial wilt or late blight, she indicated she had received some training provided by the group chairman. However, she claimed not to have been able to receive advice from any of the other farmers in the association. The only other time that she had received advice on disease management was when the association chairman happened to be passing by and noticed her crop was diseased. He had then stopped to chat and provided advice on disease management. Because of the reliance for information on social networks, rather than systematized training, members of the Church of Uganda and Kikole Tukorerehamwe were not only likely to have received less technical training but there were also significant discrepancies in the level of knowledge on appropriate agronomic practices, post-harvest handling, and Nandos quality requirements. Some of the group members had extensive knowledge of disease management practices, while others were unsure of the best methods to control both late blight and bacterial wilt. In contrast, discrepancies in the knowledge level of other groups in the association were minimal. As these changes in the motivation for participating and level of involvement in-group activities occurred, responsibility for coordination of group activities and decision-making within the association fell on fewer group members. The association survived by developing a more hierarchical group structure and abandoning the coordinated market schedule.

Producers who had joined the association at the start of the AHI often recounted intense experiences during the initial stages of the project and the importance of that period for building the identity of the groups and social connections among producers. In addition to weekly training and experimentation with agronomic practices, which created especially strong bonds among the initial members of the association producers, particular events from this early period had become logged into the collective memory of association members. For instance, after we finished a focus group discussion with Nyabyumba Irish Potato Growers, the producers began another conversation about the initial days of the AHI intervention. During the conversation, two events came up as examples of defining moments for the shared identity of the association.

First facilitating agencies had provided the group with seed potato at the beginning of the intervention. However, because of the high level of poverty at the time of the intervention, almost all group members had actually eaten the seed potatoes for dinner on the same day they received the input. The exception was the association chairman, who had slept hungry, but preserved the seed for planting. Second as part of the health and nutrition component of the intervention, Africare encouraged producers to undergo HIV/AIDS testing. At the time, due to the high level of stigma associated with the disease, none of the community members had wanted to undergo the testing. After much deliberation among the group members, the association chairman volunteered to go for testing and announce the results to the rest of the community members. He also convinced another community member, a young widow, to volunteer for testing. It is during these events in the beginning of the association that the moral and group leadership of the association emerged. Leadership and authority in the association, therefore, became associated not only with hard working members, but also with a demonstrated history of bravery and morality. For newer members of the association who joined the association after the

structures of the association had already consolidated, it was difficult to attain the criteria needed to demonstrate leadership. As a result, all the leaders of the association, excepting Kikole Tukorerehamwe, had been part of the association from the beginning. It is important to point out that older members of the group did not explicitly exclude or limit the participation of newer members; rather the preexisting criteria for determining leadership (based on morality, age and gender) persisted even after the ERI and AHI interventions. Other opportunities for leadership were slowly opening up within the community. For instance, the role of community mobilizer was particularly important in allowing young group members to demonstrate leadership within the community.

The weekly meetings for training between the groups at the beginning of the intervention were also important in building social support networks among the original members. Members of groups formed during the intervention, Nyabyumba Farmer Field School, Rushongati Farmer-Run Field School, Buranga Farmer Field School, and Rushebeya Farmer-Run Field School had maintained these regular meetings even after the end of the intervention. This sustained interaction was missing from the groups formed later on. Producers in Kikole Tukorerehamwe only met when asked by the group chairman. Church of Uganda Farmer-Run Field Group members met more regularly. But as the group was also convened to help with Church of Uganda activities, group meetings were more likely to be focused on organizing alternative group activities, such as making bricks for building a new church.

Given the challenges that some group members faced in supplying Nandos, preferences for ware market rather than Nandos and limited chances to demonstrate leadership, I explored why some members who could be perceived as disadvantaged, nonetheless chose to remain in the group. For members who had access to a stable alternative market, participation in the SACCO

was one of the reasons for participating in the association. In addition to this, members indicated that membership in the association was important for maintaining links with other potato growers.

The motives for members within struggling producers groups to supply the high-value market to remain within the group were more complicated. Through group membership, producers were able to access resources that they otherwise would not have. Although wealthier producers were able to buy household equipment, poorer households were only able to use jointly owned equipment, including hoes and spray pumps. In addition to providing access to farming equipment, the association also provided group members with the opportunity to develop social networks with the other members in the association. Most female producers in the association reported forming merry-go-round groups with other members from the group. Merry-go-round groups were so popular that nearly all of the female members in the study expect that those who were part of Nyabyumba United, belonged to at least two of these rotational savings groups. These groups ranged from rotational meat and rice groups, in which members saved up to buy food for festivities, to cash savings groups where the saved money was disbursed to a member after an agreed-upon period of time. But, more importantly, many association members who did not have the resources to supply Nandos used social networks formed through the association to form both commercial and noncommercial labor groups. For instance, Vangi, the 37-year-old producer who had two children who were too young to work in the field, had two acres of land. In the previous season, she had planted one plot in potatoes with one bag. She harvested four bags of potatoes. She used part of the harvest for food and stored some as seed, but did not sell any of her harvest. When talking about her major reasons for remaining in the association, she mentioned that casual labor for other association members was a major part of

her livelihood. Other producers not able to produce for Nandos, also reported taking advantage of other preexisting social arrangements, such as norms that dictated that casual laborers could glean the fields after the completion of a harvest. These important institutional arrangements for poorer community members were beginning to weaken. For instance, some farmers complained of the high cost of casual labor considering that the workers were sometimes fed and allowed to glean. Wealthier female farmers often indicated during interviews that they would never perform casual labor for another community member as this would be demeaning. Moreover, although merry-go-rounds were popular, there was a distinction in the types of merry-go-rounds to which well off and poorer women belonged. Poorer women often belonged to food merry-go-rounds in addition to other cash merry-go-rounds. During interviews and conversations, wealthier women often scoffed at food-based merry-go-rounds.

The changes in group membership led to changes in the motivation of producers to participate in the association. While some members participated in the group to keep access to financial services, others participated in order to have access to social networks, leading to changes in the goals of the groups.

Discussion and Conclusions

This study focused on the role that increasing input prices, changes in group membership, and unpredictable market demand played in altering the coordination of and participation in marketing activities within the association. Data were gathered from the Nyabyumba Farmers Association (NFA) in southwest Uganda. The NFA is a market-oriented association that has been supplying Nandos, a fast-food restaurant in Kampala Uganda, with chip potatoes since 2002. Although this is a case study and therefore cannot be generalized to producer groups in the region, it nonetheless provides important insights into areas for further research.

The study raises several important issues with regard to current strategies to promote economic growth through the commercialization of small scale agricultural sector. Following the recognition that large scale agriculture is only likely to be competitive in SSA under a limited set of conditions, commercialized small scale agriculture is now seen as the most viable option for promoting development within the sector (World Bank 2009). The sector is seen as having the potential to contribute significantly to economic growth, as it accounts for approximately 30% of GDP and between 70 and 80% employment (FAO 2006; World Bank 2007). Additionally, approximately three quarters of the population in the region still lives in rural areas and is engaged in agricultural activities. Commercialized small scale agriculture, therefore, has great potential to contribute to large scale poverty reduction (World Bank 2009). Capitalizing on small scale agriculture through commercialization, however, requires investment in service provision as well as capacity and institution building at the producer level. This investment has tended to be carried out by development agencies which often have a short timeline before they exit the community.

Capacity and institution building at the producer level, however, is a long term and continuous process. This study shows that when facilitating agencies exit the community, there may be a substantial weakening of the technical support available to producers even in the presence of a national extension system. In this study, we found that knowledge sharing between initial members of the association and more recent producers was heavily dependent on the structure of social relationships of these newer members. For groups which had experienced significant turnover in group membership or those that had been formed later in the life of the association, this resulted in significantly uneven knowledge and skills in production techniques and quality requirements for Nandos.

This result points to the need to develop capacity building models which create ongoing standardized training for techniques and skills needed in producing for high value markets. For instance, the professionalization of the farmer-to-farmer training models and its incorporation into the extension system may be useful in this regard. This would involve the identification of farmer educators who receive continuous training, are employed on a part time basis, and supervised by the local government extension agent and the producers group. These producers would provide information on agronomic practices and business development skills to groups and group members for a fee. Such an arrangement would have the benefit of taking advantage of community ties but remain separated from the personalized knowledge sharing networks. This is a departure from the Farmer Field School model in which a modest level of capacity building is generally achieved, despite utilizing farmer-to-farmer networks.

Interviews with producers revealed that changes in the market environment particularly input prices and unpredictable market demand increased the perceived cost in time and effort spent on marketing activities. As a result, some producers in the association opted out of marketing activities for Nandos but still participated in other association activities. As a result, there was an increasing divergence in the types of institutional arrangements on which different association members relied to pursue a livelihood. Producers who had access to alternative markets that required fewer inputs and marketing activities preferred to participate in the Nandos market on an ad hoc basis through individual arrangements with the association chair. This reassessment of the 'cost' in terms of time and effort for participating in the high-value market also occurred for poorer households within the association. However, producers without the resources to effectively participate in the Nandos market favored subsistence production and reverted to ad hoc market participation. It is interesting that producers who had made the

decision not to participate fully in marketing activities did not desire to withdraw from the association. These members, instead, participated in order to have access to the auxiliary institutional arrangements that developed or persisted alongside the association such as casual labor, merry-go-round groups and gleaning.

On the surface, the finding that producers within a market oriented association depend on differentiated institutional arrangements as the association matures is not surprising. This finding, however, may have profound implications for interventions aimed at linking small scale producers to markets. Access to more formal institutions (for instance provision of credit) has been cited as fundamental to the successful development of commercial agriculture. But major challenges in creating self-sustaining formal institutional arrangements remain (World Bank 2009). As this study shows, changes in market conditions produced corresponding changes in the willingness to participate in new formal institutions. Producers in moderately successful groups were unwilling to undertake the risk involved in the participation in the SACCO once the complex supporting relationships between the different market channels started to change. Additionally, for those producers who were in struggling groups, the preference was for participating in the association in order to take advantage of pre-existing institutional arrangements and avoid participation in the SACCO. This indicates that there is a need to create flexible formal institutions that can survive the ebb and flow of participation by producers.

This study also shows that while training in business skills is critical, it is also important for facilitating agencies to strengthen other types of institutions that became important for poorer households within the communities of intervention. This can be done, for instance, through strengthening arrangements that protect the rights of casual laborers within market-oriented communities. These local institutions for the poor are critical if whole communities are to benefit

from the push to link small-scale farmers to markets, not exclusively those farmers who have access to resources.

The emergence of the moral and brave leadership model within the association, along with the changes in the knowledge exchange relationships between wealthier and poorer producers provides another fruitful line of further research. Relationships between wealthier producers and poor producers within the association were transformed following changes in the market demand, group membership, and input prices. Wealthier producers provided both advisory and financial services to poorer producers. These relationships were, however, not perceived as exploitative by other group members. We speculate that this is because of the strong linkages between community members allowed even producers who were unable to produce for the high value market to still take advantage of alternative markets and avoid exploitation by intermediaries. The strong community capital and the emergence of a brave and moral model of leadership created expectations that everyone would be treated fairly, although not all association members interacted equally with association leaders. This belief ensured the survival of the association through challenging processes of long term change.

Because current approaches of linking farmers to markets through groups are still new⁸ there is limited research on the emergence of different types of leadership within market-oriented groups and how these affect the ability of groups to adapt to environmental changes, as well as the effect of the type of leadership on the character of interlocking transactions that eventually develop. There are also very few studies (I found one, Sanginga et al. 2008) that have analyzed the importance of leadership in the success of market-oriented groups relative to participation from members in the region. These relationships were, however, not perceived as exploitative by

⁸ Previous examples include the heavily promoted farmer cooperatives in the 60s 70s and early 80s (Sanginga et al. 2006)

other group members because several ‘safeguards’ prevented the emergent relationships from being exploitative

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CHAPTER 5: CONCLUSIONS

This chapter reviews and summarizes the dissertation research. After a brief background to the study, I outline the objectives of the study and data collection methods. Second, I summarize and discuss our results. Third, I provide recommendations for further research.

This dissertation links two broad themes of importance to current processes of institutional change for food systems in SSA: the impact of changes in the domestic context including liberalization in the food sector and urbanization policy in the region; and the influence of global retailing institutions, in particular, private food standards. The study explored this in the context of the increase of new forms of retail in the region. These emerging food retailers include supermarkets, fast food restaurants, cafés and hotels, which have become a nascent feature of food distribution systems SSA and are gaining an increasing share of the urban produce market. Although their market share is still limited and will remain so for the next two decades, this dissertation argues that a study of these retailers provides important insights into the process of retail modernization currently underway in SSA. Since these retailers are linked to global food institutions but embedded within local market contexts they are currently engaged in negotiating institutional elements central to changes taking place within institutions.

Fieldwork was conducted in Uganda. As the country is still in the beginning stages in the establishment of emerging retailers, it provides a unique opportunity to examine the development of institutions. The dissertation analyzes the procurement strategies of emerging food retailers (supermarkets, hotels and fast food restaurants) in Kampala, Uganda, the impact of these procurement strategies on intermediaries and small-scale producers. Procurement strategies are conceptualized as representative of incipient institutions which will influence access to markets and the power of producers and intermediaries within the food system. The study examined the

impact of changing procurement strategies on intermediaries as they are key embedded actors. Small scale producers' groups are now conceptualized by donors and governments as key stakeholders in the development of a market oriented agriculture in the region. This study also addressed the processes of institutional change within FMOs. The goal of this study was to contribute to understanding the impact of the processes indicated above in reshaping the institutions at the retail level and at the producer level.

The study has the following guiding research questions:

- What are the social mechanisms through which coordination characteristics associated with globalized food systems are transmitted to domestic context in ESA?
- Given that the development of new forms of coordination within supply chains creates fundamental changes and tensions in the institutions that govern supply chains, including the criteria used to evaluate interaction and new forms of organization among actors within the supply chain. What are the adaptive livelihood responses of intermediaries and producers to the resulting tensions in institutional arrangements within supply chains in ESA?
- What are the potential implications and impacts of institutional change on actors within the supply chain?

The study draws on the Sustainable Livelihoods Framework augmented by perspectives from the sociology of markets, and concepts from conventional theory and organizational theory to understand the process of institutional change. The SLF is an actor oriented approach that was developed by scholars and practitioners in the 1980s in order to understand the multifaceted nature of poverty and the diverse ways in which the poor use the resources available to them to pursue a livelihood. While the approach has been employed to understand the livelihood strategies employed by households and individuals, it has less commonly been employed in

analyzing institutional change within social fields. Additionally, although collectives have been identified as part of mediating institutions within the SLF, there has been limited explicit focus on group level processes of change. Conventions theory is concerned with explaining how economic coordination occurs in uncertain institutional environments where everyday action cannot be pegged to an underlying universally agreed upon organizing principle. As such the theory is useful in analyzing institutional change at the social field level. Organizational theory, on the other hand, is concerned with the analysis change within organizations. While the theory has mostly been concerned with analyzing change within western firms, the underlying principles within the theories are useful in providing a basis for a systematic analysis of FMOs in SSA. Institutions are conceptualized as the norms, rules and logics which govern the exchange of produce and form the cognitive frameworks for evaluating action for actors within food systems.

The data collection was conducted in two field sites in Uganda beginning in May 2007 and ending in June 2008. I employed a qualitative methodology in order to capture the dynamics of institutional change. The first part of the research was conducted in Kampala. In-depth interviews were conducted with the procurement officers and owners of 14 emerging retailers. 25 suppliers to these retail outlets were also interviewed. In addition, I engaged in participant observation during a three week period by working in the produce section of a supermarket and the kitchen of a fast food restaurant. The second part of the research was carried out in the southwestern highlands of the country, in Kabale district. This phase of the research involved a case study of a small scale producer association supplying chip potatoes to Nandos, an international fast food restaurant in Kampala. I conducted seven focus group discussions and in-depth interviews with 40 households within the association. NVivo, a qualitative data analysis software, was used to draw themes from the data.

There are three articles in this dissertation. The first article analyzes the influence of private food standards on the procurement strategies of emerging retailers in Kampala, Uganda. The second article is a conceptual article, which aimed to explore how the sustainable rural livelihoods program can augment the sustainable rural livelihoods framework in analyzing change within producer groups. The last article is a case study of the Nyabyumba Farmers Association that examined how the association adapted to changes in market demand and association membership.

In analyzing the influence of global private food private food standards on emerging food retailers in Kampala, I found that the procurement strategies of these retailers are comprised of aspects from formal global private food standards and informal local retail institutions. These hybrid procurement strategies represent incipient institutions influencing access to markets and the power of intermediaries and producers within the food system. Most of the research on the impact of emerging retailers in SSA has focused on the potential exclusion of small-scale farmers from the supply chains of these retailers (Makoka 2005; Neven and Reardon 2004; Reardon et al. 2003; Weatherspoon and Reardon 2003). As the study shows however, the hybridity of the procurement strategies within food systems may create interstices for small-scale actors to innovate and come up with new livelihood strategies. For instance, the knowledge investment of women lead farmers operating as specialized small-scale suppliers that source from other small-scale producers represents an alternative to the financial investment strategy employed by the larger suppliers. At the producer level, the strategies employed by producers to engaging in markets are varied with some households regarding emerging retailers as a chance to diversify their engagement in food markets. These findings indicate that small scale producers and intermediaries are responding to changes in innovative ways by forming new alliances with

other actors within supply chains but also by creating interesting ways in which to diversify their market involvement. This provides counterpoints to and complicates the narratives of marginalization and powerlessness in the literature on the impact of emerging retailers on small scale actors. These findings show that there is a need for further research into the responses of intermediaries with regard to the variety of responses small scale producers and intermediaries are developing in responding to institutional change within food markets in the region.

Emerging retailers in the study fell within three categories. First were retailers that are linked to particular global private food assurance schemes and therefore articulated specific standards along with mechanisms to ensure supplier compliance. Second were retailers that have articulated standards but do not have formal enforcement mechanisms for suppliers as part of these standards. Most of the retailers in the study fell within this second category. Lastly, are retailers that envisioned belonging to an international food retail community but relied entirely on local informal institutional arrangements. By claiming membership to an imagined international modern global retail community serving a perceptive consumer this last group of retailers is indicative of the changes occurring in the underlying principles and cognitive frameworks that guide action within urban supply chains. These retailers show that changes in cognitive frameworks are not only informed by structural economic forces, such as the entrance of women into the workforce or rising incomes but that, increasingly, other factors such as the cultural economies of urban areas will become important drivers in the increase of emerging retailers in the region. Cultural economies will become particularly important as perceptions of food quality and diets among urban consumers change. Consumer consciousness as has become articulated in Western food systems with concerns centering on issues such as traceability and organic production is generally not present in African food systems. Yet the presence of

emerging food retailers indicates that there are changes underway in the way that consumers perceive the food they buy. As such, an area for further research will involve not only the changes in the cognitive frameworks of retailers but also those of urban consumers.

In reviewing the literature on market-oriented producer groups in SSA, I identified a gap in the conceptualization and analyses of long term change within these groups. The second article in this dissertation addresses this gap by integrating concepts from theories of organizational change into the sustainable livelihoods framework (SLF). In augmenting the SLF to focus on the organizational level, the paper hopes to contribute to a better understanding of the long term change in group level processes as FMOs mature and respond to environmental change. Utilizing an SLF framework that focusses both on livelihoods and group level processes is important in understanding the scale, timing and complexity of change within FMOs. Such an understanding is important as it may have utility in developing models for the management and improvement and strengthening capacity of FMOs to respond to environmental and internal change, particularly after the facilitating organizations exit.

In the last article, I presented a case study of long-term change within a market oriented farmers' association; the Nyabyumba Farmers Association in southwest Uganda. The association has been supplying chip potatoes to Nandos fast-food restaurant in Kampala since 2003. I explored how the changes in market demand and membership initiated corresponding changes in the motivation for producers to participate in-group activities for the production to Nandos. I found that although belonging to the same market oriented farmers' association, resource poor households and wealthier households participated in and nurtured different local institutional arrangements compared in the pursuit of a livelihood based on market oriented agriculture. The results show that as the group matured, wealthier group members preferred to participate in the

group so as to have access to the Savings and credit cooperatives (SACCO) while poorer group members used group membership to take advantage of preexisting institutional arrangements including merry-go-rounds and casual labor groups. This may show a tendency for the bifurcation in the local institutions relied on by households within market oriented associations as these organizations mature over time and respond to environmental change. This raises important questions on how market oriented producers' organizations can be designed so as to take into account the eventual differentiation in local institutional arrangements.

The commercialization of small scale agriculture with FMOs playing a central role is now a dominant narrative within policy and development initiatives in SSA. As this study shows, after the exit of facilitating organizations, distributional inequalities to agricultural services may persist for producers in FMOs even in the presence of state extension services and that groups respond this inequality over the long-term by forming alternative internal structures for service provision. This finding harkens back to the classical debate on the role and failure of the state in the provision of services versus market failures which prevent the private sector from coming in to fill in the gaps left by exiting agencies. As this debate has been addressed elsewhere in the literature, this dissertation did not focus on this aspect. Rather, I argue that further research is needed on the parallel adaptive strategies that are developed by producers themselves and how these can be formally incorporated into the formal extension or existing private service provision systems.

Finally, a critical area for further research in institutional change within SSA regards intermediaries and traders within open air markets. During dissertation research, I became fascinated by how food traders in open air markets were responding to the perceived competition from emerging retailers. I found that open air markets were particularly responsive demands

from consumers and introduced new practices ranging from providing processing services to consumers to providing producers with seeds. Traders are the critical link between producers and consumers, production and consumption, urban areas and rural areas. The organization of the food system in the region is dependent on the functioning of these particular actors who have built up an incredible social and institutional infrastructure. Scholars of food systems in SSA have focused on how to ensure better market access for small-scale rural producers. As a result of historical and political factors, governments and development organizations in the region have sidelined traders or actively sought to bypass them in the process of linking producers to markets. At the same time, traders have been inserted into struggles over the control of urban spaces and contested social meanings related to food provision as consumer tastes in the region shift. Research into the adaptive responses of intermediaries, therefore, forms an important area for further inquiry.