

A photograph of a woman in a field, wearing a maroon hoodie and a white beanie, looking towards the camera. In the background, another person is working in the field. The scene is set in a rural, hilly area with green vegetation and a cloudy sky.

# Facilitating Equitable Agriculture Development

The case of Uganda

# Facilitating Equitable Agriculture Development in sub-Saharan Africa

The Case of Uganda

*By Ndebesa Mwambutsya*

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**CUTS International, Geneva**  
37-39, Rue de Vermont,  
1202 Geneva, Switzerland  
Tel: +41.22.734.6080  
Fax: +41.22.734.3914  
E-mail: [geneva@cuts.org](mailto:geneva@cuts.org)  
Website: [www.cuts-grc.org](http://www.cuts-grc.org)

Ndebesa Mwambutsya is a senior lecturer of History and Development Studies at Makerere University. In addition to lecturing, he has been a Civil Society activist involved mainly in advocacy work for fair multilateral trade. He is also a research associate at Centre for Basic Research and his main areas of interest are History of Development and Linking Global Processes to Local Development.

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# Introduction

Since the 1980s, African countries such as Uganda have undergone a shift from state-led to a market-led economic regime, and embarked on free market reforms in the Agricultural Sector. These reforms have necessitated the introduction of new policy, legal and institutional framework. In turn, these have resulted into the emergence of new actors or the changing role of the old actors in the agricultural value chain. For example, the role played by the agricultural co-operatives and state-controlled marketing Boards is currently played by the traders and investors. However, these new developments have created institutional framework challenges. These reforms have also relatively resulted into linking small-scale farmers to the market than before, but have not necessarily translated into benefits to them.

The shift of actors in the agricultural sector has led to tensions and debate around the role of traders and investors. The role of middlemen traders and investors is sometimes perceived by farmers and civil society activists as exploitative and negative, and the interaction between them borders on hostility. However, eliminating middlemen from the value chain is not an option because the

agricultural production and marketing services rendered by the traders and investors is a necessity. What is required is not elimination of private sector actors, but rather improving relations among the farmers, traders and investors.

This study, therefore, aims at identifying and promoting elements of an enabling institutional framework environment for positive interaction and equitable terms of trade among farmers, investors and traders. The ultimate goal is to ensure that such positive interaction can lead to inclusive agricultural development in Uganda, and in so doing, reduce incidences of poverty in the country.

According to the latest UNPFPA State of the World Population Report (2011), the majority of Ugandans live in abject poverty. 52 per cent of the population live below US\$ 1.25 a day, the majority of whom live in rural areas, depending on agriculture for their livelihoods.

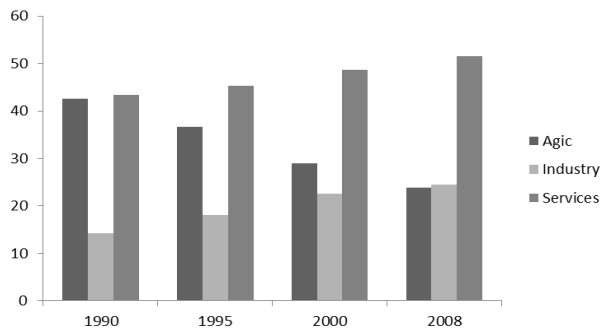
Promoting elements that lead to equitable terms of trade among the agriculture-dependent population is therefore an important route to fighting poverty and promoting equitable growth.

## 1.2 Brief economic, trade and social profile of the agriculture sector in Uganda

Although the share of agriculture to total GDP in Uganda has been declining since 2001 as shown in figure 1, it still remains a fundamental base of the country's economy. Its share of GDP has declined from 50 per cent in the 1990s to 23.7 per cent in 2008/09. It however employs 80 per cent of the population.

Between the years 2000 and 2008, the share of agriculture to GDP fell rapidly (*See figure 1 below*) while that of industry registered impressive growth

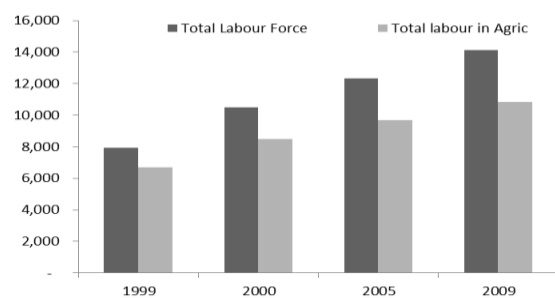
rates. In 2008, industry and agriculture converged at about 22 per cent. While the decline of agriculture contribution was mainly on account of growth of other sectors, particularly services, it is also true that agriculture productivity has also been declining on account of limited application of scientific methods and inputs.

**Figure 1: Agricultural Contribution to GDP**


Source: UNCTAD Statistical Handbook (2010)

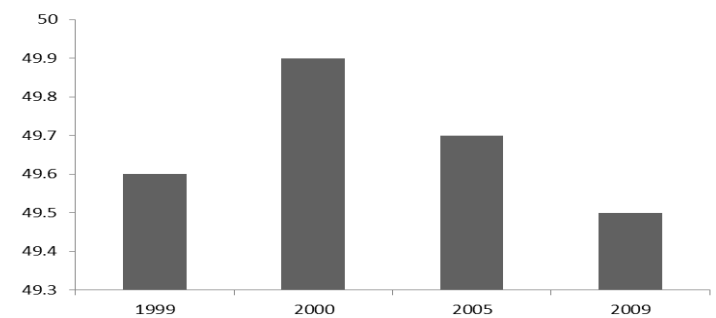
Agriculture contributes significantly to Uganda's employment. As demonstrated in figure 2 below, the number of people employed in Agriculture has been on the increase since the 1990s. This may be partially due to the failure to get non-agricultural work. The available evidence suggests that the bulk of the people employed in the Agriculture sector are subsistence farmers and fishermen.

While the absolute number of people employed in agriculture has increased, this number has gone down in relative terms as shown by Figure 2 because of increased population.

**Figure 2: Total Labour Force Trends**


Source: UNCTAD Statistical Handbook (2010)

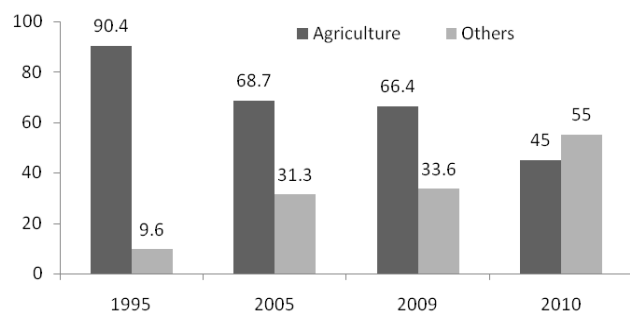
The agricultural sector also employs the majority of women in the rural areas as illustrated in Figure 3. Between 1999 and 2009, close to 50 per cent of agricultural workers were women.

**Figure3: Percentage of Female Labour in Agriculture**


Source: UNCTAD Statistical Handbook (2010)

With regard to trade and according to official figures, Agriculture currently generates 45 per cent of export earnings. Coffee, tobacco, tea, cotton, cocoa, cut flowers and maize are the major export crops, and together with oilseeds, sugar cane, fish and livestock, provide raw materials for the expanding agro-processing sector for both home and export trade.

Figure 4 below illustrates the significance of agriculture in the country's exports.

**Figure 4: Percentage share of Agriculture in Uganda's Exports 1995-2010**


Source: UNCTAD Statistical Handbook (2010) and Uganda Export Promotion Board specifically for the 2010 data.

As illustrated in the figure above, agriculture as proportion of total exports is falling. This is mainly due to increasing importance of services and the growth of the regional markets of East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA) that have provided impetus to processing as most of



Uganda's manufactures easily find markets in the region.

### 1.3 Main elements of relevant policy and legal framework

Several policy and legal frameworks related to and which inform agricultural production and marketing in the country are identifiable. These range from ministerial policies, treaties, incentives, plans and strategies for supporting agricultural development, investment and trade. The main ones and their implications on farmers, investors and traders are:

- Country Agricultural Plan (CAP) launched in 2010 and supported by the African Agricultural Commission which has led to the development of Strategic Investment Plan for the sector.
- Small and Medium Enterprises (SME) Development Policy put in place in 2009. This focuses on SME development especially for the Agricultural Sector.
- Plan for Modernization of Agriculture of 2000. This is a macro framework for stimulating agricultural development. It's cross-sectoral and pays special attention to infrastructure development for agriculture.
- National Agriculture Advisory Services (NAADS) established in 2005. This currently is the main programme directly extending subsidies and extension services to small holder farmers throughout the country.
- National Trade Policy and the National Export Strategy of 2007. These mainly seek to promote agricultural exports into international markets.
- Rural Development Strategy (RDS) of 2006 which is based on four themes of increasing farm productivity, adding value and ensuring a stable market.
- Prosperity for All (PFA) of 2006 which aims at boosting Production, Processing and Marketing of agricultural produce.
- Agricultural Sector Development Strategy and Investment Plan 2010/11-2014/2015.
- Northern Uganda Rehabilitation Plan (NURP) and Northern Uganda Social Action Fund (NUSAF) which are regionally focused, but also lay strategies for promoting rural development have also been put in place.
- The National Trade Sector Development Plan (NTSDP 2008/09-2012)
- The National Development Plan (NDP) of 2009. This is the overall guiding policy framework for Uganda, and has a chapter specifically detailing the framework for Agriculture

Alongside the national legal framework documents that have guided, influenced and continue to shape agricultural production and marketing, are regional and international agreements, treaties and framework initiatives. These include: The WTO agreements, the UN Millennium Development Goals (MDGs), the Africa Growth Opportunity Act a US unilateral initiative, Everything But Arms (EBA) a bilateral initiative of European Union (EU), The Cotonou Agreement between EU and African Caribbean and Pacific States (ACP), bilateral treaties with some countries such as China, the COMESA treaty, and the EAC Treaty protocol.

The biggest challenge about these national and international legal and policy frameworks, however, is that there is little or weak coordination



and harmonisation between them and there is a lot of duplication which makes the implementation less effective.

Uganda is for example a member of overlapping Regional Trade Agreements in particular COMESA and the EAC. This occasions conflicts in particular those pertaining to conflicting Rules of Origin (RoO) requirements. Advancing its accession to the COMESA Free Trade Area has been for long argued as a possible way to overcoming these challenges. There are also regional efforts to harmonise these agreements by encouraging tripartite arrangements between COMESA, Southern African Development Community (SADC) and EAC with the hope of eliminating these overlaps completely, but the pace of progress is still slow.

## 1.4 Study Objectives

Main objectives of the country study include:

- Examining the relationships existing between the agriculture policy makers, farmers, investors and traders in the country as well as their role/contribution to the policy formulation and implementation;
- Identifying both the positive and negative elements in the relevant policy, institutional and legal framework that either facilitate or hamper positive interaction and equitable terms of trade among farmers, investors and traders;
- Encouraging and promoting dialogue among farmers, investors, traders and policy makers through inclusive research methodology; and
- Generating a set of practical recommendations directed at all relevant stakeholders which will be the basis for advocacy for farmer-friendly, private sector-led and state-mediated agricultural development in the country.

## 1.5 Methodology

The methodology used aims at maximising benefits of involving many stakeholders at different levels and stages of research. The aim is to ensure the corroboration of data and reducing the shortfalls of using one method or consulting one category of stakeholders. Therefore, the methodology places emphasis on creating synergies and ensuring domestic buy-in and has the following key elements:

- Inclusivity: involvement of relevant national stakeholders through regular reporting and feedback to members of the country FEAD National Reference Group (FNRG);
- Cross-fertilization of ideas and experiences: regular exchanges amongst country researchers with international experts through CUTS GRC and members of the FEAD Project Advisory Committee (PAC); and
- Grassroots-based: collection of primary data through field visits, surveys and focussed group discussions.

## 2. The Agriculture Sector in Uganda

### 2.1 Agriculture Sector: Nature and Challenges

Uganda's physical environment is conducive to the cultivation of a wide range of crops. It has the most arable land in the EAC region, and is a major producer and exporter of cash crops such as coffee and cotton which are primarily grown on smallholdings; and sugarcane, tea and tobacco that are grown on plantations. A wide range of other food and cash crops are also cultivated, including

starch bananas, sweet potatoes, cassava, Irish potatoes, millet, beans, sorghum, sunflower, maize, rice, Sesame and Groundnuts.

Also a wide range of fruits are grown, including mangoes, papayas, pineapples, desert bananas, avocados, and passion fruit. Limited quantities of fruit and spices are currently exported, both fresh and dried. Few are processed further. Flowers are also grown and exported. The horticulture sector including flowers, fruits and vegetables provides a livelihood for over 1.2 million people in rural Uganda

**Table 1: Production of Selected Food Crops 2000 -2010 (Thousand Tonnes)**

Crop	2004	2005	2006	2007	2008	2009	2010
Banana	9,686	9,38	9,054	9,233	9,371	9,512	9,664
Maize	1,08	1,237	1,258	1,262	1,266	1,272	1,282
Rice	121	153	154	162	171	181	192
Cassava	5,5	5,576	4,926	4,973	5,072	5,179	5,293
Sweet	2,65	2,604	2,628	2,654	2,707	2,766	2,83
Beans	455	478	424	430	440	452	463
Irish potatoes	573	585	628	650	670	989	709
Sesame seed	125	161	166	168	173	178	184
Sunflower	164	173	186	201	217	234	253

Source: Agriculture Planning Department 2010

According to International Food Policy Research Institute (IFPRI), Uganda rears different animals/birds throughout the country. The national livestock comprises 32.6 million poultry, 6.7 million head of cattle, 2.0 million pigs; 1.6 million sheep and 7.8 million goats. Most are kept by smallholders producing mainly for subsistence

and the domestic market. There are few commercial farms. Livestock production provides 7 per cent of agricultural GDP.

**Table 2: Livestock Production estimates 1999 -2007 ('000)**

Category	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Cattle</b>	5,82	5,969	6,144	6,328	6,519	6,567	6,77	6,973	7,182	11,409	11,751
<b>Goats</b>	6,18	6,396	6,62	6,852	7,092	7,566	7,8	8,034	8,275	12,45	12,823
<b>Sheep</b>	1,044	1,081	1,108	1,141	1,175	1,552	1,6	1,648	1,697	3,41	3,513
<b>Pigs</b>	1,52	1,573	1,644	1,71	1,778	1,94	2	2,06	2,122	3,184	3,28
<b>Poultry</b>	24,622	26,622	29,671	32,639	35,903	31,622	32,6	26,049	29,95	37,434	38,557

Sources: Agriculture Planning Department (2010) and Uganda National Bureau of Statistics (2010).

Uganda has a small agro-processing sector, geared mainly to import substitution, comprising a few

small/medium agro-processing plants, adding value to crops, livestock and fish.

## 2.2. Agricultural Systems in the Country and their contribution to Development

### 2.2.1 Livestock Farming

Cattle and dairy production systems in Uganda are mainly dependent on the agro-ecological, climate and socio-economic settings, and especially rainfall patterns leading to seasonality in production, supply, and prices.

The production systems form a continuum with semi-nomadic pastoralism (mainly in the northern and eastern regions and in the dryer parts of the southwest) to stall-feeding only or zero-grazing systems (more common in the western and central regions).

### 2.2.2 Smallholder crop agriculture

In Uganda, the predominant form of farming is smallholder agriculture. This is practiced on a subsistence basis without serious commercial considerations. The focus is on production of food for subsistence with some surplus ending up in the market place. On the other hand, there are smallholder farmers who are efficient and productive, mainly engaged in coffee production, bringing considerable income to the household.

In respect to its contribution to development, the system is labour-intensive and appropriate, and provides employment in a peasant society where the bulk of the population has no skills and opportunities outside agriculture.

### 2.2.3 Plantation Farming

Uganda also has some large-scale farming mainly in the cash crops of tea, sugarcane and of late in flowers. This is mainly practiced by national and foreign entrepreneurs – using capital-intensive modern technologies of machines, irrigation, fertilizers, pesticides and high-yielding or drought resistant seeds.

## 2.3 Agricultural Sector Challenges

Uganda's agriculture sector experiences numerous challenges. The major ones are outlined under the following categories:

### 2.3.1 Infrastructure

- Unreliable and expensive energy power increases the cost of production and leads to high rates of spoilage
- Very low-levels of farm mechanization. Less than 1 per cent of Uganda's farmers use tractors for ploughing land. The rest (Over 98 per cent) depend on the hand hoe and oxen ploughs

### 2.3.2 Know-how and Technology

- Foot and mouth disease in livestock which limits export capacity
- Crop diseases that have greatly affected agricultural productivity especially for coffee and banana yields
- Seasonal fluctuations in the supply and quality of feed resources and water for livestock and crops
- Lack of quality and standards awareness. Where Aid for Trade has been sourced to address this challenge, the subsistence nature of much of the agriculture system renders it inadequate and with limited impact.
- High cost of inputs, equipment and packaging materials. According to the Ministry of Agriculture, fertilizer utilization in Uganda is among the lowest in the world, standing at 1kgs per hectare compared to Kenya at 6kgs per hectare
- Limited value-addition

### 2.3.3 Policy and organizational

- Smallholder farmers are not well organized into cooperatives, unions and associations. Without these, farmers are not able to advocate for their rights and receiving adequate services from the state and other actors
- Lack of clear land tenure policy which occasions land fragmentation and insecurity over land especially for smallholders.
- Lack of trade finance

### 2.3.4 Marketing

- Inadequate cold-chain including refrigerated trucks, storage facilities with cold rooms etc. These lead to perishability of fresh produce. The absence of storage facilities means that the agricultural marketing system marginalizes rather than integrate those farmers located in remote areas.
- Limited capacity to negotiate international trade issues
- Lack of market information
- Lack of or limited market access
- Low and unstable prices especially paid to the farmers
- Weak or absence of market linkages between the farmers and traders or processors
- Poor branding and ineffective marketing and packaging

## 3. Stakeholders, Their Roles and Interaction

### 3.1 Nature of stakeholders and their roles

#### 3.1.1 The Private Sector

There are a number of Private Sector stakeholders who include; 1) Farmers 2) Traders – both rural and urban such as; brokers or agents, retailers and whole sellers 3) Transporters 4) Packaging Material Suppliers 5) Private Extension Service Suppliers 6) Processors and Millers 7) Exporters 8) Agricultural Input Suppliers including some NGOs that provide subsidised inputs to farmer groups, etc.

The interaction of the above named categories of stakeholders in the marketing of the agricultural produce constitutes a marketing chain sometimes referred to as the value chain. In the absence of relevant contract law, poor enforcement mechanisms, weak collective and bargaining action, the various actors in the long value chain face a number of challenges – but the most affected are the subsistence farmers who receive low farm gate prices as well as buy adulterated inputs.

The other non-state stakeholders in the agricultural sector and who have the potential to transform the sector and ensure equity are the private sector organisations and civil society organisations engaged in advocacy work. Examples of these Private Sector Organisations are: 1) The Private Sector Foundation Uganda (PSFU); 2) Uganda National Chamber of Commercial and Industry (UNCCI); 3) Uganda Manufacturers Association (UMA) 4); Uganda Small Scale Industries Association (UNSSIA) 5) Uganda National Farmers Federation (UNFFE), etc. Alongside the representatives of the private sector in the business of advocacy for the rights of traders,

are Civil Society Organisations (CSOs) such as Civil Society Working Group for Trade (CSWGT), Food Rights Alliance (FRA), Development of National Indigenous Voluntary Associations (DENIVA), Southern and Eastern Africa Trade Information and Negotiation Institute (SEATINI), Oxfam Uganda, etc.

At the grassroots level, there are a number of Farmer Group Organisations and marketing cooperatives also engaged in promoting farmers' rights and organising production and marketing. However the marketing and policy advocacy activities of these groups have not been so successful because, among other reasons, there is no formal mechanism, legal and institutional framework to promote the engagement process among all stakeholders.

#### 3.1.2 The Farmers and their Roles

The Rural Marketing Diagnostic Study Report made some classifications of Ugandan farmers. These are:

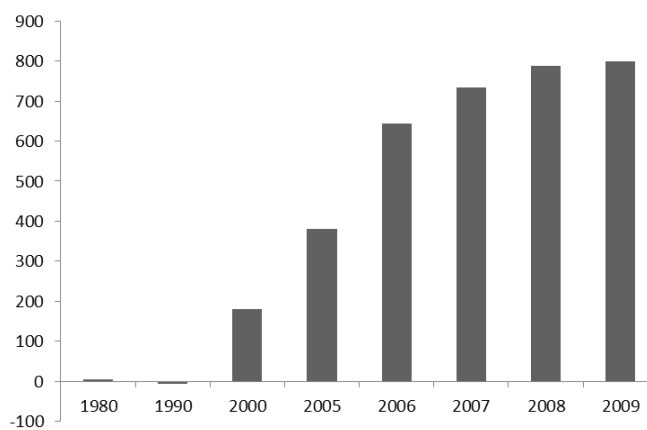
- Large-scale commercial and generally plantation farmers. These generally operate/cultivate 15 ha of land and above, use advanced technology and have reasonable control over their marketing
- Small- scale commercial farmers. These normally have 5 to 15 ha under cultivation, produce to sell, and have reasonable control over their produce
- Semi-commercial farmers. These have small land holdings than the small-scale commercial farmers, use minimum inputs and have limited control over marketing

- Subsistence plus farmers. These generally operate less than 2 ha, mainly produce for home consumption, rarely hire labour and have little or no control over marketing. Other characteristics of these farmers are that they do not use inputs and use rudimentary technology, usually the hand hoe in some cases ox ploughs and donkeys. These are the majority in Uganda constituting about 70 per cent of farmers.

### 3.1.3. Investors

Foreign Direct Investment (FDI) to Uganda has been on the increase for the last two decades. As noted in Figure 2 below, investment has increased from just about US\$ 4 million in the 1980s to US\$ 799 in 2009.

**Figure 5: FDI to Uganda 1980 -2009 (USD Million)**



Source: UNCTAD Statistical Handbook (2010).

While FDI in Uganda has been on the increase, less of it is directed at the Agriculture sector. It is mainly in telecom, mining, construction, banking and other services sector.

According to the Uganda Investment Authority, only about 20 per cent of FDI has been allocated to agriculture. A few sectors have been the main recipients as explained below:

- **Floriculture**

Floriculture has been one of the main destinations for FDI because it gives the most attractive return

on investment (30-40%). Big foreign corporations such as Wagagai from Mairye Estates are the major players. Opportunities exploited have included production and supply of propagation materials to farmers, manufacture of greenhouse construction and packaging materials, and growing of flowers for export.

- **Textile**

In the Textile sector, investment has focused on exploiting opportunities of growing cotton for export, establishment of ginneries, supply of inputs to farmers, and production of edible oil from cotton. Again, major investments remain in the hands of big corporates including *Dunavat* in conventional cotton and *Bowevvin* in the organic cotton sector. Smallholders are at the lowest end of the value chain, producing cotton for ginneries controlled by large players.

- **Dairy Sector**

This sector has also attracted major investments in the production of powder milk and long life milk such as condensed milk or ultra heat-treated (UHT) milk. Processing of butter, cheese, ice cream, yogurt and ghee (clarified butter originating from South Asia) are also evident. Again, these are controlled by large corporates with the farmers mainly stopping at establishing milk collection centres.

### 3.1.4 Government Departments, Agencies and Institutions

A number of public institutions and agencies are involved in agriculture policy implementation and monitoring. These include:

- Research Institutions including National Agriculture Research Organization (NARO), Kawanda and others whose work focuses on agriculture research
- National Agriculture Advisory Services (NAADS) which is responsible for extension schemes and provides farmer support

programs including production support, subsidies, training, etc.

- National Planning Authority – Central Planning Unit of Government. It is responsible for the recently launched national development plan 2010-2015.
- Crop Protection Unit of the Ministry of Agriculture which handles Sanitary and Phytosanitary issues
- The Animal and Fisheries Department which is responsible for livestock management and disease control.

### 3.1.5 The positive functions of middlemen

Intermediaries/Middlemen in the value chain of Agricultural marketing have been vilified as actors who simply exist to underpay or sell farmers adulterated inputs to get undeserved profits. However, this study has found that these intermediaries play a very useful function in facilitating marketing of Agricultural produce. The following are some of the useful functions they perform;

They help in facilitating transport of agricultural produce from farmers to the market or processing centres, dissemination of market information, distribution of farm inputs to the farmers, provide storage facilities including cold storage, and help in maintaining quality control. The other functions of intermediaries are; helping farmers in providing packaging materials as well as skills, processing of produce and value addition, providing agricultural financing as they easily access credit more than smallholder farmers would, and in the case of contract farmers, they provide production credit.

It is true the study found out that many farmers believe the existence of many intermediaries reduces agricultural income to the farmers, but the problem is not necessarily the existence of intermediaries per se, but rather the existence of

many intermediaries along the value chain. Otherwise, they provide a valuable function to facilitate Agricultural marketing.

## 3.2 Farmer, Trader and Investor Relationships

### 3.2.1 Farmer-Trader Relationships

Interviews with farmers under their Association (Mashamba Farmers Association) reveal both positive and negative relationships. Positive relationships exist where a long-term contractual business has been established between farmers and traders.

Farmers point out being paid on time and consistently. Meetings are also held regularly at which farmers are informed of the on-going prices by the export buyer. The type of crops they export especially horticultural crops are rare and are not attended to by other agencies such as Ministries or NGOs. They also contend that the trader/exporter has enabled them to meet their other needs such as school fees obligations because of a predictable payment regime. They get weekly and constant income from their sales which has afforded them relatively good health and comfortable living with appropriate housing.

They have attained social capital as they have got the opportunity to meet regularly with their colleagues at the produce market collecting centre and have gained trust in each other as they are able to borrow money with assurance that they will pay back after being paid by the trader/exporter.

They however feel that the trader/exporter benefits the most because he pays them at a price of his choice, and they do not know the price in international markets. They also feel the exporting trader is paid in foreign currency while he pays them in local currency and they feel disempowered as far as the exchange value and price bargaining is concerned. These farmers are somewhat vulnerable because the type of crops they grow are rare or have not been exported previously so as to attract



the attention of other players such as the government or NGOs, and the bargaining is carried out at the traders' privately owned collecting centre where the farmers bring their produce. The association executive that bargains on behalf of the members does not have many options as the buyer has a monopoly in the products they sale.

The farmers strongly feel that there should be minimum price so that even if there is high supply, they still get some profit.

### 3.2.2 Farmer -Investor Relationships

Interviewed stakeholders characterise the relationship as both negative and positive.

On the positive relationships, two interesting cases reviewed by the researcher emerged. These are:

- Mukwano sunflower case in Northern Uganda
- Uganda Breweries Sorghum projects in Eastern Uganda

In both cases the farmers are given seeds free of charge and trained in better farming methods by the Investor through farmer groups. They are supervised by extension workers on the payroll of the companies. They are also provided chemicals.

The farmers are advised on the quality of the crops the companies want. They are advised on hygiene, sanitation and handling of crops during and after harvesting. Generally, production standards are emphasized. Farmers are taught when to spray the crops and when to harvest after spraying. Farmers are also advised on when to plant the crops so that correct buying seasons are taken into account. In some cases, prices for the commodities are always indicated on the notice board.

Investors also transport the commodities to the market, and this helps relieve the farmers off the critical transport challenges associated with the rural production and marketing set up.

On a negative note, farmers interviewed pointed out cases of investor-insensitivity to farmers

challenges. For example, they indicate producing a substantive amount of goods but firms only buy some of the produce, and the rest is either thrown away or consumed in homes. *“People bring their produce here for sale but the firm simply buys some of it. The rest of it has to be taken back home by the farmer. Some crops like Okra can't be consumed by the farmers and have no market elsewhere. So when Okra isn't bought by the firm, the farmer simply throws it away”*

The other undesirable relationship rotates on prices. The prices are fixed by the buyers and farmers can't do anything about it. *“We don't have anywhere else to sell our produce. They buy from us at whatever price they want. For example, today we have brought our produce but we don't even know how much they will pay us”* responded one of the interviewed farmers.

### 3.2.3 Government – Private Sector Interaction

Some forums exist for interaction between Government and private sector. The notable one is the Presidential Investors Roundtable. The Roundtable attempts to align the work of the various ministries to the needs of the private sector, particularly ensuring that service delivery is efficient and effective. The agriculture related issues are deliberated upon via the Agri-business Sub-committee of the Roundtable.

The other national forum is the President's export award. Although this is an award intended to recognise and appreciate the contribution of exporters to the economy, it has become a forum where deep reflection is made about the needs of the private sector in respect of a business friendly business environment. The members of this forum however largely comprise of big corporates.

Public-Private Partnership (PPP) approach to addressing the challenges of the private sector is now a preferred approach. While it has been pronounced regularly, the formal processes of making it legal have not proceeded with a fast speed.

### 3.3 Farmer organizational interface with other actors in Agricultural marketing

According to the Advocacy officer for Uganda National Farmers Federation (UNFF), there are different categories of farmer associations who interface with other Agricultural production and marketing actors at various levels. As far as farmers' associational space is concerned, the apex organization is UNFF. From the UNFF, there are District Farmers Associations, and below them are parish-level farmer common interest groups. The NAADS government program has induced the formation of farmer-group structures especially at the sub-county level. There are also commodity specific associations such as oil seed, beef, horticulture, floriculture, cocoa, bee keeping and dairy farmers associations.

The various farmer associations interface with state actors such as Ministries of Agriculture, Trade and Finance but this interaction is too ad hoc and informal to be effective in addressing farmer problems. The associations of farmers also have linkages with processors, but this is also ad hoc and informal. According to UNFF, only the rice small-

scale farmers have successfully interfaced with the rice processors in Eastern and Northern Uganda.

There are also unstructured meetings that take place between contract and out-grower farmers, and the plantation farmers and processors. In rare cases, the farmers and processors/plantation owners refer their disagreements to the UNFF for mediation.

As for Agricultural Traders, there are hardly any noticeable forums that bring traders and farmers together. The forums in which representatives of farmers and traders meet are at the national level organizations such as Private Sector Foundation Uganda or Inter Institutional Trade Committee (IITC) of the Ministry of Trade.

In these forums, the actors normally discuss national and international trade policies but hardly touch on issues that concern domestic trade-farmer relations.

# 4. Towards Equitable Terms of Trade among Stakeholders

## 4.1 Challenges faced by the farmers and the private sector

Farmers and the private sector face numerous challenges<sup>1</sup>. Farmers, in particular, suffer heavy price fluctuations; are victims of counterfeit agricultural inputs especially pesticides and fertilizers; are recipients of poor quality seeds; have limited market access; have not enough good technology to add value to their produce thus experience heavy post-harvest loss; and lack friendly agricultural credit.

Private Sector investors, on the other hand, experience numerous challenges that inhibit progress in the agricultural sector – and hence constrain a healthy relationship between them and farmers. The Presidential Investors Roundtable<sup>2</sup> highlights some challenges to include limited rural electrification; limited financing options for those investing in agricultural processing; insufficient policy and regulatory protection against counterfeits; limited storage capacity being addressed by the warehouse receipt system, but whose expansion is at a snail's pace; lack of or inexistence of infrastructure for quality control and management; lack of guiding policies in some sectors such as hides and skins; lack of or existence of obsolete laws<sup>3</sup> that do not guarantee proper dispute resolution mechanisms between investors

and farmers. Investor round table discussions are often expected to be followed by action from various Government Agencies, but it is often difficult to relate Government action with investor recommendations. There is no clear monitoring mechanism to follow up resolutions.

## 4.2 Expectations of farmers and private sector from each other

Farmers expect private sector investment. There are many areas of the country where significant increases in livestock and crop-production are possible. Given that the majority of Ugandan rural households raise some livestock and grow crops, investment in the sub-sector would be good for both broad-based economic growth, and improved welfare at the level of the individual household farmer.

The other area where farmers desire both government and private investor support is in price stability. Price instability for most crops threatens not only consistent production, but also occasion's hostility between farmers, investors and traders as it erodes trust and equitable terms of trade.

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<sup>1</sup> Report of the Second Presidential Investors Roundtable of May 2010 lists these as some of the challenges that are being addressed by various Ministries

<sup>2</sup> Report of the Second Presidential Investors Roundtable of May 2010 lists these challenges and proposes to the Uganda Government several measures to counter them

<sup>3</sup> Information Paper to the President on the status of priority commercial laws (May 2011) highlights these laws as inhibiting to the steady progress of private sector growth.

**Table 3: Price instability indices for selected agricultural products for Uganda**

Crop	80-89	90-99	00-09
Banana	13.3	16.6	16.0
Maize	9.6	12.7	13.6
Rice	21.9	10.9	16.8
Sugar	50.6	19.5	20.6
Coffee	14.5	26.6	14.6
Tea	17.2	11.2	13.3
Cocoa	14.9	12.3	15.4
Soy bean	15.2	13.2	15.3
Pepper	31.7	17.6	25.2

Source: UNCTAD Statistical Handbook (2010)

### 4.3 Private sector expectations from the farmers

The private sector that includes traders, processors and investors expect farmers to be honest, observe standards, and deliver quality produce. However, the behaviour of some farmers has been found wanting. In the case of produce where the contract farmer does not have monopoly, farmers short-sell the investor by selling their produce to other buyers, and yet the investor would have given the farmers start-up capital. In other instances such as milk, the farmers adulterate the milk.

On standards, the buyers expect high quality standards, but peasant smallholder farmers do not always observe standards. The private sector buyers and processors are trying to overcome this problem by investing their capital in this area and providing extension services to the farmers at the farmers expense. However, observing standards is still elusive as smallholder farmers are scattered and take time to appreciate the value of observing standards. Poor standards greatly affect the prices of produce, and yet it is not easy to use price differentials in Uganda based on standards as farmers are many and scattered. Those who observe standards are penalised as they sell at the same price as those who do not. Related to quality

standards is the issue of farmers' poor observance of growing different varieties (or colours) of the same produce, say beans. The consumers, especially in the export markets, prefer produce that is uniform in colour or size – something smallholder farmers take time to appreciate.

The other expectation of the private buyers and processors placed onto farmers is timely, regular and constant amounts on delivery of produce. This is not possible, especially as farming in Uganda is rain-fed, and usually farmers cannot meet the requirement of regular and timely supply. This affects the markets for export traders who get frustrated as they are unable to deliver and lose their market and by extension the farmers too.

The above factors affect relations between smallholder farmers and the other actors in the value chain.

To enhance healthy relationships between farmers and the private sector, some of these measures would be a necessity to be put in place:

- Initiatives towards exploiting the full potential in terms of productivity and competitiveness of the smallholder

agricultural sector - Technology transfer and innovative practices

- Proactive commercialisation of agriculture sector produce – value chain strengthening is considered central in the commercialisation strategy
- Bulking production and marketing to attain economies of scale
- Market linkage relationships require assistance to identify potential partners and to manage actual and perceived risks related to the development of market ventures
- Assistance with certification schemes

Field research reveals further that the following can enhance equity especially for the farmers:

- Provision of more and transparent market information through the agricultural extension system and various media outlets especially radios and mobile phones that are extensively used in rural Uganda

- Formation of an effective forum where all the stakeholders commit themselves to addressing equity issues
- Creating more market linkages for farmers under organizational arrangements that allow the farmers to have more control over their commodities. Such linkages are critical for addressing imbalance in market power. Cooperatives and other farmer groups or associations can play this role.
- Farmer education on effective marketing should be done frequently through Agricultural TV programmes, Radio and print media programmes
- Improving rural marketing infrastructure to enable farmers to reach final consumer markets directly where possible
- Improving market conditions through enforceable regulations and legislations. The middleman's role should be regulated, and unfair trade practices legally curtailed.

## 4.4 Role of Government and relevant Policy Framework for promoting Equitable Terms

The historical mission of the State is to mediate between the various competing interests in the boundaries of that state. The National Resistance Movement (NRM) Government, under President Museveni, has come up with a policy framework and set up various informal institutional mechanisms to promote policy consultations between the government and non-state actors such as the Private Sector and Civil Society Organisations (CSOs). For example, according to the Uganda National Budget Framework Paper 2011/12-2015/16, the Government has in the medium term committed itself to ensuring equitable returns by:

- Promoting linkages between farmers and production support services via improved farmer access to markets, market research, provision of financial services and capacity building to farmer groups.
- Planned to lessen the severity of lack of input supplies by addressing supply loopholes faced by seed companies. It has committed itself to providing direct support to commercial and agro-input businesses through a PPP arrangement.
- The many policies, plans and programme framework of the government – such as the NDP, Plan for Modernisation of Agriculture (PMA), NAADS, National Trade Policy

(NTP), Agricultural Sector Development Strategy and Investment Plan 2010/11-2014/15 (DSIP) – all have some objective(s) of consultations with stakeholders.

However, these consultative mechanisms are state-centred, merely advisory, and ad hoc in nature. Furthermore, the consultative mechanisms are between the state and the private sector mainly on matters of trade policy, and rarely on national market transactions such as market chains. There is no horizontal forum bringing all the stakeholders in the market chain between Farmers, Traders, Processors and Exporters to deliberate on the constraints that affect each one in the process of marketing.

Field research respondents also point at the following as factors that limit the role of the government in promoting equitable terms of trade:

- Too little budget allocation to the agricultural sector;
- Poor extension work that does not reach the producers;
- Incidences of corruption;
- Over-politicization of interventions which occasions service delivery distortions.

There are a number of institutional consultative mechanisms in Uganda that include; The Presidential Round Table conference which brings together government officials and the private sector, and is chaired by the President. The Ministry of trade hosts a consultative forum, The Inter-Institutional Trade Committee (ITTC) which brings together the different actors involved in trade, etc.

It should be emphasised that most of these policies and laws remain insufficient for promoting positive and equitable interaction between farmers and the private sector. This is partly accountable to their limited implementation and enforcement. For example, the decisions of the inter-institutional committee on trade are not binding on institutions. They may or may not be implemented.

Moreover, some laws are archaic as they were enacted a long time ago and have since not been revised to reflect the present situation

## 4. Conclusions and Recommendations

### 4.1 Conclusion

The overarching aim of this study was to assess the relationship between farmers on one hand, and traders and investors on the other in the value chain. Furthermore, it was to find ways and means of how to balance needs of each of the actors in an inclusive manner so that none of the stakeholders is left out. The study established that there are positive and negative aspects in the relationships of the fore-mentioned parties. It also established that both farmers and the other actors face challenges in the market that arise from the counterpart actor to a large extent, and that an exploitative relationship exists between investors and farmers in the agriculture sector. Little value is retained by farmers from the entire supply chain. Policies and programs that would address this problem exist and are indeed many. However, coherent implementation is lacking, with many policies, plans and programmes such as NAADS entangled in a delicate balance of addressing farmer interests and political needs.

Farmers themselves are not empowered, and have limited advocacy skills, capacity, and information to struggle for and achieve equitable terms of trade. Their advocacy institutions such as the UFF have scope and capacity challenges. The farmers also complained that representation in the relevant policy and implementation forums is wanting, i.e. those associations who claim to represent their constituents do not consult their members before going to present the farmers' concerns in different relevant forums, nor do they return to give feedback to their constituents.

Some large-scale contract farmers and investors are inclined towards supporting farmers to improve farm level productivity by providing inputs and extension services. However, the motive is more

towards a stable source of raw material for their processing entities, than uplifting the quality of life for the farmers. Achieving equitable terms of trade is remote and secondary on their priority list. Some traders contribute to the farmers needs by identifying market information, getting inputs to the farmers, buying, and transporting produce to the market. The traders also bear the risks of marketing on behalf of the farmers as well as that of credit that finances the market processes.

However, the relationship between traders and farmers is largely characterised by high levels of mistrust and near antagonism. Traders are perceived by farmers as middlemen out to make the highest levels of profit possible – even though it is not the case, that middlemen gain high profits all the time. At times, traders incur losses after undertaking risks. Farmers consider them an undesirable member of the value chain who should be cut out by shortening the chain, and yet they need each other. Traders sometimes adulterate the inputs supplied to farmers such as seeds that fail to germinate or are not of the quality claimed. Farmers, on the other hand, adulterate their products such as adding water to milk or selling poorly dried cereal seeds with high moisture content. The bottom line, however, is that all the actors – whether farmers, traders or investors – have a positive function to perform in agricultural marketing. What is lacking are fora that bring all of the actors together to dialogue and appreciate each other's role in the market chain in an inclusive manner. There is institutional isolation of the small-scale farmers in Uganda, and this gap needs to be addressed.



## 4.2 Recommendations

### 4.2.1 Recommendations for Farmers

- Focus on value chain development particularly aimed at improving production and market access, with special attention to shortening the value chain
- Focus on forming, improving and strengthening autonomous farmer organizations to attract the attention and interest of potential buyers, investors and partners. Promotion of autonomous (not co-opted and politicised) farmer groups and co-operatives to offer an important avenue for strong representation in collective price negotiation and bargaining
- Focus attention on collective marketing in order to shorten the value chain
- Should have attitude change and appreciate the service roles of the other actors as they (farmers) strive to use collective voice in bargaining with the counterpart actors

### 4.2.2 Recommendations for Investors and Traders

- There are production and marketing services each actor can bring to the table. Traders sometimes deliver useful information and are concerned about quality (Icemark – Masamba case). There is a good opportunity to help them realise a symbiotic relationship by creating a common interaction forum. At the moment, interaction is informal and paternalistic. They can also help improve efficiencies in supply chain organization
- Educate farmers on the need to observe proper hygiene standards as these affect the market.
- Provide transparent market information to farmers on not only price information, but also on market availability, demands, quantities, quality and standards, logistics etc.

### 4.2.2 Recommendations for Government

- Focus on developing and commercialising agriculture and trade by building institutional formal linkages between smallholders and other market actors
- Provision of customised business support services to smallholders, as well as facilitating their access to productive assets including trade finance.
- Pro-poor financing products are critical for achieving equitable terms of trade. Financing is a binding constraint for smallholders to exercise adequate control over their produce and migration to higher levels of the value chain.
- Improving market conditions through enacting and enforcing contracts, regulations, and legislations. The middleman's role should be regulated, and unfair trade practices legally curtailed. Farmers should be regulated against adulterating products, and traders against adulterating inputs.
- There is also a case for establishing Market Linkage Centres (MLCs) in both rural and urban centres. Some institutions, including Government (UEPB and NAADS), have embarked on this already but the programme needs prioritising and strengthening as well as putting in place (MLCs) for all marketable produce as well as farm inputs. These centres have a potential to provide an avenue for increased buyer-farmer friendly interaction and enabling the stakeholders to determine jointly terms of trade provided there is no political interference in their work.
- Agricultural Marketing Research hitherto given less attention should be prioritised, and the government should implement the recommendations of such findings. Such research should address issues of imbalance in market power.

- Central as well as local/municipal governments should construct wholesale markets and stores near urban centres so as to facilitate farmers and traders interface in organised selling to reduce on transaction costs.
- Reduce imbalance in market power by providing farmers access to storage facilities, fair credit, enacting contract law that protects farmers and enforced, give them skills of bargaining and implementing the proposed Warehouse Receipt System that enables farmers to access credit upon their presentation of such a receipt.
- High-level fora such as the presidential Investors Round Table should concern themselves to the needs of smallholder farmers also, and not merely discuss concerns of corporates as has been hitherto the case.

#### 4.2.3 Recommendations for Development Partners

- Provide support towards marketing infrastructure, especially rebuilding road networks that link rural roads to national truck roads
- Granting finances to farmer-owned facilities, such as storage facilities, is an important area that donors can support
- Support capacity building programs that empower farmers with advocacy skills and knowledge to better manage their trade relations with investors and traders
- Provide support for establishing and strengthening institutional frameworks for interface among farmers, traders and investors such as the market linkage centres (MLCs). The institution of market linkage centres has the potential to promote agricultural equitable trade and development

#### 4.2.4 Recommendations for CSOs

- Trade advocacy should widen its goals and shift from over prioritizing external trade policy at the expense of domestic policy issues related to domestic terms of trade between farmers and traders
- CSOs should supplement government efforts in establishing more MLCs in different regions of the country involving all the stakeholders
- CSOs should focus their advocacy energies towards reducing the imbalance in market power among the various actors in the value chain but not necessarily to eliminate some actors from the market for each has a contribution to make towards enhancing marketing capabilities

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# Annex 1: Research Questionnaire for Stakeholder Interview

Dear esteemed Respondent.

CUTS International is conducting the above study in Uganda in order to generate critical knowledge needed to support and guide policy efforts towards achieving inclusive agricultural development with a focus on equitable terms of Trade among Stakeholders

We consider you among the key stakeholders that play an important role in the agriculture trade value chain. We therefore request you to spare about 5 minutes of your valuable time to provide feedback to us on a number of study areas outlined below.

1. Kindly point out for us what you consider to be the main challenges of Uganda’s agricultural sector?

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.....  
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2. What do you think are the best ways to overcome these challenges?

(i).....  
(ii).....  
(iii).....  
(iv).....

3. The Uganda Government is not doing enough to address these challenges

Agree

Disagree

Comments

.....  
.....  
.....

(b) Would you agree that there exists a good relationship between framers, investors and traders in the agricultural trade value chain?





Agree

Disagree

Comments

.....  
.....  
.....

(c)Who do you think benefits less from the value chain?

Farmer

Investor

Trader

Comments

.....  
.....  
.....

4. Inequitable distribution of value among farmers, investors and traders can easily be addressed,

Agree

Disagree

If you agree, please outline how. If you disagree, please state why.

.....  
.....  
.....  
.....

5. More value can be retained at farmer level of the value chain if certain measures were taken by all the actors

Agree

Disagree

If you agree, outline some of what you consider to be important and practical measures

a) By Government

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b) By Investors





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c) By Traders

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a) By Farmers

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**We thank you for your time and ideas**



# ANNEX 2: Field Research Notes

## A) Notes from

- a. NUCAFE Coffee farmers' focus group
- b. UCDA and UEPB officers representing Trade support institutions (UEPB) and Regulatory Institutions (UCDA)

### *Main Challenges of Agriculture marketing*

- Low volumes of production unable to meet demand consistently
- Poor post harvest handling affecting quality
- Poor packaging
- Limited branding
- Sale of low value added products
- Too many players in the value chain
- Poor agricultural marketing infrastructure
- Inappropriate financing options for the agricultural sector

### *Measures to overcome the challenges*

- Strengthen sector regulation
- More investment in research for improved production
- Market research and effective information dissemination
- Improvement of transport, storage and value addition infrastructure in rural areas
- Organizing and investing in contract farming
- Agriculture friendly financing schemes in the banking sector
- Development of clear marketing channels well known to farmers
- Introduce appropriate technologies and innovations for value addition especially for small holder farmers

*On whether the Government is doing enough* 100% of the respondents submit that Government is not doing enough and point out the following reasons

- Too little budget allocation to the agricultural sector
- Poor extension work that does not reach the producers
- Incidences of corruption
- Over politicization of interventions which occasions service delivery distortions

*On whether they believe a good relationship exists between traders, farmers, investors*, 90% believe there isn't a good and symbiotic relationship and point out the following reasons to back it up

- Investors are doing little to improve the farmers. They often abandon them
- Inventors and traders care less about profit margins for producers and do not care how farmers produce as long as they get produce



- Farmers are poorly organized in weak associations and therefore cannot effectively broker between farmers, traders and investors
- Most traders are bent on manipulating farmers in order to offer them a low price
- Investors and traders have done very little to encourage farmers to earn value.

**The 10% who** believe a good relationship exists point out the following reasons to back up their position

- All the three trade among themselves with each earning a margin
- Inadequate Government support has prompted a relationship where traders and investors fill gaps for farmers on information, markets and inputs

**On who benefits least from the value chain**, 100% of the respondents believe the farmer gets least and point out the following to back their position.

- Traders are bent on exploitation of farmers with a low price offer and care less about equitable relationships
- The farmers themselves are not well coordinated
- Farmers lose ownership of their product at very early stage of the value chain
- Farmers have no bargaining power as they lack the infrastructure to store and improve their commodities. They sell at give away prices to avoid wastage
- Farmers take the brunt of a long gestation period, meeting all the risks and costs
- Traders and Investors determine producer prices irrespective of the costs that farmers incur

**90% of the respondents believe the problem of inequitable distribution of value between farmers, traders and investors can be addressed** and point out the following means

- Provision of more and transparent market information
- Formation of an effective forum where all the stakeholders commit themselves to addressing equity issues
- Creating more market linkages for farmers under organizational arrangements that allow the farmers to have more control over their commodities
- Farmer education on effective marketing should be done frequently
- Improve rural marketing infrastructure to enable farmers reach final consumer markets
- Improving market conditions through enforceable regulations and legislations. The middleman's role should be regulated and unfair trade practices legally curtailed

**A few respondents (less than 10%) are able to point out forums for dialogue** about equitable terms of trade. Most however are sector specific

- Uganda Coffee Traders Federation organizes an annual breakfast fellowship.
- National Union Of Coffee Associations and Farmers (NUCAFE) organizes an annual Farmers Convection
- Uganda National Farmers Federation organizes an annual agricultural trade fair. Apart from exhibiting agriculture progress and technologies, farmer advocacy activities are done.

## **B) Notes from Farmer Group – ZiirubweLuwero**

- Icemark gives the farmers seeds free of charge, trains them in farming methods, supervises them and also provides them with chemicals.
- It supports farmers via their trained personnel in one of the groups organization iem Mashambato provide farm advisory services.
- The personnel advise farmers ton quality of the crops, hygiene, sanitation and handling during and after harvesting. Generally, production standards are emphasized. They are taught when to spray the crops and when to harvest after spraying.
- They advise them when to plant the crops so that they are able to target theright market/season..
- The prices for the produce are always indicated on the notice boardprovided by Icemark.
- Icemarkhas outlets and the farmers in each of these outlets sort their crops. Outlets are in Kalagala in Luweero, inMukono, Masaka, Masindi and Mityana.

### **C) Interview with a Field Clerk of Icemark MR Ssemanda**

I work with 14 zone leaders who are farmers and these were elected by the farmers. All the farmers are in one association called Mashamba Farmers.

#### **How often are you in the field?**

I am in the field 3 days in a week and my duty is to educate the farmers on how they can keep the quality and standards according to the market demands.

#### **What problems did the farmers have before you came in?**

The farmers were bringing poor quality crops which could not be taken to the market. For example, a farmer could bring a full sack of crops and after sorting it, he could get out only 2 boxes for sale and the rest of it considered reject. Farmers used to make a lot of losses.

#### **Are the farmers taught any harvesting techniques?**

Yes. They are taught how to touch and cut the pods when harvesting. They are also taught how to transport the crops. For example, Okra needs to be placed on a soft thing if it is to be transported using a bicycle. When you do this , you can transport it well without it getting damaged.

I was taken for a seminar to learn about quality standards and the use of chemicals on the crops. With the knowledge I acquired from the seminar, I am able to guide the farmers on how to use the chemicals, how to handle the crops during harvesting and how to transport them to the collecting centre.

#### **Do you teach them about record keeping?**



Yes I do. I gave them exercise books where they record the problems they encounter during the process, record how many boxes they sell per time.

**What else do you do in the field?**

We guide them on what to do

- We look at the acres of land each has and then be able to supply them with seeds
- We also look at the production and see if we can meet the required order. If the products required aren't enough, our boss looks for other products elsewhere.

We have 3 groups where we get more produce.

**Does your association meet with the farmers?**

Yes, we meet quarterly

**What do you share in such meetings?**

Price is one of the biggest problems because when the buyers come, they usually come with new price lists. This makes farmers usually complain.

**How are the complaints on prices usually handled?**

We sit with the farmers and discuss and agree on what to do. When you talk to these farmers properly, they listen. But the prices keep fluctuating.

**How do you get to know the real prices to make sure you aren't cheated?**

We even check on the website to know the prices. We go to Bugema university and access the internet. We do this to be sure we aren't cheated.

**Are other groups organized like Mashamba? (other farmers groups)**

No, we are more organized and we have technical people.

Other groups have their executives but they don't use them properly. They have wrangles in their groups unlike here.

**Does the government ever come in?**



Other groups get someone from the sub county (extension worker) to guide them but here we don't.

**Do you ever get anyone like a Commercial officer come in for example to help on the issue of marketing the produce?**

No, I have never seen any commercial officer come to the farmers.

### **C) Notes from Kasasi Farmer Group**

**Table 4: Kasasi Framer Group- Interview Participants**

<b>Name</b>	<b>Gender</b>	<b>Age</b>
<b>Ssebyayi A</b>	M	42
<b>Sarah Kizza</b>	F	52
<b>Kiwanuka Fred</b>	M	43
<b>Kibirige</b>	M	29
<b>Busuulwa x-stome</b>	M	40
<b>Henry Lwasi</b>	M	42
<b>Nakabaale T.</b>	M	53
<b>Kagulireedrisa</b>	M	39
<b>BiitiKyakonye</b>	F	60

**What are the marketing challenges facing you as farmers?**

- We have much produce but the firm only buys some of it and the rest is either thrown away or consumed in homes. People bring their produce here for sale but the firm simply buys some of it. For example one can bring white egg plants and only some of it is bought by the firm. The rest of it has to be taken back home by the farmer. For the egg plants, farmers take back what has not been bought by the firm but other crops like Okra can't be consumed by the farmers and have no market elsewhere. So when Okra isn't bought by the firm, the farmer simply pours it away.
- When the produce is much, the prices at which they are sold is lowered.
- Some of the produce doesn't have market elsewhere. For example Okra and hot pepper and the other buyers buy it cheaply if we don't sell it to the firm.
- We don't even have other buyers for our produce



- Another challenge is that we have the prices fixed by the buyers and we can't do anything about it. We don't have anywhere else to sell our produce. They buy from us at whatever price they want. For example, today we have brought our produce but we don't even know how much they have to pay us today.
- We have another problem of transport. People come from different places and some of them are far. And if the produce gets spoiled or damaged during transportation, the firm doesn't buy it and you can end up totally losing.
- What is considered as reject by the firm has no market and it is simply poured away. It would have been used for other purposes so that farmers don't lose a lot. If we could get somewhere to sell the reject e.g Okra so that we get some money.
- Diseases are also a problem. Our crops get diseases and we don't have any extension workers to help us and the available agricultural Officers have no knowledge on some of the crops that we grow.
- We have a problem of lack of storage facility like a cold room where farmers can keep the balance of their produce to wait for other turn. Because we lack this, whatever produce that isn't bought right away by the firm is wasted. Its either consumed by the farmer or thrown away.
- We have a problem of unpredictable seasonal changes. You plant your crops hoping it will rain and it doesn't and you end up making losses
- Crops need spraying but some of us fail to get money to buy the chemicals for doing this.
- And some of us who get the money to buy the chemicals buy them but lack the knowledge on how to use them properly.

**What do you think are the best ways to overcome these challenges?**

- The company should endeavor to bring us extension worker to guide us for example on which crops to grow on particular types of land.
- Let the prices fixed for the crops be beneficial to the farmers too.



- The company owner should look for a market for our produce. We grow crops in plenty but when we bring them here, they only buy little of it yet we don't have anywhere else to sell the rest. We have incurred losses many times because of lacking market for our produce.
- If we could get a loan and be able to get a tractor, that would be very good because it can expand our production. The hand hoe isn't helping us a lot. If we had a bigger market, we would not be able to satisfy it when we are still using the hand hoe. With the hand hoe, production is low.
- If we could get another exporter so that we don't rely on this one exporter, that would be very good because most of our produce can be bought. But currently, because we have one exporter we make losses because some of our produce remains not bought.
- The government should help us get water pumps to help us irrigate our crops during drought. Seasons these days are unpredictable. You plant crops hoping it is going to rain and it doesn't and you end up making losses. Let the government help us get water pumps on loans.

**How is the relationship between you and ICEMARK? Is the relationship good?**

The relationship is good because they give us seeds, they buy our produce. We are able to earn money weekly from the sale of our crops to them. Because we are assured ICEMARK buys our produce, we can even borrow money from friends in case such a need arises. Even friends can easily lend us money because they know we earn money weekly. They give us seeds and later deduct their money when we sell the produce. So our relationship with them is good.

**You are farmers and ICEMARK buys your crops. Of you and ICEMARK, who benefits most from the sale of the produce?**

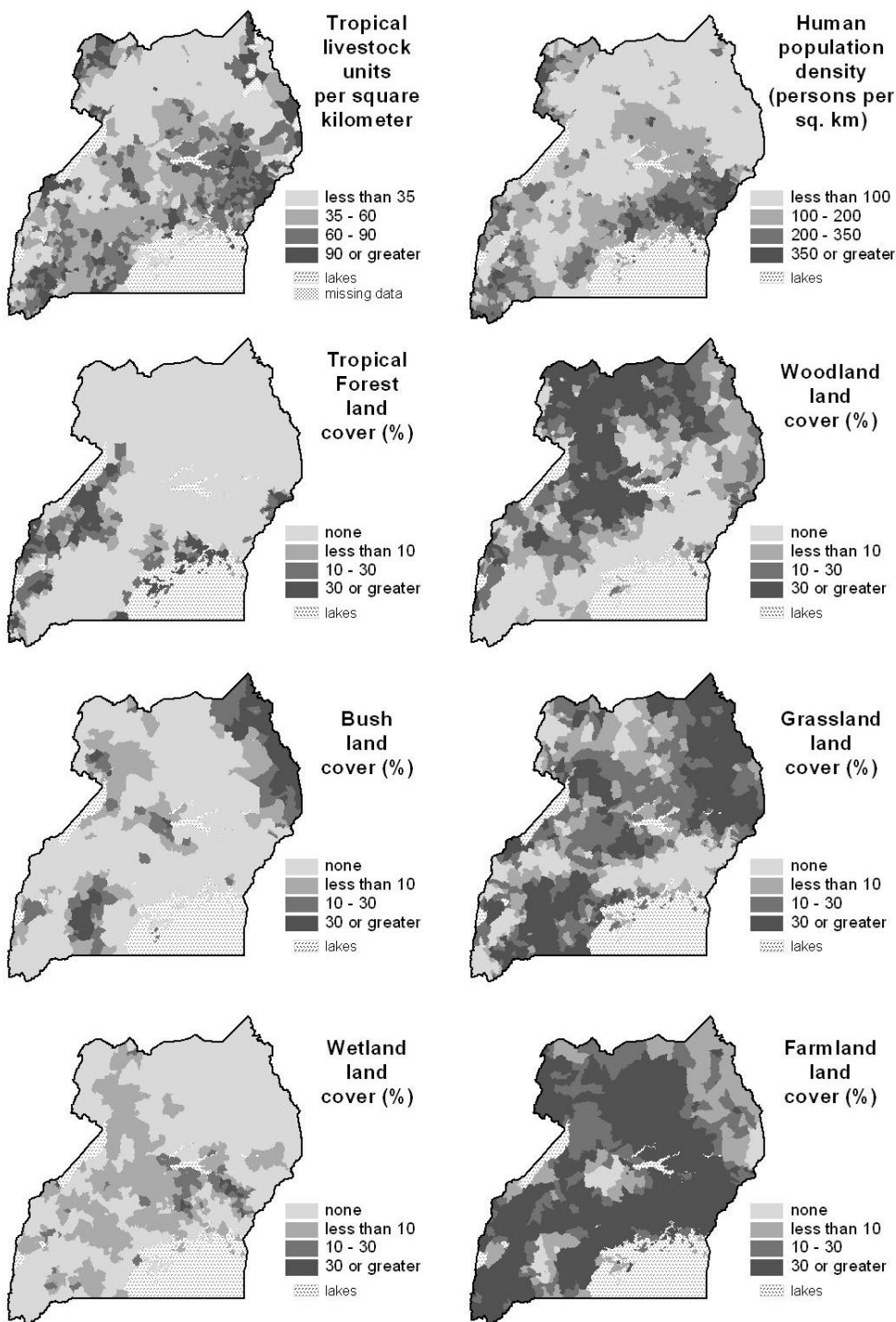
It is ICEMARK. They buy from us and export the crops and earn profits. Obviously they benefit more than us. We can't benefit equally because they are traders and we are simply farmers.

But still, we have benefited a lot from dealing with them. Our livelihoods have improved. We are able to take our children to schools, built better houses, can provide medical care, etc. to our people because of ICEMARK that gives us money weekly by buying our crops.





# ANNEX 3: Uganda's Agriculture Maps



Source: Adopted from IGAAD Studies: [www.igad-data.org](http://www.igad-data.org)