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PROCEDURAL PAPER ON PROPOSED RESEARCH
PROJECT ON THE MARKETING OF MINOR
CROPS IN UGANDA

I am planning to base this study of the marketing of minor crops on two sources of information. Firstly I plan to use the considerable amount of relevant data which has been collected by the Agricultural Department during the past five years, and secondly, I plan to interview on a regular basis the key people in the marketing system probably over a period of 1 year.

The main source of price data, is the monthly price bulletin of the Agricultural Department collected for a range of minor crops in a number of different centres in Uganda.

The crops included are:

Maize, mixed beans, shelled Groundnuts, Unshelled Groundnuts, Castor Seed, Sim Sim, Soya Beans, small red chillies, capsicum chillies, finger millet, Sorghum, black grams, green grams, peas, onions, green ginger, dried cassava, English Potatoes, Wheat and garlic.

This data is based on the evidence of an agricultural officer who goes into the market in a particular centre on one day in the month, and asks the price of certain crops. The price given applies to a crop of average quality and sold in considerable bulk. This data has been collected regularly since 1961 for Kampala, and Eastern region townships of Jinja, Iganga, Mbale, and Soroti. For other centres the price series are incomplete.

Price data is also available for Kampala on a weekly basis for about 2 years.

In Mbale and Gulu market prices are being found, by sending an African on one day in the month, into the market to buy 50c. worth of each crop. The produce is weighed, and the price per lb. found. This data is available for 1965 onwards, and may provide a valuable check on the prices in the monthly price bulletin.

Briefly, the marketing system for the minor crops can be described as follows. The farmer sells his marketable surplus to a primary buyer, many of whom are now Africans. The Primary buyer bulks the small quantities of the different crops which he receives from the individual farmers, and sends the produce to a main buyer in a large centre. In between the primary buyer and main buyer there may be a series of intermediate buyers. The produce is then either sold to the consumers via the retailers in the country, or it is sold for export. At each stage of the system, there is some loss of produce which is sold back to the farmers or is sold for consumption in the trading centres.

The system is similar for produce channelled through the co-operative associations. The farmers sell their crop to the local associations of the co-operative Unions, who will sell the part of the crop not consumed locally to the Unions themselves.

This system might well change in its form if the proposals for a "Minor Crops Marketing Board" are put into practice. The manner in which a Marketing Board would function has not yet been announced.

The problems which I hope to consider are as follows:-

1. The movement of crops between centres.
2. Storage facilities.
3. Quality.
4. Exports.

1. The movement of crops between centres.

I am planning to study the movement of crops between centres, so as to find:

- (i) the actual flows of crops as between the centres at different seasons of the year.
- (ii) the transport system used, and whether the differential prices between centres are a reflection of the costs of transport between the centres.

(i) Flow of crops.

From the Eastern region, produce movements in general follow the route Soroti, Mbale, Jinja, Kampala, mainly travelling by road. This route is also followed by most of the produce from Lira, and Kitgum.

I plan to include in my survey the main buyers in these townships, the Co-operatives in the E. region, Lango, and E. Acholi who deal in minor crops, and sell them via this route, and the brokers in Jinja and Kampala. By visiting them monthly, I hope to be able establish the quantities of the different crops flowing out from and into the different centres. Figures for produce travelling by rail are available on a monthly basis from the railways.

This should throw some light on the amount of produce which flows out of an area immediately after harvest, to Kampala, say only to move back to its centre of origin only a few months later. This links up with the problem of storage discussed later.

Some idea of past movements in crops between centres, can be found by studying the graphical representations of the price series taken from the monthly price bulletin. Generally we may assume that if prices are higher in Soroti, say, than Kampala produce is flowing from Kampala to Soroti, and vice versa. This will only give us an idea, through, of the pattern of movements throughout the year, and not the quantities involved.

Further knowledge of the time of harvest, which can be found in the monthly reports of the Agricultural Officers, will also tell us what sort of pattern of movements to expect.

If the quantities involved in such flows can be accurately assessed, and double counting of produce can be avoided, it should be possible to find a figure for the quantity of produce marketed through the main buyers by adding to these flows any sales by main buyers to local retailers.

This could be combined with the F.A.O. survey data on acreages and yields, so as to find an estimate for the percentage of the crop marketed through the main buyers. I am aware of two problems here. Firstly, that the F.A.O. survey on yields only applied to a limited range of crops for any one area. Thus extrapolation of yield figures from one area to another would be necessary. Secondly, there is the problem mentioned above of double counting. If such percentage were found it would of course only be applicable to the E. region.

(ii) Price Differentials between centres;

We would expect that price differentials would be a reflection of the costs of transport between the centres. Thus we need to know the costs of transport for the traders. This will of course differ as between traders, according to their transport facilities, possibilities of back loading etc. I hope in my interviews with traders, to be able to find out what would seem to be a reasonable figure for transport costs between any two centres. From this it should be possible to establish again for the Kitgum - Kampala route, what price differentials are necessary between centres, in order to make the movement of the crop to another centre profitable.

The price figures from the monthly price bulletin will then show us, when such trade would be profitable. This can be compared with the actual trade which did take place, giving us some idea of the market intelligence of the traders.

2. Storage Facilities:

At the moment evidence points to the fact that storage is only carried out in a comparatively small way, and does not have a significant effect on overall prices. The price series show the characteristic six monthly cycle associated with the two harvest periods.

At the harvest peak, despite the low prices, the farmers and primary buyers sell out all their crop, because of their need for immediate cash. Many of the main buyers do likewise, looking round for a centre where prices are higher, and selling out to that centre. Several months later, with increasing scarcity of the crop, prices rise, and the same produce flows back into the district. This endless session continues mainly due to the lack of storage facilities in the district, and lack of credit.

The question of whether storage is a profitable function depends on the costs involved, relative to the actual future price fetched for the stored produce. The costs include the cost of the actual facilities, and the cost of the economic risk of loss in value due to deterioration, sudden fall in market prices, etc.

In my interviews with traders, I would like to ask them concerning their storage activities. It would be possible to find out the amount of the different crops stored on a monthly basis. The cost of the individual's storage activity could be assessed, and related to his gains from it.

I would also like to build up a general picture of the storage facilities which are available, and to find out how the traders deal with the problems of credit, deterioration and pests and diseases.

3. Quality:

The problem of quality is of particular importance to Uganda in relation to its export market. At the moment there is little attempt by traders to grade, standardize, or package their product. There is a groundnut grader in Busoga, and the marketing officer in Mbale is studying the problem of groundnut grading.

I would like to ask traders to what extent they are, or are prepared to perform this marketing function, and what are the costs involved. I would also like to find out to what extent it is possible to obtain a higher price for a higher quality product, and what is the price differential involved.

Some traders blend together the various qualities of produce which they receive into grades, which bring a higher return. I hope to find out more about this activity.

4. Exports:

Data on export prices is available in the Public Ledger extract of prices for export crops. Figures and prices of crops exported to the rest of East Africa can be found in the Annual Trade Reports of Kenya, Uganda and Tanzania published by the Commissioner of Customs and Excise at Mombasa.

I am hoping to be able to find out the quantities of the different crops which are exported, and at what price export is made profitable.

This information I hope to compile from traders dealing in exports, any processors who have an interest in these exports, and from the figures of the Ministry of Commerce and Industry of exports of controlled produce.

Several exporting firms in Uganda are experimenting with the export of minor crops, some to London. I hope to gather some evidence as to the extent and future possibilities of this trade. It should be possible to find out the differential in prices between London, say, and Kampala, which is necessary to make this trade possible by both sea and air-freight.

My suggested plan of approach for this study of minor crop marketing, is that I should conduct a survey of the main traders in the system.

I would like to confine the work initially to the Eastern region and Buganda, because of the lack of data for other areas, and also the distances involved. I shall include, through, Lira and Kitgum, as they form part of an important marketing route.

I propose to visit the main buyers in Buganda, E. region, and Lira and Kitgum on a regular, probably monthly basis. These number altogether about 25-30 (I have lists of the produce traders in Buganda and E. region from the marketing officers in the two regions.) I shall also visit the brokers in Kampala and Jinja, any other firm concerned with the export of minor crops, and the co-operatives in Buganda, E. region, E. Acholi and Lango, on a similar basis.

I hope also to have the time to visit a number of primary buyers in Buganda and E. Region, so as to find evidence of the system of marketing prior to the crop reaching the main buyer. For this purpose I shall need an interpreter.

The questionnaire used in this work will be primarily concerned with the four problems noted above, of crop movements, storage, quality, and exports. I hope also, though, to be able to discover the effects of Government policies on the traders, and if a "Minor Crops Marketing Board" should be set up, to consider its effects on the whole system of marketing

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