FINANCIAL VULNERABILITY OF MAIZE GROWERS IN UGANDA – AN EVALUATION OF POVERTY REDUCTION EFFORTS THROUGH ECONOMIC LIBERALIZATION POLICIES.

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A cost – benefit analysis of maize growing at the current indicative farm gate prices of Ug. Shs 120 – 150/= per kilogram (kg) does not pay back the farmers in real financial terms and therefore compounds the poverty levels of communities growing maize for economic benefit. This ultimately makes maize growing a silent loss making farming venture.

The loss however, is felt more by the dry grain producers while the middlemen/ processors reap the economic gains or put simply as the sweat of the innocent poor rural farmers. It's this category of rural producers that experience high post harvest losses and a big challenge of storage pests.

A critical evaluation of the costs of maize growing below gives the extent of loss to the farmers unless looked at from the food security point of view.

- Improved seeds per acre	-	11,000
- Land clearing per acre	-	20,000
- First land opening per acre	-	60,000
- Second land opening	-	50,000
- Planting per acre	-	30,000
- First and second weeding	-	80,000
- Harvesting per acre	-	30,000
- Packaging per acre 10-15 gunny bags		7,500
		288,500

At a yield of 1.0 – 1.5 Tonnes (a ton = 1000 kg), without considering the need of fertilizers gives returns / gross revenue of Ug.shs. 1,500 x 150/= 225,000/=. The breakeven price would be achieved at Ug.shs. 192.33/= per kilogram of dry grain maize at the above estimated cost per acre. This price is not easily realisable in most rural areas of Uganda.

However, the same maize when processed, as floor goes for Ug. Shs 500 – 1200/= per kilogram depending on the location. This despite the fact that milling maize costs between Ug. Shs 30 – 60/= per kilogram also depending on the number of layers of husks removed.

This therefore implies that to the marketer/processor, the bulk of the cost reflected in the final product price (flour) is attributed to the profit margin and transportation costs that are high.

While also, higher returns would be accessed where early growers sell maize inform of fresh cobs for roasting! This is also short-lived depending on the season in place (scarcity).

The above scenario has long-term sector and structural implications particularly with the shift of emphasis from the traditional cash crops that have continued to fall on the world market in preference to the annual crops (Non – traditional export crops) where maize dominates. The above scenario cuts across most grains with the exception of beans and probably rice because of the low degree of substitutability (beans) and the false high-perceived value due to demand – supply forces (rice).

Traditionally, maize is an easy crop to produce, with less cost, easy to manage, most times resistant to water and heat stress and is widely adoptable to most soils in most parts of Uganda. The above assumptions hold only if, the right seed material is selected and planted in adequate soil moisture with basic fertility levels to provide adequate nutrients for normal growth.

In some communities, maize stands out as a key income-earning crop and has phased out coffee, cotton, and other cash crops especially in Busoga, Masindi, Hoima, Kapchorwa etc. This implies that in most of these areas, household earnings and thus poverty fluctuate with maize prices. This is because earnings from maize determine a bigger proportion of household income.

The few options that have made maize crop thrive are the low wage costs that vary from region to region. In Busoga for example, the cost of opening land and weeding could go to as low as Ug. Shs 20,000 – 40,000/= while in Buganda, the average cost per acre could go up to Ug shs. 50,000 – 70,000/=. In some instances, farmers opt to sell fresh maize or maize cobs for roasting at Ug.Shs 50 - 200/= per cob.
While in some cases, farmers opt to use herbicides for land clearing and post germination weed management. This has its effects on the soil structure and soil fauna.
While in very rare cases and only practised by a few average farmers, maize is processed and sold as floor.

The above concerns compounded with low maize quality, quantity, rain fed agriculture (bumper harvest at same harvest time – causing spiral price fluctuations). No clear marketing structures due to liberalization of the economy are in place for the ordinary small farmers with poor bargaining power. Furthermore, there aren’t any national food storage facilities in form of silos to handle stock fluctuations. In contrast, Uganda has a Ministry of disaster preparedness that almost responds to disaster management like fire brigade!

This scenario has hastened, the degree of vulnerability and susceptibility to regular exploitation by the middlemen in the maize marketing chain. Because, rural farmers have few alternative sources of income and facilities to secure credit, rarely are they patient to bulk the maize produce and obtain higher bargains through commodity exchange outlets, quality and quantity not withstanding. This also stands as a major challenge to the young Uganda's commodity exchange market.

Diversification into high market value crops that have higher returns has been also sometimes frustrating; the case in question is the Vanilla campaign, where vanilla gardens have been neglected.

Contrary, however, farmers are neither willing to mill nor sell floor instead of dry maize grain due to absence of alternative sources of income / cash for recurrent expenditure. This is where, Village Banks (VBI) and Village Savings and Loan Associations (VSLA) must redefine their roles and occupy a new market niche, through farmers financial insurance and or linking farmers to better markets / bargains by enabling farmers to bulk their produce to fetch higher prices.

It's also evident that the government hurriedly and prematurely liberalised the economy without attempting to address the structural bottlenecks in the agriculture sector. Investment in the agriculture sector has continued to be a non-priority estimated less than 8% of GDP (national budget 2004/5). The structural linkage through growth in the agro-processing industries is quite small and fragmented, making it difficult to add value to most agricultural produce, which is primarily smallholder in nature. This is among major reasons why Uganda continues to export primary products without value addition (non-processed exports)

Agriculture inputs have little or no taxes at all. However, their prevailing market prices are still high and outside the reach of the common farmer. For example, to purchase a 10kg maize package of Longe – 5, a farmer must sell a 100kg of grain seed.

It is therefore imperative that government subsidises agricultural farmers from the Poverty Action Fund (PAF), in its poverty eradication efforts. This will be meaningful support because it goes to the active poor engaged in actual production.

Also, its high time government developed a food security policy supported by national food stocks at district/regional food silos to stabilize the price of maize and other major crop prices. The absence of food security statistics or non institutionalised management of food security as revealed by my recent survey and also, interaction with other parties working on food issues, shows a missing link and over dependence on nature without a clear food security framework! This can be quite pathetic during disaster periods!

There must be tax exemptions, waivers and relief to companies and individuals investing in agriculture. Finally government must handle the unresolved issue of the land policy. No meaningful development can be achieved on fragmented smallholder gardens. There must be bold agrarian reforms undertaken particularly on the land policy that promotes large-scale investment in agriculture.

This scenario cuts across many crops, affects many regions, and communities and forms a major hindrance to the commercialisation of agriculture in Uganda.

NB. The article concentrates on organic farming methods.