



Full-Steam Ahead for Ugandan Grain Traders

Challenge

Uganda performed poorly in the agricultural commodities market in 1995, exporting a feeble \$7.25 million—40,982 tons—of low-quality maize. “What was typical of Ugandan maize and grain then?” asked John Magnay of Uganda Grain Traders Limited (UGTL). “Shriveled, diseased, high-moisture-content, fermented, and spoiled. Train cars full of stinking, rotting maize.” Five million Ugandan farmers, 80 percent of whom owned less than five acres of land, were raising field crops like maize, beans and rice. But while the sheer number of farmers presented great potential, the farmers were scattered, unorganized and lacking in standards, inputs, markets, capital, or modern technical knowledge and tools. Most importantly, the smallholders lacked a powerful market that would buy their crops and propel their business. When the market crashed in 2001, many smallholders defaulted on loans and lost their land.



Photo: CARE

UGTL warehouse workers in Kampala carry sacks of coffee beans from a loading dock.

“We campaigned for increased production and we’re seeing the results: 100,000 tons of maize and 80,000 tons of beans to the World Food Program.”

—John Magnay, UGTL Managing Director

Initiative

USAID’s agriculture initiative reached a million of those smallholders, increasing crop production through extension programs and demonstrations that shared advances in farming, like the use of quality seed. The program also promoted Uganda’s maize to regional markets because, while the crop accounts for only 15 percent of Uganda’s food requirement, it makes up 80–90 percent of food needs in neighboring countries like Kenya and Malawi.

With USAID assistance, investors created UGTL, which has established 16 local grain and producer associations. UGTL also built a warehouse the size of an airplane hangar to store crop stocks. Employing 150 local laborers, the warehouse provides plenty of capacity for Ugandan seed and grain before it is exported to regional markets.

Results

Increased quality standards have helped stabilize the market. At USAID’s urging, UGTL now works with inspection agencies to test grain at the farm gate, training farmers how to keep disease and moisture rates low. Exports of all field crops grew steadily from \$11 million in 1995 to \$34 million in 2004. USAID trained 3,000 crop farmers—32 percent of whom were women. The country’s crop farmers now supply enough good quality grain to feed the internally displaced people in northern Uganda, providing 80 percent of the necessary relief called for by the World Food Program.

Case Study

