



UCOBAC

UGANDA COMMUNITY BASED ASSOCIATION FOR WOMEN AND CHILDREN'S WELFARE

POLICY BRIEF

Evaluating the Role of Middlemen in Limiting Grassroots Women's Participation and benefit in Agricultural Value Chains

2023



HUAIROU COMMISSION
Women, Homes & Community



OXFAM Novib





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Huairou Commission is a women-led social movement of grassroots women's groups from poor urban, rural, and indigenous communities, working in over 45 countries. Huairou Commission envisions a world with balanced power relations and sustainable resilient communities with grassroots women leaders and their groups at the centre of decision-making in which people lead lives free from poverty, inequality, violence, insecurity, and all forms of injustice.

www.huairou.org



Uganda Community Based Association for Women and Children Welfare (UCOBAC) is a non-Government organisation formed in 1990. It's a consortium of grassroots and community-based organisations whose mission is to promote human rights and improve welfare of vulnerable women and children in Uganda using community-based initiatives. UCOBAC is a lead organisation for the Fair for All project in Uganda.

www.ucobac.org



Action for Women and Awakening in Rural Environment (AWARE Uganda) is a grassroots women led organisation formed in 1989 by a group of rural women of Kaabong District in Karamoja sub-region, - A pastoralist community in Uganda. Its goal is to build rural women's skills, educate them on their rights, fight human rights abuses, eliminate poverty, fight gender-based violence, and provide HIV/AIDs care. AWARE Uganda envisions all indigenous community women to live in dignity and respect to enjoy their human rights and build their livelihood. Its mission is to empower Karamojong women to build their confidence and status through their participation in groups in which they can determine programs to secure their social status, livelihood.

www.awareuganda.org



Slum Women's Initiative for Development (SWID) is a community based Non-Governmental Organization that was established in 2003 in Walukuba-Masese Division of Jinja District and operates in 11 Districts in Busoga sub-region. SWID promotes the development of community structures in slum and rural areas to help poor people obtain land, shelter, and basic services in order to improve their overall well-being. SWID's mission is to strengthen and mobilize the voice, visibility and collectively organize power of women in Busoga Region through changing norms, institutions, policies, and practices that perpetuate inequality and violence in both public and private spaces. It envisions a world where there is adequate shelter for every woman.

www.swidugandahelpawoman.org

Produced by:
UCOBAC

Compiled by:
Jonathan Ochom, Frances Birungi Odong and Susan Gamwino

Design and print:
Tim Katuramu /Obilotong

Photos:
UCOBAC

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1.0 Introduction

For the last two decades, there has been a growing move in developing countries like Uganda to align agriculture with the value-chain model to enhance efficiency in the sector. The idea of value chains in agriculture illustrates all the activities necessary to move an agricultural product from production to its final consumption.¹ The agricultural value chain is characterised by three main stages: production, distribution, and consumption.² Generally, agri-business opens opportunities for small-scale farmers, majority of whom are rural women, to supply the ever-growing demand for food in Uganda and across the world.³ However, the design of the country's market system, like in many parts of the globe, does not distribute equal opportunities for all actors. Food producers operating on a small-scale in far-flung areas are burdened with comparative disadvantages in agriculture and have restricted access to market and agricultural inputs/services as well as limited control over productive resources. They also have limited access to financial services like credit and are faced with many risks, from adverse weather to price volatility. They further encounter several challenges including poor road network, language barrier, long distance, limited knowledge, among others.⁴ Most consumers of these produce are urban-based and require a certain know-how and infrastructure to access them.⁵ Women small scale producers suffer more due to patriarchy and associated social and gender norms that exclude women from owning productive resources as well from consultation



mechanisms, capacity building opportunities and decision-making processes. Communities, companies and governments seldom recognize women as individual productive actors in their own right and nor as active actors in the whole agri-business value chain. Women mainly provide labour in the pre-production and production stages of agri-business value chains while the subsequent stages in the value chain relegate them to the margins as the men take over the final stages that reap more financial benefits. Decisions at the post-production phases including for example marketing, price negotiations as well as decisions on what to produce, the quantity to be sold and the use of the proceeds from the sale are usually male dominated. Across all primary-commodity value chains, women hold fewer collective bargaining rights, fewer opportunities for economic upgrading and earn less than their male counterparts. As a consequence, small holder producers especially women often have no choice other than to sell their produce at the farm gate, surrendering most of their profits to intermediaries – **Middlemen** - who can access local, regional, and global markets.⁶

1 Jon Hellin and Madelon Meijer, 'Guidelines for Value Chain Analysis'.

2 V Cuddeford, 'An Introduction to Agricultural Value Chains' 1.

3 Lutz Goedde, Maya Horii and Sunil Sanghvi, 'Pursuing the Global Opportunity in Food and Agribusiness' (McKinsey & Company, 2015) <<https://www.mckinsey.com/industries/chemicals/our-insights/pursuing-the-global-opportunity-in-food-and-agribusiness>> accessed 30 June 2023.

4 Jostein Vik and Gunn-Turid Kvam, 'Global Value Chains and Middlemen. A Comparative Case-Study of Norwegian Agricultural Export' [2018] INTERNATIONAL JOURNAL ON FOOD SYSTEM DYNAMICS 216.

5 IFAD, 'Market Access and Value Chains: Poverty Reduction through Market Participation' (IFAD, 2021) <<https://www.ifad.org/en/market-access>> accessed 14 July 2023.

6 Gumataw K Abebe, Jos Bijman and Annie Royer, 'Are Middlemen Facilitators or Barriers to Improve Smallholders' Welfare in Rural Economies? Empirical Evidence from Ethiopia' (2016) 46 Journal of Rural Studies 203.

1.1 Role of Middle men in Agri business value chains

The idea of middlemen is straight forward: it refers to people who connect other people. In other words, they are intermediaries; and in the agri-business world, they link producers (farmers) to the consumers (buyers). Middlemen combine three core functions: trading, distributing, and providing.⁷ As traders, they take risks, deploy their entrepreneurial abilities, and make a profit off their investment. As distributors, middlemen find the farmers to find producers and supply their goods to the consumers. Lastly as providers, they constitute part of the consumers' supply network.⁸ In other words, the buyers look to the middleman to avail them the produce whenever they need it. Other scholars theorise middlemen as being "an economic institution and as a social network structure".⁹ As an economic institution, middlemen facilitate trade by connecting farmers to traders and eventually the consumers. The notion of a social network structure explores the "social relationships among farmers and middlemen".¹⁰

In the context of agricultural value chains, middlemen are involved in the collection and transportation of agricultural produce from farmers and push the goods further up in the supply and distribution chain.¹¹ In a typical rural set-up, middlemen move from one village to another, get produce from the actual farmers at a lower price and sell the same to other traders at a slightly higher price so that they make some profits.



Typically, middlemen hardly produce or add value to the products but "they possess extensive knowledge of the market and charge a commission or a fee for their services".¹² It is the traders who then sell to the final consumer with their margin as well. In essence, the products go through several hands: from the farmer to the middleman, to the traders and finally the consumer. So as to ease their work, some middlemen establish small stores in the rural areas for collecting and dropping produce. In some cases, farmers deliver the produce to the stores while in others, the middlemen move around villages with cars or motor bicycles to get the produce directly from the farm.

Undeniably, middlemen play a very critical in the agricultural value chain: they connect the farmers to the market. In countries like Uganda with poor infrastructure like roads, telecommunications and internet in the rural areas, middlemen fill a gap that would otherwise leave farmers stranded with their produce.

7 Ivan Snehota and Lars-Erik Gadde, 'Rethinking the Role of the Middlemen', *Proceedings of the 17th Annual IMP Conference* (2001).

8 *ibid.*

9 Abebe, Bijman and Royer (n 6).

10 *ibid.*

11 Kimberly Ann Elliott, 'Value Chains and Middlemen: Agriculture's Angels and Demons?' (*Center for Global Development*, 2012) <<https://www.cgdev.org/blog/value-chains-and-middlemen-agriculture-s-angels-and-demons>> accessed 15 July 2023.

12 Valentine Eleta, 'In Defense of Agricultural Middlemen' (LinkedIn, 2020) <<https://www.linkedin.com/pulse/defense-agricultural-middlemen-valentine-eleta/>> accessed 10 July 2023.

This is especially true in places where farmers are scattered across far-off areas, undertake small-scale production, and lack up-to-date information on the prevailing situation in the markets. That notwithstanding, the intervention of middlemen in agricultural value chains is not without blemish.

2.0 The Problem

Role of Middlemen in Limiting Grassroots Women's Participation and benefit in Agricultural Value Chains

Generally, given their central role in the market system, middlemen have more insider information about the market dynamics including the demand, prices, and availability of produce, they have a comparative advantage over the farmers. Additionally, because middlemen buy produce at farm-gate prices which is generally low and then they re-sell at an additional price to other traders and consumers. This leaves farmers especially women with little earnings from their hard work on the farm. It also raises the prices for consumers. In essence, middlemen earn much more than the farmers, yet the farmers invest much more time, energy and other resources to the production process. This poses serious challenges to grassroots women in as far participation and benefit in agricultural value chains is concerned:

- Given that majority of the agricultural labour force is provided by women, the biggest losers in the current market system are inherently women. Additionally, while there are female ones, most middlemen are actually men as the name suggests. As such, this further perpetrates gender and income inequality in the society. From the agri-business value chains angle, little profit is a disincentive for women which hampers their ability to meaningfully participate and benefit in Agricultural value chains.



- Furthermore, because of zero regulation of prices in Uganda, women small-scale producers are at the mercy of middlemen who oftentimes set the price. This can create unwanted welfare consequences like farmers reduced ability to benefit from new or other market opportunities. This deflates these women in their pursuit for survival through agricultural value chains.
- During the Grassroots Women Assembly for small holder producers, one of the delegates appreciated the middlemen:

"You see, these middlemen come in the evening when the men are away drinking alcohol. This means I can also sell away some produce without my husband knowing which is okay because I worked hard to produce the crops. These men don't allow us to touch money so middlemen create that opportunity for us"

While this comment in some other contexts is regrettable, it speaks to the power relations in agricultural value chains in which marketing and sales is a preserve of men and women literally have to stealthily sell what they should ordinarily have rights over.

3.0 Recommendations

Quite obviously, middlemen fill an important gap in the agribusiness eco-system: connecting the producers to the consumers. It is important to close these gaps through several ways:

1. Government through the Ministry of Trade should roll out value-addition campaigns so that small-scale women food producers are able to add value to their products and sell them for a better price.
2. Mobilise communities to form farmer groups for collective marketing. This will help to ensure that farmers do not rely on middlemen to sell their individual small quantity produce in despair but instead sell collectively in bulk for better prices. Collectively they hold stronger bargaining power in the market.
3. Civil society and other non-state actors should support grassroot women small holder farmer organising for collective advocacy for fair fiscal policy enactment and reform that empowers women to effectively participate and benefit in agri-business value chains. This can be through advocacy for revival of cooperatives or establishment of similar models for collective bargaining. Additionally, there is need for advocacy for government programs, incentives and financing models to strengthen women's active participation in whole agri-business value chain.

4. Governments can rebalance power between farmers and markets by addressing large traders or middlemen and by supporting small scale producers' access to land, inputs and markets.
5. Governments can also rebalance the power by enacting and implementing fairer fiscal laws and policies. Changes in trade, tax and investment policies can allow small scale producers to engage in markets on a more equal footing and fulfil their economic potential.
6. Capacity building for women small holder producers to equip them with knowledge and skills required to empower them to effectively engage across the whole agribusiness value chains beyond the pre-production and production stages.

4.0 Conclusion

In summary, middlemen are a central part of agricultural value chains. Scholarship and practice in this arena show that middlemen have cemented their place in the agricultural eco-system. While there are strong justifications for the work of middlemen, it is without a doubt that they have contributed to barricading women from reaping commensurate benefits for their role in the agricultural value chains. This disincentivises women given their expanding role in global agriculture, women small scale producers represent a key investment opportunity for raising farmer incomes across developing countries. Empowering and investing in rural grassroots women and their organizations can significantly improve their livelihoods and wellbeing of their families, communities and contribute to attaining sustainable development Goals.

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**Uganda Community Based Association for Women and Children Welfare
(UCOBAC)**

Plot 17 Robert Mugabe Road, Mbuya Zone 1

P. O Box 75198, Kampala, Uganda

Email: info@ucobac.org

Facebook: [UcobacUganda](#)

Twitter: [@Ucobac_](#)