

Contract Template Field Studies

AT Uganda Ltd
CARE International in Uganda
CEFORD
SATNET
SNV
VEDCO
World Vision Uganda

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The views in this paper are either the authors' or derived from interviews with key informants and stakeholders and are not necessarily endorsed or shared by the International Labour Organisation (ILO) or the British Department For International Development (DFID) as donor.

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Background

The Business Services Market Development Project Uganda (henceforth BSMD) is a DFID financed project, which has been working in Uganda for several years. Its main aim is to increase the competitiveness of micro and small enterprises and smallholder farmers. BSMD pilot projects have been facilitating the development of supply chains, which effectively enable small businesses to participate in market. Projects of this type have been supplemented by several research initiatives looking at enhancing local sourcing of fresh fruit and vegetables by supermarkets and agro-processors, and documenting successful supply chains.

This piece of research is complementary to these supply chain efforts. It is concerned with documenting the current status of commodity marketing for a number of primary commodities. This data was collected to inform the process of developing a contract template for use in the agro-sector that would provide a tool for stakeholders that is:

- Easier to understand
- Clear and comprehensive
- Flexible (easily adapted to meet specific situations)
- Legally binding
- Easy to access and adopt at minimal cost

This information was gathered from interviews with farmers, traders, processors, government agencies, and other service organizations involved in the food chain. Research was conducted by seven collaborating NGOs as follows:

Organization	Region	Commodities
AT Uganda Ltd.	Eastern	Potatoes, Groundnuts, Cassava
CARE	South West	Beans, Potatoes,
CEFORD	West Nile	Honey, Tobacco, Simsim
SATNET	Central Western	Coffee, Maize, Passion Fruit
SNV	Karamoja	Limestone, Livestock
VEDCO	South Central	Rice, Pineapple, Chillies
World Vision	North	Cotton, Rice, Sunflower

Key Findings

Key findings from this study include the following:

- Most farmers still sell purely on the spot market with no prior agreement or contract. This includes local rural markets and sale to itinerant traders from farm gate.
- Little initial felt need for contracts. The attitude is, “This is the way it has always been done.”
- Where there is a contract/agreement it is generally initiated by the buyer rather than the seller. The seller has little or no input in the terms of the agreement.

There are a number of reasons for this situation. Generally, farmers are not organized. Individual farmers produce very small quantities and sell in bits, as they need cash. Because of low volumes, farmers are price takers with no market power. Where farmers’

organizations exist they deal primarily with production issues rather than marketing. The legacy of the cooperative movement collapse in Uganda has left behind a distinct lack of trust among farmers, especially when it comes to financial management. Even so, the local cultures often rely on informal arrangements, especially between family members and people from the same community. Traditionally asking for a contract is interpreted to mean that you do not trust the other party. It is an insult.

From the perspective of the traders, markets in Uganda are thin. As a result, prices are often quite volatile. The future is unknown and thus traders are generally unable/unwilling to commit to prices and quantities in advance.

Lastly, contracts are seen as complicated and costly. Many farmers and traders do not understand the language used in contracts or know how to draw one up.

The lack of contracting results in very high aggregation and transaction costs in doing business in the agriculture sector in Uganda. There are substantial risks for both farmers and traders. Parties to the transaction have little recourse in the event that unscrupulous trading partners abscond without meeting their end of the bargain. Without documentation, farmers can do very little when traders take the product and fail to pay. The case studies were filled with bad stories of producers who were cheated when buyers disappeared with their hard earned products. In the few cases where farmers and/or traders do seek recourse in the event of a dispute, the Local Council (LC) Courts are usually the chosen avenues for resolution of disputes. Whereas this may be convenient for the farmers and traders, it is unfortunately, contrary to the law, which permits LCs to handle only cases where the value of the subject matter does not exceed U Shs. 5,000!

The lack of contracting also results into little or no incentive for suppliers to produce consistently high quality. The end result is that consumers are faced with high price variability and uncertain quality.

There are, however, a number of factors that are creating pressure for more formalized sales agreements. Increasingly farmers are organizing themselves for purposes of achieving greater marketing power. The existence of such organizations reduces the transaction costs in the market chain and facilitates more formal long-term relationships between producers and market intermediaries.

On the other side, export markets demand a consistent supply of produce that meets stringent quality specifications. Considerable investment in organic certification and other pre-production expenses are now required to assure premium quality and consistent supply demanded by the export markets. The result is an increased need for formalized agreements to ensure that the exporter will be able to recoup his investment from farmers at the time of harvest.

The fieldwork identified five situations in which formal sales agreements may be required. These include:

- 1. Situations where the buyer has to pre-finance inputs, equipment, certification, etc. to ensure availability of the desired quantity and quality of a given product.**
 - Contract needed to ensure repayment of such costs by the producer at time of sale.
 - Examples: high value vegetables, tobacco, cotton, organic products (simsim), honey

2. **Transactions where transportation arrangements need to be agreed to in advance to ensure efficient collection and delivery.**
 - Especially important for perishable and bulky crops produced at some distance from final market.
 - Examples: Pineapple, chillies, simsim, potato
3. **Repeated transactions where a buyer requires regular supply of a given quantity and quality of produce from the same group of farmers over an extended time.**
 - Especially common with fresh fruits and vegetables that can be harvested at staggered times over the season.
 - Examples include chillies, pineapple, passion fruit, honey, and limestone.
4. **Any sale where time of delivery differs from time of payment.**
 - Buyer may advance money to seller to create an incentive to comply with specifications related to timing of harvest, post harvest handling and quality control. Examples include potatoes, coffee.
 - Seller may deliver the product and then give trader time to complete final sale before making payment. This is one way to try to capture a market when competition is stiff. Examples include potatoes, limestone, tobacco and livestock.
5. **Transactions where the final buyer utilizes local buying agents to undertake aggregation and preliminary quality control on his/her behalf.**
 - Use of agents is fairly common. Agents often undertake procurement with capital provided by the final buyer. Buyer needs to protect the security of his capital as well as ensure that the agent will actually sell the produce to him rather than use his capital to procure for some other consumer.
 - Examples include rice, cotton, chillies, coffee, livestock, cassava

This report presents the Case Studies as prepared by the various collaborating NGOs. This information was summarized for the Legal Advisors, and a Contract Template was developed that tried to address all five of the above situations. The overall rationale for developing such a contract template was:

- To empower farmers & create incentives for increased productivity,
- To promote good business practices and better relationships between trading partners,
- To strengthen Uganda's export capacity,
- To enhance market efficiency/reduce risk,
- Contribute toward poverty reduction and the modernization of agriculture.

The template is intended for use by individual farmers, groups or associations, traders, buying agents, processors, or anyone who buys and sells in agro business chains. It can be used:

- To legally document any sales agreement,
- For either single or multiple transactions,
- To specify the mode and timing of transportation and delivery for an agreed quantity and quality of goods,
- To specifically provide for repayment of production or capital advances from the final sales proceeds,
- To confirm the agreed price and specify the mode and time of payment,
- To specify penalties for non-compliance and mechanisms for dispute resolution.

Attached to the template are accompanying guidelines that explain the advantages of entering into a contract, persons and organisations that are eligible to enter into contracts, the usual format of a contract, and methods of dispute resolution. It is hoped that these guidelines will enable farmers and traders to better understand contracts, and hopefully, assist in changing the prevailing negative attitudes towards contracting.

Recommendations

A final Review Workshop was held for the collaborating partners. The purpose of the workshop was to discuss the question of dissemination and promotion of the Contract Template. A number of recommendations came out of the workshop.

First, it was agreed that there should not be any copyright on the contract template since it is intended for widest possible dissemination. While Fountain Publishers has agreed to publish the template in booklets with multiple copies, that should not stop any interested party from photocopying or editing the contract template to suite their particular purposes. This is a sample that farmers and business people are free to utilize as appropriate. Fountain publishers will disseminate but should not “own” the document.

The Collaborating NGOs all agreed to participate in Championing distribution of the Contract Template. They also recommend that the Private Sector Foundation Uganda, the Private Sector Development Centres, Uganda Farmer’s Federation, Chamber of Commerce, and District Commercial Officers be involved in the dissemination process in order to achieve widest possible distribution. The NGOs recommended that BSMD approach either the Private Sector Development Centres or the Uganda Farmer’s Federation to take on the lead role as “Champion of Champions”

The collaborating NGOs each expressed interest in disseminating the contract template in various ways depending on their respective modes of operation. Ideas include:

- Disseminating copies to key informants who participated in the case studies.
- Training trainers and mobilizers from CBOs, CSOs and farmer groups
- Sharing with District NGO Councils and District Production Committees
- Sharing with District commercial officers and extension staff
- Sharing with beneficiaries like farmers’ groups, input stockists, District marketing associations, etc.
- Conducting radio and publicity campaigns
- Liaising with the Legal Aid Project of the Uganda Law Society. The Legal Aid Project has branches in all the regions of the country and would readily provide free legal advice to farmers who may not be able to afford the services of a hired lawyer. The Legal Aid Project would also assist in the dissemination of the template.
- Monitoring utilization and impact

The issue of translation was seen as critical to achieving long-term impact. The collaborating NGOs requested BSMD to consider commissioning “official translations” in a number of key languages as an important immediate requirement. It was felt that this should be done centrally, rather than by individual NGOs in order to ensure consistency. The translations should be checked carefully for accuracy and legal interpretation.

Given the legal implications of any changes in the contract template, the NGOs also recommend that Fountain Publishers seek legal guidance before making any modifications in the Contract Template in future published editions. They suggest that Legal Aid Project of the Uganda Law Society be approached about taking on this advisory role.

Some of the collaborating NGOs have been encouraging the farmers they work with to form groups or associations as means towards increasing their bargaining power in the sector. As a result of this, some farmers have formed Community Based Organisations (CBOs) and registered them at their District Offices. Whereas this is definitely a positive step, there is a need to bear in mind the fact that farmer groups and associations that are not registered either, as a company limited by shares or a registered cooperative society cannot legally enter into contracts. Accordingly, the process of dissemination and sensitisation should be accompanied by a corresponding call to farmers to form legal entities that have the capacity to enter into contracts.

Finally, it was noted that no single contract format would ever be able to suit every situation and circumstance. The Contract Template can, however, be adapted and edited as necessary on mutual agreement of both the buyer and seller. The parties simply need to edit and both countersign and indicate the date against any alteration.

1 Dried Cassava in Eastern Uganda (Farmer Level)

Dried Cassava in Eastern Uganda (Farmer Level)			
Information collected by: AT Uganda Ltd.		Region: Eastern	
Describe the commodity, the form of that commodity and the nature of the transaction in question. <i>-Cassava sold mainly as dried chips by the producers to rural traders.</i>			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
Supplier: <i>- Individual producers</i>		Buyer: <i>- Individual rural traders who buy from producers and are based in rural trading centres</i>	
What dominant languages do the parties to these business transactions use?			
Language of Sellers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. Ateso	2	2	2
2. English	2	2	2
3. Swahili	2	2	
Language of Buyers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. Swahili	4		
2. English	4		
3. Ateso	4		
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency. <i>Traders buy 1000 to 2000kg, - on average 1500kg at approximately 225,000= before they also sell to urban traders. Producers sell small quantities but can go to 1000kg at once.</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other? <i>Both one time and regular ongoing relationships, periodic. There are seasons when cassava processing is easy and supply goes up i.e. September to February</i>			
Is the relationship formal or informal? Please explain. <i>- Informal, because no agreements involved except discussion and negotiations at time of sale once both sides are satisfied the sale is finalized</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)? <i>- Cash on delivery of product</i>			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
Supplier:		Buyer:	
<i>No problems resulting from failure to pay</i>		<i>No problems resulting from failure to pay</i>	
What type of payment would each of the parties prefer? Why?			
Supplier:		Buyer:	
<i>Cash</i>		<i>Cash</i> <i>Credit (helps increase volume of business)</i>	
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting? <i>Don't know national standards</i> <i>However, specific consumers require specific quality which have to be met hence buyers are aware and suppliers try to meet them</i> <i>Contracts should specify quality standards so that suppliers and producers for according to demand.</i>			
What particular quality specifications usually apply to this type of transaction? <i>- Nature of processing fermented. Unfermented</i>			
Agreements			
Are these specifications usually met? Why? <i>Yes. Because if not followed affects sales and demand has to be met</i>			
Do the parties generally sign agreements in this transaction? <i>- No</i>			

Dried Cassava in Eastern Uganda (Farmer Level)	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier:</i>	<i>Buyer:</i>
<i>-Transactions, based on cash and available quantities</i>	<i>- Transactions are cash and small quantities involved with many suppliers</i>
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
<i>Supplier:</i>	<i>Buyer:</i>
<i>N/A</i>	<i>N/A</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
<i>Advantages for suppliers:</i>	<i>Advantages for Buyers:</i>
<i>Help fix prices especially when supply increases Easy to sue in case of failure to pay</i>	<i>- Can get large quantities if scarce</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
<i>Suppliers Commit:</i>	<i>Suppliers want Buyers to commit:</i>
<i>Quality Quantity</i>	<i>Quality Quantity</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
<i>Buyers Commit:</i>	<i>Buyers want suppliers to commit:</i>
<i>Pay in time - Transport</i>	<i>Timely payments Flexibility in pricing in case prices change</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
None.	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>- A buyer made a verbal agreement to buy from a producer who then prepared his produce and waited for the buyer who failed to show up. The producer had to look for another buyer after long and sold it at a low price. This is a common situation during times of high supply causing prices fluctuations, which favour the buyers, and sometimes the producer fails to sell completely.</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Supplier</i>	<i>Buyer</i>
<i>-Prices Payment terms Cheating scales</i>	<i>Prices</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>- Price fluctuations during times of high supply favour the buyers as they keep lower, so suppliers feel they are cheated _ Sometimes price fluctuations are rapid yet information moves slowly to rural areas</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>Negotiate- Because no formal procedure. Right from start and usually transactions are between parties that have been interacting for a while & also few times are one-time transactions especially with new buyers.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Talk to other party.</i>	
What was the final outcome?	
<i>- Parties agree on terms and transactions are concluded</i>	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	

Dried Cassava in Eastern Uganda (Farmer Level)	
<i>Individual producers have larger quantities that can meet orders required by small traders, however contracting can be difficult since they are not legally registered</i>	

2 Dried Cassava in Eastern Region (Trader level)

Dried Cassava in Eastern Region (Trader level)			
Information collected by: AT Uganda Ltd.		Region: Eastern	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
<p>- Cassava; Chips which are sun dried are sold to processors who grind it to flour before sale to retailers and consumers</p> <p>- Rural traders are the suppliers while processors are the buyers</p>			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
<i>Supplier:</i>		<i>Buyer:</i>	
<p>Individual rural trader licensed and has premises in rural trading centres.</p> <p>Can handle contracts because organized and stationed in known locations and have premises and are licensed</p>		<p>Urban traders who process the chips to flour Usually licensed and have premises Buy large quantities of >24 MT/month Organized in loose informal associations. Can handle contracts because organized and stationed in known locations and have premises and are licensed. Require big volumes which one supplier cannot meet, so can contract many or a group of suppliers from one location.</p>	
What dominant languages do the parties to these business transactions use?			
<i>Language of Sellers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. Ateso	3	3	3
2. English	3	1	1
3. Swahili	3	1	
<i>Language of Buyers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. Ateso	1	1	1
2. English	1	1	1
3. Swahili	1	1	1
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>Each supplier sells 2000 to 4000kg/ week to a buyer, worth 400,000= to 800,000=. The processor buys on average 6000kg / week at about 1800,000=</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long- term agreement?) How long have the parties been relating to each other?			
<i>At least once a week each supplier sells. However, buyers have many suppliers and receive goods up-to 3 times a week (i.e. this depends on location of suppliers). Most transactions have become regular ongoing and periodic. Most have related for more than 2 seasons. All parties surveyed have been in the business for at least 5 years.</i>			
Is the relationship formal or informal? Please explain.			
<i>- Relationships are informal, based on trust developed over time while doing business with the same parties. No written agreements are made but parties understand one another and agree on issues of prices and delivery terms.</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
<p>- Cash</p> <p>-Chits/Record in buyer and supplier books</p> <p>-Credit</p>			

Dried Cassava in Eastern Region (Trader level)	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
<i>Supplier:</i>	<i>Buyer:</i>
-Cash can quickly reinvest and buy more for sale. And no problem of follow up in case of breach of terms. Chits are usually linked to delayed payments and sometimes when paid the payments are in bits so one cannot effectively utilize it for more business.	Cash good but limited yet many suppliers with big volumes. Credit/Chits enable absorption of excess supply for which cash is not available, yet suppliers not willing to return their produce.
What type of payment would each of the parties prefer? Why?	
<i>Supplier:</i>	<i>Buyer:</i>
-Cash. -Credit helps move stock in times of high production instead of tying up capital.	- Cash - Credit (helps increase volume of business)
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
Don't know national standards. However, demand for particular products with specific qualities has helped establish generally accepted standards. Contracts should specify quality standards so that suppliers and producers comply according to demand.	
What particular quality specifications usually apply to this type of transaction?	
Nature of processing i.e. fermented and unfermented	
Agreements	
Are these specifications usually met? Why?	
Yes. Because if not followed affects sales and demand has to be met	
Do the parties generally sign agreements in this transaction?	
- No	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier:</i>	<i>Buyer:</i>
-Most times buyers are many and pay cash, so can sell to any. -For regular buyers all is based on trust and they usually assist suppliers with credit or during times of high supply to get alternative market so suppliers have come to trust them.	- Transactions are cash and small quantities involved with many suppliers so contracts become tedious and unnecessary.
What is the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
<i>Supplier:</i>	<i>Buyer:</i>
N/A	Can easily follow up debtors.
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
<i>Advantages for suppliers:</i>	<i>Advantages for Buyers:</i>
Easy to take legal steps in case of failure to pay	Can get large quantities if product is in short supply. Promotes good business practices and relations. Easy to settle disputes especially payments.
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
<i>Suppliers Commit:</i>	<i>Suppliers want Buyers to commit:</i>
Quality Quantity Timely supply.	Quality Quantity
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
<i>Buyers Commit:</i>	<i>Buyers want suppliers to commit:</i>

Dried Cassava in Eastern Region (Trader level)	
Pay in time Transport large quantities	Timely payments Flexibility in pricing in case prices change to benefit both parties.
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>A processor/ wholesaler who usually advanced His agents who are also rural traders cash to but during times of low supply learnt to have all his agents sign for cash advanced to them to facilitate buying in large quantities. This enabled him to enlist legal support to recover his money from one agent who failed to deliver the required quantities paid for and was successful.</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>The same buyer above regularly advanced money to his agents based on mutual trust and only noted down the amount and the expected quantity of produce without the agent signing. Then one agent/rural trader failed to deliver the produce. Attempts to recover through mutual means failed. The local authorities could not help because there was not enough evidence to enable them to assist in the case. And he lost the money. He was more disappointed considering that the agent had been meeting his obligations.</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Supplier</i>	<i>Buyer</i>
<i>-Prices -Payment terms</i>	<i>Prices Quality.</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>During times of low supply there are rapid price fluctuations, and any negotiations on price, which are not followed by immediate delivery to ensure the transaction is completed, are over taken by the change in price. The price change usually affects the supplier. The situation is made worse by lack of formal sales terms and also, by many buyers, so that suppliers feel the buyers should adjust according to the change after all many buyers are available to buy at the new good price. On the other hand the reverse is true for buyers especially those who advance payments when prices lower they stand to lose but the supplier will want to pay according to the agreed price. - There is tendency for those who are per –paid to relax on the quality agreed on maybe due to loose nature of the relations and lack of strict quality standards from the current buyers.</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>_ Negotiate. Usually initial negotiates were based on trust without any formal arrangements. Also suppliers indicated that they did not want to lose their only regular long time buyers due to just one- time dispute. The approach is seen to ensure continued relations and less time consuming.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Parties tend to re negotiate and agree immediately. -However, the one case that was successfully handled, it was forwarded to police and eventually to court after the LCs failed to solve it.</i>	
What was the final outcome?	
<i>- With negotiations both parties agreed on re-negotiated terms and transactions were concluded. -The case that ended in court led to recovery of the money but after 6 months. - The other failed and the buyer gave up saying it had become time consuming and expensive.</i>	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	

Dried Cassava in Eastern Region (Trader level)
<p><i>If individual suppliers joined hands they can easily enter contractual arrangements and sell easily at good negotiated terms.</i></p> <p><i>_ Frequent price fluctuations pose a challenge to contracting.</i></p> <p><i>Informal loose associations control prices in urban centres and make contracting with individual buyers difficult.</i></p> <p><i>-Association also handles disputes between suppliers and buyers especially cases of failure by buyer to pay for delivered producer and has been successful.</i></p> <p><i>Buyers are willing to offer security for credit purchases and also willing to guarantee each other in contracts through their association.</i></p>

3 Groundnuts in Eastern Uganda (Farmer Level)

Groundnuts in Eastern Uganda (Farmer Level)			
Information collected by: AT Uganda Ltd.		Region: Eastern	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
<p><i>Groundnuts: Sold in shell or shelled by producers/farmers to rural traders. Farmers sell it to rural traders who also sell it already shelled to urban wholesalers and processors. It is processed to flour in urban centres.</i></p> <p><i>In this transaction producers are the suppliers and the traders are the buyers.</i></p>			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
<i>Supplier:</i>		<i>Buyer:</i>	
<p><i>1. Individual producers, businesses not legally registered.</i></p> <p><i>2. Individuals who agreed to sell together as a group & registered with district authorities</i></p>		<p><i>1. Rural traders based in trading centres who sell to urban wholesalers & processors. Usually businessmen with trading licenses and premises</i></p> <p><i>Government organizations</i></p>	
What dominant languages do the parties to these business transactions use?			
<i>Language of Sellers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
<i>1. Ateso/Luganda</i>	<i>1/2</i>	<i>1/2</i>	<i>1/2</i>
<i>2. English</i>	<i>3</i>	<i>3</i>	<i>3</i>
<i>3. Luganda/Ateso</i>	<i>2</i>	<i>1</i>	<i>1</i>
<i>Language of Buyers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
<i>1. Swahili</i>	<i>2</i>	<i>2</i>	<i>2</i>
<i>2. English</i>	<i>2</i>	<i>2</i>	<i>2</i>
<i>3. Luganda/Ateso</i>	<i>1</i>	<i>1/1</i>	<i>1/1</i>
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<p><i>The producers sold as individuals to traders as needs for cash arose. 1-10bags in shell (25 – 250kg shelled) once in a while, once in a month during period of high supply. One trader buys from many producers, up-to 4000kg/month for 3 month. Another buys 2500kg /season of 3 months.</i></p>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
<p><i>Sellers tend to sell to specific traders (so most transactions) with whom they have dealt with in the past. As there are few traders established in the rural trading centres. These relationships have become regular, ongoing and periodic. Sales done mainly during periods of peak supply i.e. after harvest. August to December.</i></p>			
Is the relationship formal or informal? Please explain.			
<p><i>Informal and based on past transactions. No negotiations are entered into which involve written commitments. Negotiations are started and finalized for each transaction immediately. Producers tend to sell to the same trader each time they sell since sales are in small amounts.</i></p>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			

Groundnuts in Eastern Uganda (Farmer Level)	
<i>Cash. Most farmers sell to meet immediate cash needs and cannot afford to wait other forms of payment become irrelevant in this situation.</i>	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
Supplier: - Cash- Creates no future problem to both parties - Don't have bank accounts and no rural banks. -Also because sell small quantities, credit becomes unnecessary	Buyer: Cash -Limits quantities, which can be bought. So suppliers (farmers) sometimes take back their produce (fail to sell) Limits problems of delays, failure to pay and waste of time during recovery. In times of scarcity agents who are advanced money to be able to pay cash to suppliers (farmers) sometimes run away with cash.
What type of payment would each of the parties prefer? Why?	
Supplier: - Cash - Don't have bank accounts and no rural banks. -Also because sell small quantities, credit becomes unnecessary	Buyer: -Cash Limits problems of delays and failure to pay and waste of time during recovery.
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
- No idea of national quality standards. However, the demand side has set standards, which have influenced and helped set local standards. Such as seed produced should be sorted to one colour, no broken ones or those without skins - In contracting these specific standards should be spelt out as parties are aware that quality issues always arise and are considered	
What particular quality specifications usually apply to this type of transaction?	
- Seed grain of one colour. - Cleanliness no broken foreign matters, rotten - moisture content	
Agreements	
Are these specifications usually met? Why?	
- Yes, because failure to do so means reduction of price in order for buyer to be able to upgrade quality reduced. E.g. some money is usually deducted for cleaning and sorting or a lower price is offered to cater for grading	
Do the parties generally sign agreements in this transaction?	
- No. Only one case of farmers who sold as a group to an organization whose procurement procedures demanded for signing of a agreement.	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
Supplier: Most transactions are one time or if regular and period and involve small quantities Also over time increased interactions end up with building of trust, and usually transaction is started and concluded immediately Many buyers with cash	Buyer: Buy from many suppliers and usually pay cash so no need Prices fluctuate frequently sometimes daily, which jeopardizes contracting, especially if the contracts require immediate delivery. Usually quantities are small
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier: Assured of price and payment terms Reduces cheating	Buyer: -Assured of quality
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
Advantages for suppliers:	Advantages for Buyers:

Groundnuts in Eastern Uganda (Farmer Level)	
<i>Security of price if supply is high Payment terms spelt out Reduces cheating, as it helps deal with breaches.</i>	<i>Get right quality and timely delivery and quantity especially during scarcity</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
<i>Suppliers Commit:</i>	<i>Suppliers want Buyers to commit:</i>
<i>Meet quality Meet quantity</i>	<i>Quality Quantity Timely supply</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
<i>Buyers Commit:</i>	<i>Buyers want suppliers to commit:</i>
<i>Pay in time Transport for large quintiles <u>Differ</u> - timing of transactions and honour terms of quantity and price</i>	<i>Given ample time for transaction not very short un practical period Transport product Take all amounts agreed on Pay in time Honour prices</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>None from respondents</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>None from respondents</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Supplier</i>	<i>Buyer</i>
<i>Differing scales (traders use cheating scales) Prices – traders manipulate and lower price s</i>	<i>Quality – sometimes not met especially grading and cleaning Prices producers want unrealistic prices i.e. urban retail prices</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>Supplier</i>	<i>Buyer</i>
<i>Traders tend to use differed scales when buying to increase on their profits Cause may be the weak regulations of weights and measures department, and poor business practices Prices manipulated to increase margins of trader, due to lack of market information.</i>	<i>Quality – some suppliers don't grade and clean well so buyers meets extra costs so to upgrade quality, they pay less Some may not be aware of quality standards on market Sometimes increased demand and low supply buy anything and re-grade later Prices fluctuate rapidly while market information spreads slowly to producers.</i>
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>- Usually re-negotiate because most transactions are informal and are concluded immediately</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>- Usually re-negotiate because most transactions are informal and are concluded immediately. Price – sell at relying price - Quality – price adjusted to enable upgrade quality - Scales – nothing done.</i>	
What was the final outcome?	
<i>- Usually for price – sold at ruling price and quality issue the cost of grading deducted. - Farmers are paid cash for their crop and traders have the cash to pay.</i>	

Groundnuts in Eastern Uganda (Farmer Level)	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<p><i>Farmers are not yet organized in large market groups to require contractual sales agreements</i></p> <p><i>_ Sales volumes for individuals are low don't warrant contracts</i></p> <p><i>_ Farmers are paid cash for their crop and traders have the cash to pay.</i></p> <p><i>Traders have agents (who most times fail to deliver) who can be replaced by organized groups of producers who can then be contracted to supply.</i></p>	

4 Groundnuts in Eastern Uganda (Trader Level)

Groundnuts in Eastern Uganda (Trader Level)			
Information collected by: AT Uganda Ltd.		Region: Eastern	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
<p><i>Groundnuts: Sold by rural traders to urban wholesalers and processors</i></p> <p><i>In this transaction rural traders are the suppliers and urban traders/processors are the buyers.</i></p>			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
Supplier:		Buyer:	
<i>Individual rural traders licensed to deal in produce</i>		<i>Individual urban wholesalers based in large towns and have large stores. And operating licenses.</i>	
		<i>Urban based processors</i>	
What dominant languages do the parties to these business transactions use?			
Language of Sellers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. Ateso and Luganda	2	2	1/1
2. English	2	2	2
3. Swahili	2	1	1
Language of Buyers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. Swahili	2	2	1
2. English	2	2	1
3. Luganda/Ateso	1	1/1	1/1
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>Suppliers 1000 to 1200kg/ season of 3 months at 950=/kg, and buyers 10,000kg per month for whole year and sell at 1000=/kg. Suppliers sell weekly to buyers, and usually many suppliers sell to one buyer.</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
<i>Usually regular and on going relationships. Also many one-time type of transactions. Buyers have been in business for 5 years.</i>			
Is the relationship formal or informal? Please explain.			
<i>Informal. No written commitments relations have grown over time and parties have become regular business partners.</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
<i>Cash and credit</i>			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
Supplier:		Buyer:	

Groundnuts in Eastern Uganda (Trader Level)	
<p><i>-Cash okay because can quickly reinvest in business.</i></p> <p><i>-Credit sales good in times of high supply because can be sure of selling.</i></p> <p><i>- Credit payments usually take long to be cleared and sometimes paid in bits, which is not good for business. It also reduces available capital</i></p>	<p><i>- Cash eliminates problems of delays.</i></p> <p><i>-Credit can increase turn over because can get big volumes.</i></p> <p><i>- Credit, suppliers become impatient and settling issues may waste a lot of time.</i></p>
What type of payment would each of the parties prefer? Why?	
Supplier:	Buyer:
<i>Cash no problems of failure to pay Can reinvest quickly</i>	<i>Cash, no problems.</i>
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
<i>No idea of national quality standards. Usually depend on those demanded by buyers and consumers. In contracting these specific standards should be spelt out, as parties are aware that quality issues always arose and are considered. And room to accommodate more based on Known national standards</i>	
What particular quality specifications usually apply to this type of transaction?	
<i>Grain colour – uniform or one colour - cleanliness – no broken or foreign matter, rotten _ moisture content</i>	
Agreements	
Are these specifications usually met? Why?	
<i>Yes, because failure to do so means reduction of price in order for buyer to be able to upgrade quality reduced. Some money is usually deducted for cleaning and sorting or a lower price is offered to cater for grading</i>	
Do the parties generally sign agreements in this transaction?	
No.	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
Supplier:	Buyer:
<i>Usually pay cash. -Have come to trust buyer and sell to same person In times of high supply sell on credit and paid later and only regular buyer is trusted to do that</i>	<i>Usually pay cash. Many other suppliers and each group have specific seasons to supply.</i>
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier:	Buyer:
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
Advantages for suppliers:	Advantages for Buyers:
<i>Reduces cheating, helps deal with breaches. Sure of buyer / market. Can easily follow up in case of failure to pay. Can be sure of price and payment terms</i>	<i>Get right quality and timely delivery and quantities especially during scarcity</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit:	Suppliers want Buyers to commit:
<i>Meet quality Meet quantity Supply in time Diff Same</i>	<i>Quality Quantity Timely supply</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit:	Buyers want suppliers to commit:

Groundnuts in Eastern Uganda (Trader Level)	
<i>Pay in time Transport for large quantities</i>	<i>Transport produce Take all amounts agreed on Pay in time Honour price</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
N/A	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier	Buyer
<i>Prices. Payment terms.</i>	<i>Quality – sometimes not met – especially grading and cleaning Time of delivery</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>-Because some sales are on credit and buyers are few and try to help many suppliers so forced to retain produce. They also sell on credit and payments get delayed further. -Sometimes prices fluctuate rapidly and rural traders don't know and take long to deliver</i>	<i>Buyers want quick deliveries as prices change rapidly which suppliers may not be able to cope with, calling for changes in terms especially prices. -In times of high demand quality is not taken seriously by suppliers because many un selective buyers.</i>
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>Discussion. Suppliers don't want to lose their market outlets or partners especially in a situation where they control prices and are also few, and also because relations have been based on trust</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Re-negotiate and sell at the ruling price.</i>	
What was the final outcome?	
Agree and business continues.	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<i>Informal association of buyers control prices both buying and selling price. -And also settles disputes between suppliers and buyers. -Organised producers can also sell to the Association if negotiations are done early. Contracts can be witnessed by leadership of this association</i>	

5 Irish Potatoes in Eastern Uganda (Farmer Level)

Irish Potatoes in Eastern Uganda (Farmer Level)	
Information collected by: AT Uganda Ltd.	Region: Eastern
Describe the commodity, the form of that commodity and the nature of the transaction in question.	
<i>This summary covers the sale of Irish potatoes in Kapchorwa by farmers who are selling to local traders or middlemen.</i>	
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.	
<i>Supplier: Farmers acting individually – no legal status other than as individuals</i>	<i>Buyer: local traders and middlemen usually operating individually without any formal business status</i>

Irish Potatoes in Eastern Uganda (Farmer Level)			
What dominant languages do the parties to these business transactions use?			
<i>Language of Sellers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. Kupsabiny	All	Maybe 60%	Maybe 60%
2. English	Few	Few	Few
<i>(Interviewed in a large meeting so not possible to ask.)</i>			
<i>Language of Buyers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. Kupsabiny	All	All	All
2. English	All who were interviewed, but probably not all involved in the trade	All who were interviewed, but probably not all involved in the trade	All who were interviewed, but probably not all involved in the trade
3.			
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>The average transaction is one garden of potatoes. Yield is about 40 to 100 bags of potatoes at a price of about 10,000/= per bag at harvest. So this implies a pre-payment in the range of 400,000/= to 1,000,000/= shillings</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
<i>The relationship is often ongoing because the traders are local people (often neighbours, or relatives) but neither regular nor contractual. Whether there will be a repeat sale depends on how the farmer is treated and how serious the trader is about the business. Many get into the business for just one season then move on to something else, while others are better established.</i>			
Is the relationship formal or informal? Please explain.			
<i>In most cases the relationship is purely informal, although one large trader admitted to using written contracts that are signed in front of the LC when he is dealing with an unknown farmers and buying the crop still in the field. The reason is that this involves a fairly large deposit on a product that is still left in the farmer's field for "storage" until ready and the market improves.</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
<i>We were told that nearly 70% of the crop is actually sold on credit. The better established traders, however, will pay cash with maybe 20 paying a partial advance and only 10% paying in full up front. Smaller farmers who don't have enough to attract a trader have to carry their own potatoes to the market and either sell direct to local consumers or to retail shop owners who sell to consumers. In that case they get cash immediately but can't sell many bags at a time.</i>			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
<i>Supplier: Credit sales are a big problem. The farmer is at a real disadvantage because is dependent on the trustworthiness of the trader. All too often the trader comes back with a story about the potatoes being of poor quality with a lot of rotting and reneges on the price originally promised. In such cases the farmer has little recourse. Cash is better for the farmer.</i>		<i>Buyer: Credit is a big advantage. Does not need so much capital and can consolidate enough for a lorry load to take out of the district, even though he only has enough cash to pay for the transport. Cash is more difficult and used for small purchases.</i>	
What type of payment would each of the parties prefer? Why?			
<i>Supplier: Cash- sells to meet immediate cash needs, also less risk of cheating by the trader</i>		<i>Buyer: Credit – less need for working capital, also less risk of bad quality produce not being saleable.</i>	
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?			

Irish Potatoes in Eastern Uganda (Farmer Level)	
<i>No. There are no industry quality standards according to UNBS. The parties are generally only aware of the general variety differences. The Victoria and Wanale variety preferred for chips. The local white variety best for boiling and mostly sold in the local market and in Mbale only during times of shortage. (Buyers also check the bags to make sure there is no sign of rotting and many of them insist on having their own people do the bagging so they can reject the rotten and undersized potatoes.)</i>	
What particular quality specifications usually apply to this type of transaction?	
<i>One variety per bag. Size at least two inches diameter. Packed in 100 kg bags. In Kapchorwa they are bought by the kg (in Kabale they are bought by the bag and most bags are expanded to be oversized to hold about 120 kg) In some cases if potatoes very muddy the farmer has to add two kg/bag to compensate for the dirt.</i>	
Agreements	
Are these specifications usually met? Why?	
<i>Yes, because it is a spot market and buyers check as the bags are being packed. (Consumers not generally very particular, so no effort to sort by size. Sellers hide smallest ones in the bottom of the debe.)</i>	
Do the parties generally sign agreements in this transaction?	
<i>No, except in the one case of the largest buyer cited above.</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier: Farmers say if you ask for a written agreement the buyer will say you want to accuse him. Especially difficult to appear suspicious when the buyer is a neighbour or relative. This is made more difficult because the culture in Kapchorwa is very closed and people fear retribution for “causing trouble”.</i>	<i>Buyer: Benefits from the culture of no signed agreements. Except in the case of the big buyer who buys the whole field still in the ground and he does ask for a written agreement from farmers whom he does not know.</i>
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
<i>Supplier: Did not interview any farmer who had actually signed a sales agreement.</i>	<i>Buyer: The large buyers say the written agreement keeps farmers from side selling or double selling the field. Protects his deposit. But once he has a successful sale, the next time he doesn't bother with a written agreement because you have to pay the LCs.</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
<i>Advantages for suppliers: Would be less risky, more likely to get paid if there is an agreement.</i>	<i>Advantages for Buyers: Would create trust and enable them to get more product from farmers on credit</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
<i>Suppliers Commit: To provide the bags and labour for packing, and the transport</i>	<i>Suppliers want Buyers to commit: To pay cash in advance</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
<i>Buyers Commit: To pay after sale. Some agree to pay in advance. Supply bags and supervise packing.</i>	<i>Buyers want suppliers to commit: To safely storing the crop in the ground until best time for harvest. Not to sell off part of the crop that has already been sold, and to provide the labour to harvest carefully when the time comes.</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>The largest buyer is very happy with his experience in signing agreements with farmers for sale of the entire crop in the ground. He says he has never had a single problem of farmers trying to cheat him by claiming a less than expected harvest, or substituting poor quality produce.</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>None encountered with signed agreements, because practice of signed agreements in relatively rare. Many farmers complain about traders who take goods on credit and then delay or fail to pay.</i>	
Dispute Resolution	

Irish Potatoes in Eastern Uganda (Farmer Level)	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Suppliers complain that goods taken on credit often paid late, or less than originally agreed.</i>	<i>Buyers claim that they get produce that gets rotten before it can be sold in the market But other traders admit that this is usually just a bargaining tactic used to pay farmers less than originally agreed.</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>One reason is the fact that the market is far and transport expensive. Producers with large quantities are constrained from taking their own produce to market because they fear that the transporters and brokers will cheat them. Lack of market information and transparent wholesaling function makes the role of the travelling trader and the broker very important.</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>There is very little that the farmer can do. They say if they try to take to LCs it is just their word against the other, and nothing will be done. If they go to court they will be asked for a copy of the agreement, and when it isn't there, they have nothing to say.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Generally, the farmers just complain and suffer.</i>	
What was the final outcome?	
<i>No resolution, except that certain traders get a bad name and find it more difficult to get suppliers. They just move into another kind of business.</i>	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<i>One major reason why farmers sell the crop while it is still unready (and therefore at a disadvantage when it comes to price) is because potato is usually about ready at the time when second term school fees come due. Since it is long since the main maize harvest, the farmers have few other resources that can be turned into cash to meet these payments. This results in the potato either being rushed to market when it hasn't had time to properly mature (increasing losses due to rotting and transport damage contributing to the reputation of Kapchorwa potatoes as being poor quality) or forces them to sell the whole garden still in the field at a lower price. When the farmer is desperate for cash, he is not in a good position to demand for a written agreement. Even so, I was very surprised at the extent to which farmers who produce larger quantities are forced to sell on credit. The need to clear the garden for second season planting, lack of storage, and the perishability of the crop – especially when the farmer is experiencing a disease problem like Bacterial Wilt, are additional factors pushing for rapid sale and reducing the ability of the farmer to bargain effectively.</i>	

6 Irish Potatoes in Eastern Uganda (Trader Level)

Irish Potato in Eastern Uganda (Trader Level)	
Information collected by: AT Uganda Ltd.	Region: Eastern
Describe the commodity, the form of that commodity and the nature of the transaction in question.	
<i>Irish Potatoes sold by Traders from Kapchorwa to Brokers in markets like Mbale and Iganga</i>	
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.	
<i>Supplier: Local Traders/transporters</i>	<i>Buyer: Brokers as the go-between to wholesalers and end users</i>

Irish Potato in Eastern Uganda (Trader Level)			
What dominant languages do the parties to these business transactions use?			
<i>Language of Sellers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. <i>Kupsabiny</i>	<i>All</i>	<i>All</i>	<i>All</i>
2. <i>English</i>	<i>All interviewed</i>	<i>All interviewed</i>	<i>All interviewed</i>
3.			
<i>Language of Buyers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. <i>English</i>	<i>Some (not fluently)</i>	<i>?? We were not able to actually interview the brokers since it is the wrong time of year</i>	<i>?? We were not able to actually interview the brokers since it is the wrong time of year</i>
2. <i>Lusoga</i>	<i>Generally for Mbale brokers</i>		
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>The average quantity is one lorry load (generally 100 bags of 100 kg each). Frequency can be up to twice a week during the two to three month season.</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
<i>The relationship appears to be fairly regular, but the trader doesn't always deal with the same broker (there can be several in a market) especially if he was dissatisfied with the treatment in a previous visit.</i>			
Is the relationship formal or informal? Please explain.			
<i>Very informal. The trader arrives in the market, and is approached by a number of brokers who offer to find him a market. The broker has a monopoly over the information about who is buying, quantities and prices. The trader and broker negotiate the price, but the broker then goes ahead to sell at whatever price the market will bear and shields the trader from knowing either his customers or the price they are paying. The brokers have been in the business much longer than the traders from Kapchorwa and hold more market power,</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
<i>The broker generally does not actually have any of his own capital. No cash, no storage, no transport. All he has is control over access to the customers. He sells the potatoes to the final customer, collects the money and then pays the trader in cash. The trader can even travel all the way to a distant market only to find that the price offered is worse than expected or the demand too low, and then he has to take the product back to a local market to sell. This is especially a problem for a perishable crop like potatoes.</i>			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
<i>Supplier: The supplier is a hostage of the broker. If sales are slow he has to wait around (sometimes overnight) until the money is collected.</i>		<i>Buyer: The broker actually gets a bigger share of the final price of the product, with no risk and no capital needs.</i>	
What type of payment would each of the parties prefer? Why?			
<i>Supplier: Cash on delivery for the whole supply.</i>		<i>Buyer: Current arrangement is just fine!</i>	
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?			
<i>There are no official UNBS standards for potatoes. No way to easily test for disease, so difficult to include in a contract.</i>			
What particular quality specifications usually apply to this type of transaction?			
<i>Just size, type, and generally fresh and free from rotting.</i>			
Agreements			
Are these specifications usually met? Why?			

Irish Potato in Eastern Uganda (Trader Level)	
<i>Yes, because they are not very stringent, although the broker will try to bargain down the price by claiming that the variety is inferior or that the quality is bad. Very subjective. General availability in the market will determine final price paid. Traditional Kapchorwa varieties are not preferred for chips and claim a lower price. The improved variety will be marketed as “Kabale” even when it comes from Kapchorwa, since Kapchorwa is still a minority producer of these varieties, and has a reputation for poorer quality.</i>	
Do the parties generally sign agreements in this transaction?	
<i>Never</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier: Stuck in a “Take or leave it” position. Can’t afford the transaction costs of trying to negotiate for a written agreement, especially with a perishable crop.</i>	<i>Buyer: Sees no need since he controls the market.</i>
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
<i>Supplier: Has never signed an agreement</i>	<i>Buyer: None mentioned</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
<i>Advantages for suppliers: Would love to find a direct link to a wholesaler who would give a long-term agreement, but the wholesalers are sheltered by the brokers and cannot be reached directly. Those that can be located are small, they don’t handle large volumes, and generally sell on credit to their fellow market retailers, so can’t provide the cash payment at the end of day that the trader wants.</i>	<i>Advantages for Buyers: Don’t see advantage.</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
<i>Suppliers Commit: Willing to make regular deliveries for an assured market.</i>	<i>Suppliers want Buyers to commit: To accept a delivery of known quality at a pre-arranged price.</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
<i>Buyers Commit: not willing to commit</i>	<i>Buyers want suppliers to commit:</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>No experience of contracts</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>Disagreements over price and quality frequent, especially when the market is flooded, or the demand is low. Then traders complain that they lose money by bearing all the transport costs.</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Supplier: Dispute over price, delays in payment, costs of upkeep while waiting for produce to sell and money to be collected.</i>	<i>Buyers: Complain of quality and high costs of transport. Don’t like Kapchorwa potatoes because 100 kg bags is seen as less profitable than the 120 kg bags supplied by Kabale.</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>Lack of transparency in the dissemination of market information.</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>Traders have little recourse but to take their product back to the original market to try to sell. No other mechanisms identified or tried.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	

Irish Potato in Eastern Uganda (Trader Level)
<i>None but verbal complaints</i>
What was the final outcome?
<i>Dissatisfaction</i>
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?
<i>The biggest problem is the discrepancy between the volumes that are most efficient for transport by the traders, and the lower volumes demanded by most buyers – especially given that this is a perishable crop. Even processors and larger restaurants like Nando’s and Steers in Kampala order only 4 or 5 bags per day and are not interested in bearing the risk and cost of storing a fully lorry load of potatoes. This puts a lot of power in the hand of the broker who has connections to a large number of medium sized customers (wholesalers, retailers, processors, shops and restaurants) in a given day.</i>
<i>Our efforts to meet directly with brokers and wholesalers were totally frustrated. They are very suspicious and do not want to talk. The fact that this is a low season also makes them more difficult to locate. So we mostly heard the trader’s or end customers’ sides of the story with the voice of the mysterious middleman missing from the equation.</i>
<i>Note: the picture from the processor’s point of view is that there is a potentially large and lucrative market for processed potatoes (crisps, & chips). What they want is a reliable year round supply of high quality potatoes delivered in relatively small quantities (100 to 400 kg) daily. Traders from a given region, however, face a very seasonal supply. No one wants to invest in the cost or risk of storage to smooth supply out throughout the year. The fact that producers from different regions produce at different times means that there are some potatoes available most of the year, with some price fluctuation due to changes in supply, but that puts the power in the hands of the broker who links these disparate parties together without taking any individual risk himself.</i>

7 Irish Potatoes in South Western Uganda (Farmer Level)

Irish Potatoes in South Western Uganda (Farmer Level)			
Information collected by: CARE		Region: Southwest	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
<i>Irish Potatoes</i>			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
Supplier: <i>Mainly Small Farmers of 20 sacks. Some are organized into farmer groups registered at the local government. Groups deal mostly with production issues but are gradually getting organized for marketing with the help of some NGOs. Some of these groups are involved in contract farming. More assistance is needed to really get them effectively involved in marketing...</i>		Buyer: <i>Traders usually registered with local market and government authorities, on average buying not less than 200 sacks per season. These are mostly Kabale based traders and their aggregating agents. They are able to contract, but are not interested.</i>	
What dominant languages do the parties to these business transactions use?			
Language of Sellers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. <i>Rukiga</i>	<i>Rukiga</i>	<i>Rukiga</i>	<i>Rukiga</i>
2. <i>Rufumbira</i>	<i>Rufumbira</i>	<i>Rufumbira</i>	<i>Rufumbira</i>
3.	<i>Luganda</i>		
Language of Buyers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. <i>Rukiga</i>	<i>Rukiga</i>	<i>Rukiga</i>	<i>Rukiga</i>
2. <i>Rufumbira</i>	<i>Rufumbira</i>	<i>Rufumbira</i>	<i>Rufumbira</i>
3. <i>Luganda</i>	<i>Luganda</i>		
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>20 sacks at Ug.shs. 20,000.00 for each farmer.</i>			

Irish Potatoes in South Western Uganda (Farmer Level)	
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?	
<i>One time transaction per season</i>	
Is the relationship formal or informal? Please explain	
<i>Informal as they have no legal or any formal relation. They just go to the collection centre or the buyer gets to their homes and they don't see the need to formalize it.</i>	
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?	
<i>Cash</i>	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
Supplier: <i>Advantageous, what they want is money immediately to cater for their needs then.</i>	Buyer: <i>Buyer is not able to use the little resources maximally.</i>
What type of payment would each of the parties prefer? Why?	
Supplier: <i>Cash and because it is a spot on transaction</i>	Buyer: <i>Farmers can only deal with the buyers who offer cash.</i>
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
<i>They use informal quality standards, known within the market</i>	
What particular quality specifications usually apply to this type of transaction?	
<i>Size, state of the potatoes (not decaying, infested etc.)</i>	
Agreements	
Are these specifications usually met? Why?	
<i>Yes, because of the market needs and it is integrated within the society.</i>	
Do the parties generally sign agreements in this transaction?	
<i>No</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that party does not give for themselves?	
Supplier: <i>They trust each other and it is a spot transaction. Some indicated they knew no other better method</i>	Buyer: <i>There is no need because basically it is a spot cash transaction.</i>
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier: <i>None</i>	Buyer: <i>None</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party? For both, as they don't see the need for using one, they don't perceive any advantage for using one.	
Advantages for suppliers: <i>None</i>	Advantages for Buyers: <i>None</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit: <i>Not Applicable</i>	Suppliers want Buyers to commit: <i>Not Applicable</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit: <i>Not Applicable</i>	Buyers want suppliers to commit: <i>Not Applicable</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>Not Applicable</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>On a few occasions they may fail to agree on the price, especially due to price discrimination</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier: <i>Price</i>	Buyer: <i>Price</i>

Irish Potatoes in South Western Uganda (Farmer Level)	
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>Price</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>There is no system for redress. They have no alternative.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>They either sell or they don't</i>	
What was the final outcome?	
<i>They usually sell at the price determined by the buyer</i>	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<i>A lot of informal deals and transactions.</i>	

8 Beans in South Western Uganda (Farmer Level)

Beans in South Western Uganda (Farmer Level)			
Information collected by: CARE		Region: Southwest	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
<i>Beans</i>			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
<i>Supplier: Mainly Small Farmers of 3-5 bags who were either legally registered at the local government or with farmer's association. Most only deal with production issues, but marketing is gradually being introduced by some NGOs. The groups would have the ability to contract.</i>		<i>Buyer: These are Kabale or Rwanda based traders and their aggregating agents who buy the potatoes and sell to travelling traders from Kampala or Kigali who then organize the transport to urban markets. They usually deal with 20 tonnes per week and are registered with the market and local government authorities. These definitely have the ability to contract.</i>	
What dominant languages do the parties to these business transactions use?			
Language of Sellers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
<i>1. Rukiga</i>	<i>Rukiga</i>	<i>Rukiga</i>	<i>Rukiga</i>
<i>2. Rufumbira</i>	<i>Rufumbira</i>	<i>Rufumbira</i>	<i>Rufumbira</i>
<i>3.</i>	<i>Luganda</i>		
Language of Buyers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
<i>1. Rukiga</i>	<i>Rukiga</i>	<i>Rukiga</i>	<i>Rukiga</i>
<i>2. Rufumbira</i>	<i>Rufumbira</i>	<i>Rufumbira</i>	<i>Rufumbira</i>
<i>3. Luganda</i>	<i>Luganda</i>		
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>5 bags at Ug.shs.45,000/= per sack.</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
<i>One time transaction per season</i>			
Is the relationship formal or informal? Please explain.			
<i>Informal as they have no legal or any formal relation. They just go to the collection centre or the buyer gets to their homes and they don't see the need to formalize it.</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
<i>Cash</i>			

Beans in South Western Uganda (Farmer Level)	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
Supplier: <i>Advantageous, or they want is money immediately to cater for their needs then.</i>	Buyer: <i>Buyer is not able to use the little resources maximally. The buyer is also able to seal the transaction at ago.</i>
What type of payment would each of the parties prefer? Why?	
Supplier: <i>Cash and because it is a spot on transaction</i>	Buyer: <i>Farmers can only deal with the buyers who offer cash.</i>
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
<i>They aware of the quality standards within the industry. They have to be met by the seller, but they are almost culturally adhered to.</i>	
What particular quality specifications usually apply to this type of transaction?	
<i>Size, colour, minimum presence of weevils and foreign matter and at times same type of variety and not mixed.</i>	
Are these specifications usually met?	
<i>Why? Yes, because of the market needs and they have been doing it for years.</i>	
Do the parties generally sign agreements in this transaction?	
<i>No</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that party does not give for themselves?	
Supplier: <i>They trust each other and it is a spot on transaction. Some indicated they knew no other better method</i>	Buyer: <i>There is no need for basically it is a spot cash transaction.</i>
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier: <i>None</i>	Buyer: <i>None</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? <i>What were the advantages given from the perspective of each party? For both, as they don't see the need for using one, they don't perceive any advantage for using one.</i>	
Advantages for suppliers: <i>None</i>	Advantages for Buyers: <i>None</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit: <i>Not Applicable</i>	Suppliers want Buyers to commit: <i>Not Applicable</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit: <i>Not Applicable</i>	Buyers want suppliers to commit: <i>Not Applicable</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>Not Applicable</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>On a few occasions they may fail to agree on the price, especially due to price discriminations</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier: <i>Price</i>	Buyer: <i>Price</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>Price</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>There is no system for redress. They have no alternative, as it is mostly a buyer's market.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>They either sell or they don't</i>	

Beans in South Western Uganda (Farmer Level)
What was the final outcome?
<i>They usually sell at the price offered, which is determined by the buyer</i>
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect? A lot of informal deals and transactions.
<i>On spot cash transaction, highly fragmented players.</i>

9 Simsim in West Nile (Farmer Level)

Simsim in West Nile (Farmer Level)			
Information collected by: CEFORD		Region: West Nile	
<i>Describe the commodity, the form of that commodity and the nature of transaction in question.</i>			
The commodity is simsim seeds (raw material) both black and white types.			
The transaction is between farmers (suppliers) and traders (middlemen and international exporters)			
<i>Describe the parties to the transaction, the types of entities involved, their size, legal status and the implications for their ability to contract.</i>			
Supplier		Buyer	
<p>2 individual farmers were interviewed: they are not in groups because of the following reasons: Fear of group failure Financial mismanagement in the group People are not interested in forming groups</p> <p>2 farmers interviewed are in groups Group size ranges from 15-40 members The groups are registered at the sub county. The objective of the groups is to improve production through access of inputs from Care International who is promoting marketing of simsim, access to better markets and promotes unity among members. NB The groups have better ability to contract because they are able to meet the required quantities of production through group marketing. They have an organized leadership for any legal actions.</p>		<p>1 individual trader A kind of sole proprietorship where the owner is responsible for business decisions 2 respondents are from companies. They are exporters of simsim They are registered by the registrar of companies and also at the districts in Uganda where they buy simsim. They have a trading licence They have over 100 employees They have high ability to contract with farmers and their customers outside the country The companies have buying centres in the areas where Simsim is produced. The farmer provides the transport from his or her premises to the buying centre. The company provides the transport from the buying centre to the warehouse of the company. The buying centre is nearer to the farmer and is characterized by hanging a kilo for buying Simsim. It could be under the tree by the roadside or trading centre.</p>	
<i>What dominant languages do parties in this business transaction use?</i>			
Language of the seller	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
Lugbara	2	2	2
Madi	4	3	3
English	3	3	3
Kiswahili	2	0	0
Arabic	1	0	0
Language of the buyer	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
English	3	3	3
Kiswahili	3	3	2
Lugbara	3	3	2
Arabic	3	2	2
Madi	3	3	3
Nature of transaction			
<i>What are the average quantities and the value of the transaction? Indicate the approximate range and frequency.</i>			
Average quantities			
Supplier		Buyer	
Range	Frequency	Range	Frequency

Simsim in West Nile (Farmer Level)				
>500Kg	1	>10 tonnes	2	
The value of the transaction				
Supplier		Buyer		
<i>Range</i>	<i>Frequency</i>	<i>Range</i>	<i>Frequency</i>	
<1,000,000/=	3	<6,000,000/=	1	
>1,000,000/=	1	>10,000,000/=	2	
<i>Describe the frequency of the transaction. Is this usually a one time transaction or regular on going relationship? If regular is it a regular ongoing relationship? (If regular is it periodic or long-term agreement?) How long have the parties being relating to each other?</i>				
3 farmers use open markets where it's a one-time transaction with buyers during the periods of simsim production.				
The traders have buying points in the rural areas during the periods of harvest.				
The two parties have been interacting for over 4 years.				
<i>Is the relationship formal or informal? Please explain.</i>				
3 farmers interviewed have informal relationship with their buyers. They bring their simsim to the open market for traders to buy during market days. Some farmers have formal relationship with the large buyers where the large buyers put a schedule for buying produce and the suppliers wait for those days. The days are usually communicated to the suppliers.				
<i>What are the usual forms of payment for this type of transaction (cash, cheques, credit, and chits)?</i>				
The usual form of payment is cash.				
<i>What are the advantages and disadvantages of this type of payment mentioned at the perspective of each of the parties?</i>				
Supplier		Buyer		
Advantages No cheating Make farmers meet their immediate needs since they sell when they have school fees and other problems. Farmers get motivated since paid in cash. It's good for people who do not have bank account and in rural areas where the banks are rear. Cases of delayed payments are reduced. Brings up the aspect of honesty in dealings.		Advantages No cheating Farmers get motivated to grow more simsim. Thus more produce is bought the coming year Disadvantages Money is risky to transport Reduces the trust between the different parties.		
Disadvantages Investment is low because these are small-scale farmers and the moment money is paid its spent thus does not accumulate.				
<i>What type of payment would each of the parties prefer?</i>				
Suppliers prefer cash while Buyers prefer cheques.				
<i>Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?</i>				
Buyer know about the quality standards existing in the industry but some suppliers do not know most of these quality standards especially the percentages of free fatty acids, oil content, pesticides etc.				
The implication is that to meet the required quality standard farmers have to be sensitised about the qualities before contracting.				
Contracting makes suppliers to know the qualities their buyers need.				
<i>What particular quality specifications usually apply to this type of contracting?</i>				
Freshly harvested simsim seeds fit for human consumption, of sound merchantable quality free from abnormal smell and with no bitter taste. Free fatty acids maximum of 2% Oil content – minimum 52% Ad mixtures – maximum 2% Damaged (broken) seeds maximum 2% Moisture content _ maximum 8% Other colours – maximum 5% Free from the following pesticides BHC, DDT, ALDRIN, ENDRIN, DIELDRIN. No pest infestation				

Simsim in West Nile (Farmer Level)	
<i>Are these qualities usually met? And why?</i>	
Most these qualities are met because buyers usually purchase all that is brought to them. These farmers are organic farmers who do not use pesticides.	
Agreements	
<i>Do the parties generally sign an agreement in this transaction?</i>	
Some suppliers sign agreement with buyers while others do not sign.	
What are the reasons given for not signing an agreement for this transaction even if they do not normally do so? What are the advantages given from the perspective of each party?	
Supplier	Buyer
Reasons for not signing an agreement Not aware of contracts Fear of legal impact in case farmer unable to deliver exact quantity promised. It's a waste of time for us since we have lots of other activities to do. Since prices increase with time from harvest. Agreement would limit you to that price specified. Advantages of not signing Makes you to sell to any buyer who comes with a good price i.e. you are not committed to one buyer. You can sell at your convenience but not at the timetable of the buyers.	Reasons for not signing an agreement The suppliers are individual farmers who normally produce on subsistence basis. The small quantity of simsim produced makes it hard to sign an agreement. Prices of agricultural crops fluctuate and so it hard to commit to a particular price. The suppliers do not have adequate knowledge on contracts. Suppliers do not commit themselves to the quantity agreed on the contract according to experience in Lira district. Farmers consider signing of agreements as waste of time. Advantages Cannot remember any advantage of not signing an agreement
What are the reasons given in favour of signing an agreement from the perspective of each of the sides of the transaction?	
Supplier	Buyers
To get access to markets Free transport is provided. To have training in simsim production To benefit from getting inputs like seeds.	To get the right quantity at the right time. Price fluctuation cases are avoided.
<i>Do the parties perceive any advantages for signing of the agreement for this transaction? What were the advantages given from the perspective of each party?</i>	
Yes each perceives that there are advantages associated with signing the contract.	
Advantages for the supplier	Advantages for the buyer
Assured of the market for their produce Follow up visit are made to give useful information and advice. Loans can be obtained from other institutions Their knowledge on new technologies is improved.	Avoids disappointments during supply in terms of quality and quantity supplied for marketing for profitable business. Builds trust and long term relationship It avoids breach of contracts
17. What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers ascribe to the suppliers? How do the two differ?	
Suppliers commit	Suppliers want buyers to commit
To sell to the buyer with whom they have signed the contract, clean and required quantity in kilograms	To provide transport and storage for simsim. To buy all the simsim they produce at a higher agreed price and pay cash for the produce. To buy at higher price as soon as the produce is harvested rather than waiting until later in the season.
<i>. What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibility did the suppliers want the buyers ascribe to the buyer? How did the two differ?</i>	
Buyers commit	Buyers want suppliers to commit
Buy all the commodity supplied to them at the agreed price and pay in cash Has the right to reject the commodity, which do not conform to the quality standard.	To supply the required quantity and quality. Pack the commodity. Transport the commodity to the warehouse of the buyer.

Simsim in West Nile (Farmer Level)	
Payment be made on two days after presenting a commercial invoice in duplicate	Deliver the commodity in 10 days after signing the contract Pay all the taxes and dues
What (if any) positive experiences did the respondents share with respect to signing agreement for this transaction? Narrate inform of a success story.	
None	
<i>What if any experiences of failed agreement did the respondents share? Narrate inform of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequent does this happen?</i>	
Yes: the suppliers don't honour their agreement in terms of quantity agreed. What they normally supply is less than the agreed quantity. These agreements were written down. The end result is usually that the large buyer resorts to buying at different points. This happened once in Lira District.	
Dispute resolution	
<i>What are the major areas of disagreement/ dispute from the perspective of each party to this business transaction?</i>	
Supplier	Buyer
Prices	Quality and quantity
Transport	Prices
Varieties of simsim	Time of delivery
Storage facilities	Competition
<i>What are the reasons for the disagreement/ disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them. Do the respondent on both sides see the causes in the same way?</i>	
Underlying causes of the disputes	
<p>Suppliers expect a higher price for their commodity. They think that buyers offer them low prices and earn a lot of profits from that business while the buyers feel that the costs of marketing are high.</p> <p>Suppliers want buyers to offer transport for their commodities right from their homes. They do not want to incur transport costs. Suppliers are interested in producing brown type of simsim because it is better for local dishes and is higher yielding, but the sellers want white type. The sellers' expect that the buyers to give them the seeds or inputs and storage material but the buyers do not provide for this.</p> <p>The buyers expect sellers to produce the required quantities and qualities but at times these qualities and quantities are not met thus leading to rejection of the commodity.</p> <p>Suppliers normally sell at need i.e. when they are faced by a problem thus the time of delivery is not to the expectations of the buyer.</p> <p>Competition exists between different buyers. Middlemen are strategically placed to provide market at any time but offer lower prices to farmer than the large companies pay.</p>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<p>Through negotiation for price, this method is chosen because market forces determine price.</p> <p>Negotiate to provide transport to compensate for lower price.</p> <p>Use of courts though not common happen with these middlemen.</p> <p>Use of third party mostly friends.</p> <p>Often small-scale farmers just have to accept the price and let the dispute drop, because they have no alternative.</p>	
<i>What are the specific steps or actions taken in resolving these agreements/disputes?</i>	
<p><i>Negotiation</i></p> <p>The representatives of the buyer come together with the representatives of farmer groups. They discuss the price basing on production constraints and profitability for the trader. The final price is normally agreed upon.</p> <p><i>Provision of transport</i></p> <p>Since public transport system is very expensive and farmers produce in small quantities, traders normally buy at some centres in the rural areas where they (traders) cater for transport to their warehouse. This is because farmers cannot afford transport to the warehouses, which are in town areas.</p>	
<i>What was the final out come?</i>	
Since farmers do not meet the quantity standards of large buyers, it becomes unprofitable for these large buyers to operate considering their costs in marketing.	

Simsim in West Nile (Farmer Level)
<p><i>What had you learnt about the possibilities and challenges of contracting for this commodity and transactions, which you did not expect?</i></p> <p>There is possibility of signing contracts in simsim industry as it had happened in Lira district.</p>
<p><i>Challenges</i></p> <p>Production of simsim is affected by many natural calamities which cannot be controlled by farmers therefore they cannot meet the quantity demands of large producer. The people involved in the aspect of buying the produce might need to give technical advice for suppliers but their staff is inadequate. There is still the education gap I.e. people need to be sensitised about contracts.</p>

10 Tobacco in West Nile (Farmer Level)

Tobacco in West Nile (Farmer Level)			
Information collected by: CEFORD		Region: West Nile	
Describe the commodity, the form of that commodity and the nature of transaction in question. The commodity is leaf tobacco. The transaction is between farmers (suppliers) and company (buyers)			
Describe the parties to the transaction, the types of entities involved, their size, legal status and the implications for their ability to contract.			
Supplier		Buyer	
4 individual farmers were interviewed: The farmers are organized into buying centres with a leadership structure and membership. The contracting with the company however, is done on an individual basis. NB The farmers have ability to contract because of the experience and advice from extension officers.		2 respondents from limited companies They are registered by the registrar companies and also at the districts in Uganda were they buy They have over 100 employees They have high ability to contract with farmers and their customers outside the country	
What dominant languages do parties in this business transaction use?			
Language of the seller	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
Lugbara	2	2	2
English	2	2	2
Kiswahili	1	1	1
Language of the buyer	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
English	2	2	2
Kiswahili	2	2	2
Lugbara	2	2	2
Nature of transaction			
What are the average quantities and the value of the transaction? Indicate the approximate range and frequency.			
Average quantities			
Supplier		Buyer	
<i>Range</i>	<i>Frequency</i>	<i>Range</i>	<i>Frequency</i>
>1000Kg	2	>30million tonnes	2
>500Kg	2		
The value of the transaction			
Supplier		Buyer	
<i>Range</i>	<i>Frequency</i>	<i>Range</i>	<i>Frequency</i>
<1,000,000/=	2	>3500,000,000/=	2
>1,000,000/=	2		
Describe the frequency of the transaction. Is this usually a one time transaction or regular on going relationship? If regular is it a regular ongoing relationship? (If regular is it periodic or long-term			

Tobacco in West Nile (Farmer Level)	
<i>agreement?) How long have the parties been relating to each other?</i>	
It's a regular ongoing relationship. The buyer has been in the business for 102 years.	
<i>Is the relationship formal or informal? Please explain.</i>	
Both formal and informal relationship exists. Formal relationship happens because there is a written contract with the grower and during marketing a timetable is fixed for selling. Informal relationship happens when in carrying out extension services. A case where the extension officer goes to supervise the fields of farmers without prior knowledge of the farmer is informal.	
<i>What are the usual forms of payment for this type of transaction (cash, cheques, credit, and chits)?</i>	
The usual form of payment is through credit where the seller comes to pick his or her money after presenting an invoice.	
<i>What are the advantages and disadvantages of this type of payment mentioned at the perspective of each of the parties?</i>	
Supplier	Buyer
Advantages Makes farmers to accumulate enough money for proper investment. Brings up the aspect of honest and trust	Advantages Reduces the workload on the staff since a lot of work exists during marketing. Builds trust.
Disadvantages The money some times over delays.	Disadvantages Transporting money is costly and risky.
<i>What type of payment would each of the parties prefer?</i>	
Suppliers prefer cash while Buyers would prefer cheques.	
<i>Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?</i>	
Both parties know the quality standards that exist. The leaf tobacco brought by suppliers is sorted into different grades, which have different values.	
<i>What particular quality specifications usually apply to this type of contracting?</i>	
Leaf tobacco should be free from foreign material, moulds and moisture.	
Leaf tobacco is sorted into 16 grades as follows TO1, TO2, TO3, MO3, BO1, BO2, TL12, TL3, BL12, BL3, BD, TOSK, TSK, N12, D, and D.	
<i>Are these qualities usually met? And why?</i>	
These qualities are met because buyers usually purchase all that is brought to them.	
Agreements	
<i>Do the parties generally sign an agreement in this transaction?</i>	
A contract is signed between the farmer and the company.	
<i>What are the reasons given for not signing an agreement for this transaction even if they do not normally do so? What are the advantages given from the perspective of each party?</i>	
<i>What are the reasons given in favour of signing an agreement from the perspective of each of the sides of the transaction?</i>	
Supplier	Buyers
To get access to markets Free transport is provided. To have training in tobacco production To benefit from getting inputs like seeds fertilizer, loans, pipes etc on loan. BAT gives inputs on loan to individual farmers with whom they have signed a contract. The type of extension is more to an individual farmer although some activities are done in-groups like nursery bed preparation.	They get the right quantity at the right time. Price fluctuation cases are avoided. Makes farmer (suppliers) to deal with one party. To recover loans and other costs.
<i>Do the parties perceive any advantages for signing of the agreement for this transaction? What were the advantages given from the perspective of each party?</i>	
Yes each perceives that there are advantages associated with signing the contract.	
Advantages for the supplier	Advantages for the buyer
Assured of the market for their produce Follow up visits are made to give useful information and advice. Benefit from loans	Avoids disappointments during supply in terms of quality and quantity supplied for marketing for profitable business. Builds trust and long term relationship Makes suppliers loyal to one buyer i.e. they sell to one buyer

Tobacco in West Nile (Farmer Level)	
	In case of excess production the buyer is not sued. (BAT does not commit to buy more than the amount targeted, but it may at its own discretion.)
<i>What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers ascribe to the suppliers? How do the two differ?</i>	
Suppliers commit	Suppliers want buyers to commit
To sell to the buyer with whom they have signed the contract, clean and required quantity in kilograms To produce during required season.	To provide transport and storage for leaf tobacco. To buy all the leaf tobacco they produce at a higher agreed price and pay cash for the produce. To provide inputs, loans and extension services.
18. What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibility did the suppliers want the buyers ascribe to the buyer? How did the two differ?	
Buyers commit	Buyers want suppliers to commit
Buy the entire commodity supplied. Has the right to reject the commodity, which do not conform to the quality standard. Provide technical extension services Provide inputs required for tobacco growing. Indicate the preplanting price	To supply the required quantity and quality. To grow tobacco during official periods. To sell to the one buyer. Have no outstanding loan balances Deduct loans and other costs during marketing. Seeds for nursery are supplied by the buyer
<i>What (if any) positive experiences did the respondents share with respect to signing agreement for this transaction? Narrate inform of a success story.</i>	
Yes, the buyer is able to recover all its costs and loans efficiently without complain from suppliers. The farmers benefit in that their entire product is bought. The process of loan recovery is that, the loan is deducted from the sales of tobacco to the company. This implies that the company has to buy all the tobacco produced by the supplier. (The company gives the first priority to farmers who have loans and input costs so as to recover them. Secondly the company buys the quantity it commits itself to buy. Thirdly surplus production by farmers is bought to meet the target. What normally happens is that all the tobacco is bought.)	
<i>What if any experiences of failed agreement did the respondents share? Narrate inform of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequent does this happen?</i>	
There are cases where the sales agreement fails. The following are the causes of the failure. The quality of tobacco may not meet the agreed specifications. When this is realised the leaf tobacco is returned to the farmer. This is because farmers sometimes mix grades i.e. good quality grades with poor quality ones. Farmers may hoard their product after realising that the buyer gives grades not to his or her expectations. He may then go and sell to the other company. This causes problems with the contracts.	
Dispute resolution	
What are the major areas of disagreement/ dispute from the perspective of each party to this business transaction?	
Supplier	Buyer
Price Errors in computing the costs of inputs Giving lower grades Loan recovery Delays in payment	Quality and quantity Price Selling to another buyer
<i>What are the reasons for the disagreement/ disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them. Do the respondent on both sides see the causes in the same way?</i>	

Tobacco in West Nile (Farmer Level)	
<p>Underlying causes of the disputes</p> <p>The buyer normally fixes prices and announces them before marketing commences. Each grade has different price. What happens is that the company provides the list of prices for the grades at the beginning of the season. During marketing the prices may increase or decrease i.e. by 50/= but in most cases it remains constant. Farmers complain that the prices are too low.</p> <p>Error: the costs may be overcharged on farmers</p> <p>Since grading is based on quality. It's some times subjective depending on the Area Leaf Technician who buys the leaf tobacco. The person can under grade the product.</p> <p>Under agreed conditions loans are recovered during marketing where the amount is deducted. Some farmers do not comply making the company to use the police.</p> <p>Payment using chits is fine but sometimes its delayed leading to lack of trust.</p>	
<p>What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?</p>	
<p>Through negotiation for price between farmers and the company.</p> <p>Use of courts or Use of third party, but this is rare.</p> <p>The errors are corrected through the Area Leaf Technicians.</p> <p>Sometimes the issue is just dropped.</p>	
<p><i>What are the specific steps or actions taken in resolving these agreements/disputes?</i></p>	
<p><i>Prices</i></p> <p>The buyer provides preplanting price for the season</p> <p>Farmers have access to the preplanting price.</p> <p>Farmers put forward their suggestion through farmers' representatives</p> <p>A meeting is arranged for negotiation</p> <p><i>Under grading</i></p> <p>During marketing there are experienced farmers. When complains are raised, the ALT and the farmer come into consensus with the help of the third party. If both fail to reach agreement, the farmer may decide to postpone marketing or sell to another company.</p> <p><i>Loan recovery</i></p> <p>In case of natural calamity, the farmer reports to the buyer or company, with evidence from the area representative and LCs.</p> <p>The ALT goes to asses the damage and recommends forwarding the costs and loan to the next season.</p> <p>Using the police is as a last resort after the above procedures have failed.</p>	
<p><i>What was the final out come?</i></p>	
<p>The final price is normally in favour of the company though its fair.</p> <p>The errors are rectified</p> <p>The method of recovering loans by deducting from the total output is favourable for both parties.</p>	
<p>What had you learnt about the possibilities and challenges of contracting for this commodity and transactions, which you did not expect?</p>	
<p>If tobacco industry has gone far with this kind of contracting with individual farmers, it's possible for other kind of transactions to take the same trend.</p> <p>Challenges</p> <p>It's a good start for other transactions but a lot of collective efforts are needed from different stakeholders. Marketing should be developed through contracting in order to provide markets for farmers' product in order to motivate them to produce more and earn income but such institutions are lacking in other areas especially food crops.</p> <p>Efficient contracting needs other services like extension, inputs etc</p>	

11 Honey in West Nile (Farmer Level)

Honey in West Nile (Farmer Level)	
Information collected by: CEFORD	Region: West Nile

Honey in West Nile (Farmer Level)			
<i>Describe the commodity, the form of that commodity and the nature of transaction in question.</i>			
The commodity is honey a bee product.			
The transactions are between farmers (suppliers) and traders/processors (buyers)			
<i>Describe the parties to the transaction</i>	<i>The types of entities involved</i>	<i>Their size</i>	<i>Legal status and the implications for their ability to contract?</i>
Supplier		Buyer	
4 farmers interviewed are in groups Group size ranges from 15-40 members The groups are registered at the sub county. The objective of the groups is to improve production through access of inputs, access to better markets and promote unity among members. The groups farmers join are formed under either NAADS or PMA. They have group hives, which are harvested and marketed jointly. Individual farmer markets their product either to the open market or to the processors. NB The groups have better ability to contract because they are able to meet the required quantities of production through group marketing. They have an organised leadership for any legal actions.		2 individual traders A kind of sole proprietorship where the owner is responsible for business decisions 1 respondent from an association who buys and processes. They are registered with the registrar of companies and also at the district. The processor has over 170 members. They have high ability to contract with farmers and their customers outside the country	
<i>What dominant languages do parties in this business transaction use?</i>			
Language of the seller	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
Lugbara	2	2	2
English	4	4	4
Kiswahili	3	2	2
Madi	2	2	2
Language of the buyer	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
English	3	3	3
Kiswahili	3	3	3
Lugbara	2	2	2
Madi	2	2	2
Nature of transaction			
<i>What are the average quantities and the value of the transaction? Indicate the approximate range and frequency.</i>			
Average quantities			
Supplier		Buyer	
<i>Range</i>	<i>Frequency</i>	<i>Range</i>	<i>Frequency</i>
<90Kg	2	>3000Kgs	2
>90Kg	2	<500Kg	1
The value of the transaction			
Supplier		Buyer	
<i>Range</i>	<i>Frequency</i>	<i>Range</i>	<i>Frequency</i>
<200,000/=	2	>6,000,000/=	2
>200,000/=	2	<600,000/=	1
<i>Describe the frequency of the transaction. Is this usually a one time transaction or regular on going relationship? If regular is it a regular ongoing relationship? (If regular is it periodic or long-term agreement?) How long have the parties being relating to each other?</i>			
It's a regular on going relationship with the processor but for the traders it's a one-time transaction. The buyers have been in the business for over 4 years.			
<i>Is the relationship formal or informal? Please explain.</i>			
It's both formal and informal relationship. The informal relationship occurs in cases where traders go to the open market and buy honey. The processor normally signs an agreement and makes an appointment for			

Honey in West Nile (Farmer Level)	
harvesting directly from the farmers apiary, which is a formal relationship.	
Relationship with traders is informal.	
<i>What are the usual forms of payment for this type of transaction (cash, cheques, credit, and chits)?</i>	
The usual form of payment is cash.	
<i>What are the advantages and disadvantages of this type of payment mentioned at the perspective of each of the parties?</i>	
Supplier	Buyer
Advantages Make farmers meet their immediate needs since they sell when they have school fees and other problems. Farmers get motivated since they are paid in cash. Disadvantages Investment is low because these are small-scale farmers and the moment money is paid its spent thus does not accumulate.	Advantages No cheating Farmers get motivated to produce more. It's a transparent way of payment. Disadvantages Money is risky to transport Reduces the trust between the different parties.
<i>What type of payment would each of the parties prefer?</i>	
Suppliers prefer cash while Buyer prefers cheques because of its safety.	
<i>Do the parties know a bout the quality standards existing in the industry? What are the implications of these quality standards for contracting?</i>	
Both parties know the quality standards that exist. This implies that in contracts, suppliers can meet the required quality and quantity for buyers.	
<i>What particular quality specifications usually apply to this type of contracting?</i>	
Hygiene of honey, purity, packaging and storage are considered.	
Has to be free from smoke and any adulterations.	
One processor grades honey into two grades i.e. 1 and 2	
<i>Are these qualities usually met? And why?</i>	
These qualities are met because buyers usually harvest and process the honey themselves in order to ensure export quality is met. Lower quality honey gets a lower price on the local market.	
I think these qualities are met because farmers are trained and want to maximise profits by taking the best quality.	
Agreements	
<i>Do the parties generally sign an agreement in this transaction?</i>	
The Processor signs agreements with farmers, but traders do not sign agreements.	
<i>What are the reasons given for not signing an agreement for this transaction even if they do not normally do so? What are the advantages given from the perspective of each party?</i>	
Supplier	Buyer
Reasons for not signing an agreement It's a waste of time for us since we have lots of other activities to do. Advantages of not signing Make you to sell to any buyer who comes with a good price i.e. you are not committed to one buyer.	Reasons for not signing an agreement The suppliers are individual farmers who normally produce on subsistence basis. The small quantity of honey produced makes it hard to sign an agreement. The sellers are in open market. The suppliers do not have adequate knowledge about contracts. Farmers consider signing of agreements as waste of time. Advantages Commitment is not made so there are no legal aspects.
<i>What are the reasons given in favour of signing an agreement from the perspective of each of the sides of the transaction?</i>	
Supplier	Buyers
To get access to markets To have training on bee keeping. To benefit from inputs like improved hives.	It binds farmers together with the association. Price fluctuation cases are avoided since prices are fixed. Makes farmer (suppliers) deal with just one party. To recover loans and other costs.
<i>Do the parties perceive any advantages for signing of the agreement for this transaction? What were the advantages given from the perspective of each party?</i>	
Yes each perceives that there are advantages associated with signing the contract.	
Advantages for the supplier	Advantages for the buyer
Assured of the market for their produce	There is commitment and trust between farmers

Honey in West Nile (Farmer Level)	
Cheating is prevented. Ensure that quality of products is maintained.	and buyers.
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers ascribe to the suppliers? How do the two differ?	
Suppliers commit	Suppliers want buyers to commit
To sell to the buyer with whom they have signed the contract, clean and combed honey.	To pay cash at the agreed price and buy all the honey produced.
18. What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibility did the suppliers want the buyers ascribe to the buyer? How did the two differ?	
Buyers commit	Buyers want suppliers to commit
Buy the entire commodity supplied. Has the right to reject the commodity, which do not conform to the quality standard.	To supply the required quantity and quality.
<i>What (if any) positive experiences did the respondents share with respect to signing agreement for this transaction? Narrate inform of a success story.</i>	
Yes, members provide all the needed honey and other requirement for the processing plant and they feel as part of the association thus immediate market is provided for their products.	
The farmers and processor are bound by their constitution, which acts as an agreement. But it is not a contract since it does not specify amounts & prices.	
What if any experiences of failed agreement did the respondents share? Narrate inform of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequent does this happen?	
Cases where sales agreement failed where not registered.	
Dispute resolution	
What are the major areas of disagreement/ dispute from the perspective of each party to this business transaction?	
Supplier	Buyer
Price	Quality and quantity Price
What are the reasons for the disagreement/ disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them. Do the respondent on both sides see the causes in the same way?	
Underlying causes of the disputes	
The buyer normally fixes prices. Farmers (suppliers) therefore feel that the prices are too low, especially since they are lower than the open market price since the association deducts the payment for inputs advanced. In the open market a kg of combed honey can go at more than 1500/= but processors offer a price ranging from 800/= to 1200/= per kg. This price is lower than the open market price. The processors normally demand for the payment of their inputs. <i>Processors</i> give out inputs to farmers like hives, and they go and harvest. They give farmers a price ranging from 800/= to 1200/= depending on the quality grades and deduct the cost of the hives. Farmers are not given room to negotiate. They complain because the price at the open market is higher than the one of the processors. Since grading is based on quality. It's some times subjective depending on the person buying. The person can under grade the product.	
<i>What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?</i>	
Through negotiation for price	
<i>What are the specific steps or actions taken in resolving these agreements/disputes?</i>	
The traders/ processors agree on the final price through negotiations. The traders buy from an open market and bargain with the suppliers to reach the final price.	
<i>What was the final out come?</i>	
The final price is normally in favour of both the trader but sometimes processors impose their price on farmers.	
<i>What had you learnt about the possibilities and challenges of contracting for this commodity and transactions, which you did not expect?</i>	
In honey industry there is potential market and many farmers are interested in the business. Since it's still a new business the level of interaction is low compared to tobacco industry. It's therefore possible for contracts to take place.	
<i>Challenges</i>	
A lot of effort is needed in educating suppliers about contracts.	

12 Coffee in Central Western Uganda (Farmer Level)

Coffee in Central Western Uganda (Farmer Level)			
Information collected by: SATNET		Region: Central Western	
Coffee beans of Arabica variety, the coffee is either wet or dry processed; the coffee beans processed by a producer/ farmer/supplier are packed in sacks at his or her home, at the point of sale measurement is in kilograms, this is normally at the buyer's store at the nearest trading centre, for dry processed coffee it's a one time transaction and for the wet processed coffee there is a long-term both formal and informal relationship			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
<p><i>Supplier: farmers are involved individually therefore are accountable individually. They are limited to contracting because of small volumes and lack of knowledge. They are smallholder farmers. Since the collapse of cooperatives the marketing is done individually.</i></p> <p>There are plenty of farmers group dealing in coffee; these groups aren't marketing groups their formation is targeting collaborating partners. For example under the wet coffee scheme, each farmer has signed a memorandum of understanding with Rwenzori Finest Coffee to sell to them as individuals. But for purposes of training and machinery, Rwenzori Finest Coffee reaches them as group. Their target is to get 200 farmers a group comprising of 50 farmers and each group is facilitated with a set of hand pulping equipment. There are other farmers groups dealing in dry coffee processing but there were no identified contractual or agreement between them with other coffee players.</p>		<p><i>Buyer: there two scenarios, traders who buy as persons rather than legal entities including their agents to whom they advance money, can be difficult to trace in case of default. Would be personally liable, on the other hand there are registered companies who operate as a company. These are legally recognized bodies. They are small scale, medium and large scale buyers. Recognized buyers must acquire a certificate from Uganda Coffee Development Authority (UCDA), the official regulatory body</i></p>	
What dominant languages do the parties to this business transactions use?			
<i>Language of Sellers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. English	Yes	Yes	Yes
2. Rutooro	Yes	Yes	Yes
3. Rukonjo	Yes	Yes	Yes
<i>Language of Buyers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. English	Yes	Yes	Yes
2. Rutooro	Yes	Yes	Yes
3. Rukonjo	Yes	Yes	Yes
Note: Normally there are no records. There is no one common language used or known to all parties. Communication is through both the local languages or English depending on applicability			
Nature of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>10kgs to 200kgs per single transaction valued between 8,000 to 500,000 shillings. There are two harvesting seasons per year. The price ranges between 600 to 2500shillings per kilo.</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
<i>There are both regular and irregular agreements. Farmers that have an established link with their buyers who offer them training, processing equipment and technical information. This was especially seen in the area of wet coffee. Where the relationship exists; the transactions are regular, periodic involving both input and the produce. This relationship is a new development.</i>			
Is the relationship formal or informal? Please explain.			
<i>The relationship is formal and trust based whereby a simple memorandum of understanding exists. To strengthen these relationships, they are monitored by UCDA, which issues buyer certificates. The informal relationships, however, are more common.</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			

Coffee in Central Western Uganda (Farmer Level)	
<i>Cash is the preferred means of payment by both the buyers and sellers. This is because in most cases business relationships are non-existent. Buying agents also receive cash without any commitment or signatures. Where official relationships exist there can be some form of credit as agreed; or delivery before payment.</i>	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
<i>Supplier: For cheques, farmers don't have bank accounts and banking facilities are located far in towns. There is also a fear of bouncing cheques.</i>	<i>Buyer: Cheques don't apply because buyers regularly buy through many agents to whom they advance cash. Agents buy small amounts and bulk them. Most transactions, especially with farmers, are of low value. Cheques are possible where there is a large bulk purchase.</i>
What type of payment would each of the parties prefer? Why?	
<i>Supplier: Prefer cash. It's more motivating, when it's 'A CASH CROP'.</i>	<i>Buyer: Cash is preferred because suppliers/farmers do not accept cheques, and do not like credit since in most cases it's a one-time transaction. Where farmers have been contracted as a group, cheque payment is preferred.</i>
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
<i>Yes, the parties know the standards and in contracting they will act as a basis of the contract terms because coffee is monitored by UCDA, which sets the standards. Though suppliers feel that quality standards are set within the system hence they have a clue of some of the quality requirements, they are not aware of standard setting bodies. Contracted farmers fulfil agreed standards but farmers with more fragile arrangements produce coffee to the best of their skills. Coffee standards exist but no deliberate effort is made by the farmers to know them. The traders take advantage to mix both the good and poor quality coffee and blame the farmers. Buyers pass information about the minimum quality requirements to the suppliers through their agents.</i>	
What particular quality specifications usually apply to this type of transaction?	
<i>13 to 14% moisture content. 80 to 84% out-turn. Suppliers aren't properly sensitized about the quality requirements. To some extent the buyers are sensitized but at times they ignore the standards depending on who they will sell the coffee to.</i>	
Agreements	
Are these specifications usually met? Why?	
<i>In case of contract suppliers and buyers, specifications are met, but where no memorandum of understanding/agreement exists they are never met or only met after first rejecting the coffee. For instance, at one of the processing plants a lot of coffee was spread in the compound to dry before the buyer could accept it. It's a mixed situation here.</i>	
Do the parties generally sign agreements in this transaction?	
<i>In some cases, Yes. In others there is no signing of agreements as explained above. Generally there are no agreements.</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier: Have no knowledge of the exact content of agreements. Price fluctuations</i>	<i>Buyer: No knowledge of agreements. Price fluctuations. Poor harvests. They also think it's time wasting because their deals are quite frequent, even though informal, and they think you would need to negotiate a new agreement every time.</i>
What is the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
<i>Supplier: assured market, no loses, can get initial capital (advance),</i>	<i>Buyer: assured quality, transparency</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
<i>Advantages for suppliers: assured market and a good price, advice from buyers, selling at a fixed price</i>	<i>Advantages for Buyers: assured quality</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	

Coffee in Central Western Uganda (Farmer Level)	
<i>Suppliers Commit: commitment to the agreement position on the production and coffee processing and delivery</i>	<i>Suppliers want Buyers to commit: cash payment, advice on quality, advance some money as guarantee</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
<i>Buyers Commit: see 17</i>	<i>Buyers want suppliers to commit: see 17</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>A memorandum of understanding was signed with a wet processed coffee buyer. The experience is that the farmers are meeting the quality agreed upon and commit themselves to fulfilling the MOU until such a time when it expires. Then they will be free to sell to other buyer. The MOU aimed at primarily at improving the quality of the coffee delivered.</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>An agreement to sell through the collapsed cooperatives. It failed because the suppliers were not paid for their coffee and, if they were paid, the price was low. The prices were not fixed. Most transactions were credit based. You delivered the coffee and received your payment after it had been sold off or at agreed times set by the cooperative. The suppliers abandoned production in response to the low prices and unfavourable terms.</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Supplier: selling to another better market when already committed, failure to pay the agreed price,</i>	<i>Buyer: selling to other buyers, poor quality and quantity, untimely delivery, price fluctuations</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>Generally the concept of contracting is lacking. Respondents didn't clearly point out the likely dispute areas because they don't understand the areas involved. The reasons, advantages and challenges of contracting are not fully understood. They do business in an ordinary manner. Both parties see the underlying causes in the same way, even though not at the same level.</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>If disputes arose they would seek help from LCS, police and UCDA.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Not clear. No practical disputes were discovered. Respondents just assumed the use of LCS, POLICE and UCDA.</i>	
What was the final outcome?	
<i>NA</i>	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<i>UCDA issues and can withdraw certificates from buyers if they are not sticking to the set standards, rules and obligations. Can also be involved in dispute resolutions. Buyers are organized to control prices. This may cause conflict and interference if one buyer has an agreement and is offering a higher price to certain suppliers. Prices are determined internationally.</i>	

13 Maize in Central Western Uganda (Farmer Level)

Maize in Central Western Uganda (Farmer Level)	
Information collected by: SATNET	Region: Central Western
<i>Maize grain. The maize grain is packed in sacks at the point of sale. Measurement is in kilograms. This can be at the buyers store or at the farmers' premises, or at the open markets.</i>	
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.	
<i>Supplier: Farmers are involved</i>	<i>Buyer: There are two scenarios. Traders who buy as persons rather than legal entities can be difficult to trace in case of default. They buy through middlemen to</i>

Maize in Central Western Uganda (Farmer Level)			
<i>individually therefore are accountable individually. As smallholder farmers, they are limited in ability to contract because of small volumes and lack of knowledge.</i>	<p><i>whom they advance money. Would be personally liable. On the other hand, there are registered companies who operate as a company. There are small scale, medium scale and large-scale buyers.</i></p> <p>The following are examples of the large maize buyers; Agro Commodities ltd in Fort Portal, the World Food Programme in Kasese, William Grain Millers ltd in Kasese who are processors, these large buyers operate differently because they have big stores, they buy in bulk (tons) even though they can at times tolerate small orders, quality and standards is a prerequisite because they have no time and space for drying and sorting tons of maize and their target market is more sensitive, they use proper measurements i.e. kilos, their stores are located in urban centres and can transact business by the use of a cheque, those who are traders and processors target large markets including export markets and distributors with some stores in various towns. They operate with a large capital base such that some of them can advance money to their suppliers/agents. Their ability to contract is high because they are properly registered and own premises.</p>		
What dominant languages do the parties to this business transactions use?			
<i>Language of Sellers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
<i>1. English</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>2. Rutooro</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>3. Rukonjo</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Language of Buyers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
<i>1. English</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>2. Rutooro</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>3. Rukonjo</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Note: Normally there are no records. There is no one language that is used or known to all parties. Communication is through both the local languages and English depending on applicability			
Nature of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>1 to 15 bags per farmer per season. There are two harvesting seasons per year. Single transactions can be valued between 15,000 to 375,000 shillings.</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
<i>No regular relationship except for contract farmers producing for the seed market. Where a formal relationship exists, the transactions are regular and periodic, involving both input and the produce on agreement commitments. The farmers who sell through cooperatives have agreements binding them. These relationships have existed for over 5 years.</i>			
Is the relationship formal or informal? Please explain.			
<i>Where binding agreements exist, the relationship is formal and trust based. To a large extent there no identified relationships elsewhere.</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
<i>Cash is the main form of payment because the relationships are fragile. Surprisingly, buying agents also receive cash without any commitment or signatures. Where official relationships exist there can be some form of credit or delivery before payment as agreed on a case-by-case basis.</i>			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
<i>Supplier: Farmers don't have bank accounts and banking facilities are located far away in towns. There is also a fear of bouncing cheques.</i>		<i>Buyer: Cheques don't apply because buyers buy through many agents to whom they advance cash to buy and bulk small quantities. Individual transactions are of low value.</i>	
What type of payment would each of the parties prefer? Why?			

Maize in Central Western Uganda (Farmer Level)	
<i>Supplier: Prefer cash. It's more motivating because they need to solve their home financial problems immediately.</i>	<i>Buyer: Cash is preferred because farmers do not accept cheques, and do not like credit since it's a one-time transaction. Where farmers have been contracted as a group, cheque payment is preferred.</i>
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
<i>The parties know about the quality standards existing in the industry but they feel quality standards are set within the system. They are not aware of standard setting bodies. Contracted farmers fulfil agreed standards. Existing quality standards are part of individual contracts, where they exist.</i>	
What particular quality specifications usually apply to this type of transaction?	
<i>Clean, 14% moisture content, unmixed maize.</i>	
Agreements	
Are these specifications usually met? Why?	
<i>In case of contract suppliers and buyers specifications are met but where no agreement exists they are never met. Buyers do their own drying and sorting.</i>	
Do the parties generally sign agreements in this transaction?	
<i>In only very few cases as explained above.</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier: Farmers have no knowledge of agreements. Price fluctuations.</i>	<i>Buyer: No knowledge of agreements. Price fluctuations. Poor harvests due to poor climatic conditions.</i>
What is the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
<i>Supplier: assured market and a good price</i>	<i>Buyer: assured quality</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
<i>Advantages for suppliers: assured market and a good price</i>	<i>Advantages for Buyers: assured quality</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
<i>Suppliers Commit: commitment to the agreement position</i>	<i>Suppliers want Buyers to commit: cash payment, advice on quality</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
<i>Buyers Commit: see 17</i>	<i>Buyers want suppliers to commit: see 17</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>No positive experience identified</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>A verbal agreement was entered into. It failed because the buyer didn't turn up at the agreed time to pick the maize. After three weeks the farmer had to sell the produce to another buyer. (Note: This doesn't happen very frequently because transactions are normally on cash basis.)</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Supplier: Selling to another better market when already committed. Failure to pay. Improper measurement.</i>	<i>Buyer: Selling to other buyers. Poor quality and quantity. Untimely delivery.</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>Generally the concept of contracting is lacking. Respondents didn't clearly point out the likely dispute areas because they don't understand the areas involved. The reasons, advantages and challenges of contracting are not fully known.</i>	

Maize in Central Western Uganda (Farmer Level)	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>If disputes arose they say they would seek help from LCS, police and the magistrates court.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Not clear, disputes were only assumed.</i>	
What was the final outcome?	
<i>NA</i>	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<i>Buyers have no preference to the maize variety, for them maize is maize</i>	

No contract was seen.

14 Passion Fruit in Central Western Uganda (Farmer Level)

Passion Fruit in Central Western Uganda (Farmer Level)			
Information collected by: SATNET		Region: Central Western	
<i>Passion fruits, freshly harvested from the garden, are sold in sacks or basins or counted depending on the quantity harvested. No specific form of measurement. Basins, counting, sacks are used as measurement units.</i>			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
<p><i>Supplier: Farmers are involved individually therefore are accountable individually. They are limited in their ability to contract because of small volumes, knowledge and location.</i></p> <p><i>Some farmers are organized in production groups for purposes of obtaining training or financial or government support. They are being mobilized through government programmes or NGO/CBO work OR through their own initiative. Only one group operated as a 'marketing associations', which owned a market where members bring in their passion fruits. Sales are recorded and the prices determined by the association after getting indicative market prices in Kampala or the near by towns.</i></p>		<p><i>Buyer: The traders buy as persons rather than legal entities. They can be difficult to trace in case of default. Their ability to contract is doubtful because of their mobility or would require initial deposits to guarantee contracts.</i></p> <p><i>The main/real buyers are located in towns and mainly Kampala, you will be required to deliver to them, and they will buy in large quantities. Buying agents move deep into 'village markets' will buy any amounts they come across and then bulk. There are more agents than the 'real buyers' but it is difficult to tell at times.</i></p>	
What dominant languages do the parties to this business transactions use?			
Language of Sellers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
<i>1. English</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>2. Rutooro</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>3. Rukonjo</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Language of Buyers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
<i>1. English</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>2. Rutooro</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>3. Rukonjo</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Note: Normally there are no records. There is no one common language used or known to all parties. Communication is through both the local languages and English depending on applicability			
Nature of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>1 basin to 4 bags per week in two harvesting seasons per year. Single transactions can be valued between 2,000 to 320,000 shillings.</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			

Passion Fruit in Central Western Uganda (Farmer Level)	
<i>Some regular relationships exist, but to a large extent it is just a spot market. Where a repeated relationship exist the transactions are regular and periodic but with no agreement commitments.</i>	
Is the relationship formal or informal? Please explain.	
The relationship is informal and trust based.	
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?	
Cash because the relationships are fragile. In some cases credit can accepted for a short period, say limited to 1 or 2 days.	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
<i>Supplier: Farmers don't have bank accounts and banking facilities are located far away in town. This limits ability to pay by cheque. There is also a fear of bouncing cheques.</i>	<i>Buyer: Cheques don't apply because buyers sometimes buy through agents to whom they advance cash for buying and baling small amounts. Individual transactions are of low value.</i>
What type of payment would each of the parties prefer? Why?	
<i>Supplier: Prefer cash. It's more motivating. They need to solve their financial problems immediately.</i>	<i>Buyer: Cash is preferred because farmers do not accept cheques, and do not like credit since it's a one-time transaction.</i>
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
<i>Parties do understand some quality standards are set within the local system by the buyers. There is no evidence of a contract. No knowledge of particular external quality standards existing in the industry.</i>	
What particular quality specifications usually apply to this type of transaction?	
<i>Passion fruits that are ripened from the garden and are not mixed.</i>	
Agreements	
Are these specifications usually met? Why?	
<i>Usually the specifications are not met during off-season due to diseases that attack the passion fruits. Traders are not keen to enforce specifications.</i>	
Do the parties generally sign agreements in this transaction?	
<i>No signing of agreements. Only informal trust based agreements may exist. To a large extent it's a one time spot transaction. Traders aren't close to the farmers.</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier: No knowledge of agreements. Price fluctuations. Poor harvests due to poor climatic conditions. Fear that both parties might fail to fulfil the agreements. The prevailing methods to enforce contracts are time wasting. The town buyers have money and could corrupt the process by bribing the authorities. The suppliers also fear that they themselves may not meet the agreed quantity due to seasonality and unpredictable climatic conditions. They would go for contracting if assured that they will supply the required quantities at the given particular times and that if the buyer will abide by his word.</i>	<i>Buyer: No knowledge of agreements. Price fluctuations. The buyers contacted confessed having not been involved in any contract arrangements because they have no idea that there can be contractual business and even if they had since it's a seasonal crop, prices keep on changing where by they would lose if the prices went down if at all they had committed themselves with a higher price.</i>
What is the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
<i>Supplier: assured market and a good price</i>	<i>Buyer: assured quality</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
<i>Advantages for suppliers: assured market and a good price</i>	<i>Advantages for Buyers: assured quality</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
<i>Suppliers Commit: taking care of production and delivery</i>	<i>Suppliers want Buyers to commit: cash payment, advice on quality</i>
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	

Passion Fruit in Central Western Uganda (Farmer Level)	
<i>Buyers Commit: see 17</i>	<i>Buyers want suppliers to commit: see 17</i>
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
<i>No experience was discovered.</i>	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<i>NA</i>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Supplier: failure to pay</i>	<i>Buyer: selling to other buyers. Poor quality and quantity. Untimely delivery.</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>Respondents didn't clearly point out the likely dispute areas because they didn't have any practical experience. The level of understanding of contracting is limited.</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>If disputes arose they say they would seek help from LCS, police. If they are in a production group, the mention their development partners. These are the means known to them. The production groups are farmers organized either by themselves, by CBOs/NGOs or by government programmes for the purpose of receiving financial, material and technical support to improve production and incomes because the farmers can't be reached individually. The role of the mentioned partners in terms of marketing strategies of produce from their producer groups are not clear, they're not buyers either.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Not clear. Disputes were only assumed.</i>	
What was the final outcome?	
<i>NA</i>	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<i>Transporting passion fruits from the Rwenzori mountains is difficult. During the rainy season, roads will be cut off.</i>	
WHAT IS THE IMPLICATION FOR PRICES?	
The prices will automatically go high because supply will be low because not all that is produced will reach the market in time and despite in the rainy season already the passion fruits are already off season and hence low supply. This will imply a high price during this rainy season.	

15 Livestock in Karamoja (Farmer Level)

Livestock in Karamoja (Farmer Level)	
Information collected by: SNV	Region: Karamoja
Describe the commodity, the form of that commodity and the nature of the transaction in question. Animals Including cattle, sheep, goats and camels. The business includes selling of live and slaughtered animals. Livestock is sold to traders from Jinja, Mbale, Katakwi, Kampala, Soroti and other places around Karamoja. Sometimes the local traders buy from the animal keepers and sell to traders from outside the area and sometimes they just slaughter the animals and supply meet in the local market including the local Hotels.	
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.	
Supplier: Individuals with no organized association or group. They sometimes act as a group but do not have written by-laws under which to operate but are inter-active in a number ways as far as animal business is concerned. They are not registered by any authority.	Buyer: These are traders who come from outside the Region to ferry animals to other parts of Uganda especially to slaughterhouses.

Livestock in Karamoja (Farmer Level)			
What dominant languages do the parties to these business transactions use?			
Language of Sellers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. Karamojong	All	Few	Few
2. Swahili	Few		
3. English	Few	Few	Few
Language of Buyers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. Karamojong	Few	Few	Few
2. Swahili	Some	Some	Some
3. English	Few	Few	Few
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
Sometimes 350 animals are sold in a week at an average price of 300000/= per cattle, 25.000/= for a goat and sheep.			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
There is a regular on going relationship for 3 years.			
Is the relationship formal or informal? Please explain.			
It is a partially formal because at the loading of animals the Veterinary office uses a certificate of health to the buyer. This is the only written document available.			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
There no chits or any receipts issued for the transaction but animals are taken on credit.			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
Supplier: There is been a lot of cheating of the suppliers which leaves them without any trust of 'foreigners'.		Buyer:	
What type of payment would each of the parties prefer? Why?			
Supplier: Cash on loading because the animal traders of Karamoja have lost there money to unscrupulous traders through trusting them and extending credit to the traders.		Buyer: Credit because they claim that they do not have ready cash to buy many animals at once. They prefer paying after selling to slaughterhouses.	
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?			
The quality standards for this sector are set by the Veterinary Department and certificates for healthy animals in form of movement permits are issued by the department.			
What particular quality specifications usually apply to this type of transaction?			
The animals should be free of diseases and not recently treated for any of the known animal diseases.			
Agreements			
Are these specifications usually met? Why?			
Yes. The veterinary doctor has to examine all the animals and certify that they are healthy. This is a requirement by law.			
Do the parties normally sign agreements in this transaction?			
They do not sign any agreements.			
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?			
Supplier: They are not able read and write		Buyer: Yes. The buyer always tell the suppliers that the permit from The government is enough documentary evidence of the transaction.	
What are the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?			
Supplier:		Buyer:	
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?			

Livestock in Karamoja (Farmer Level)	
Advantages for suppliers: The suppliers feel that future signing of agreements will make it possible to trace the notorious cheats.	Advantages for Buyers: the buyers feel this will help in getting the commitment of suppliers not to hop from one buyer to an other as is usually the case.
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit: To supply healthy animals free of encumbrances.	Suppliers want Buyers to commit: To pay cash for the animals in the agreement.
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit:	Buyers want suppliers to commit:
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
The buyer failed to pay animals worthy 36.000.000/= delivered to him in Mbale and disappeared. He cheated the suppliers by arranging a thief in Mbale and run away with three trucks loaded with animals leaving the suppliers representative waiting in vain.	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier: Failing to deliver ordered animals.	Buyer: Failing to pay the credit owed to suppliers.
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
Cheating by the buyer. The buyer from the beginning planned to cheat because he took the suppliers to Mbale well knowing that there was no bank account to pay for animals.	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
The person who convinced the traders to sell the animals in Mbale had to raise the money through selling his house to pay the others. This was after mediation by the Karamojong elders.	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
No legal redress was possible because the police could not trace the thief in Mbale. There was no identification of the person who disappeared with the animals.	
What was the final outcome?	
The matter remains hanging. The animals were lost. The buyer just disappeared.	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
It very important if legal redress has to be implemented to properly identify parties in the agreements so that if one party disappears it is possible to use the network in the country to trace them. There is need for photos of businessmen in the format to be able to identify them.	

16 Limestone in Karamoja (Supplier Level)

Limestone in Karamoja (Supplier Level)	
Information collected by: SNV	Region: Karamoja
Describe the commodity, the form of that commodity and the nature of the transaction in question. Limestone and marble are traded in raw-form without any value added. They are mined from the slopes of Mt. Moroto. The transaction is between small miners and traders who sell to Tororo Cement Factory (processor).	
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.	

Limestone in Karamoja (Supplier Level)			
Supplier: Individuals residing in the Mt. Moroto area and mining limestone not as a business but for survival and as an alternative income source in a pastoral setting. The mining is done with bare hands and in heaps of approximately one tonne. These miners are not registered by any authority, local nor national. They are only clustered on the same side of slope to fill a lorry load of limestone or marble.		Buyer: Rupa Investments is a company that got prospecting rights in the Mount Moroto area from the Ministry of Lands, Water, and Mineral resources. It is a legal entity with ability to contract.	
What dominant languages do the parties to these business transactions use?			
Language of Sellers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. Karamojong	All	Few	Few
2. Swahili	Few		
3. English	Few	Few	Few
Language of Buyers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
1. Karamojong	Few	Few	Few
2. Swahili	Some	Some	Some
3. English	Few	Few	Few
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
In 20 tonne lorry loads bought at 30,000/= per tonne a day.			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
There is a regular on going relationship for 3 years.			
Is the relationship formal or informal? Please explain.			
It is a partially formal because at the loading of stones some receipts are issued by the buyer to the supplier but no payments are done.			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
There are no chits supporting the issued receipts.			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
Supplier:		Buyer:	
What type of payment would each of the parties prefer? Why?			
Supplier: Cash on loading because the miners have been cheated deliberately by the traders whenever they agree to extend credit to the traders.		Buyer: Credit because they claim that they are not paid until a large order is delivered.	
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?			
At the quarry there no standards set, all stones are good as long as they have been blasted and all are loaded.			
What particular quality specifications usually apply to this type of transaction?			
No quality specifications are set for the stones as long as the mineral content conforms to the chemical component requirements of limestone all quarried stones are good for processing. The only set standard at the quarry is that the heaps meet a certain agreed amount of rock mined estimated as one tonne.			
Agreements			
Are these specifications usually met? Why?			
Yes. The limestone suppliers dig the agreed amount of rock equivalent of a tonne to sell at 30000/=			
The buyer issues cash receipts indicating the amount of money as documentary evidence of what he owes in the transaction and takes the stones on credit from the suppliers. The buyer and the supplier's representative signs on all the cash receipts.			
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?			
Supplier: They are not able read and write		Buyer: Yes. The buyer complains on the number of suppliers being big so and that makes difficult for him to sign with each individual.	
What are the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?			

Limestone in Karamoja (Supplier Level)	
Supplier:	Buyer:
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
Advantages for suppliers:	Advantages for Buyers:
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit: To supply the agreed amount of stone at 30,000/= per tonne	Suppliers want Buyers to commit: To pay cash for the right amount of stone as agreed in their verbal agreement.
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit:	Buyers want suppliers to commit:
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
The buyer failed to pay stones worthy 42.000.000/= delivered to him at quarry sites by the suppliers. He cheated the suppliers by signing cash receipts indicating how much he owed to them. He vanished without trace and changed the location where is sourcing the limestone. This has happened to the same miners three times with different buyers.	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier: Failing to mine the agreed amount of stone	Buyer: Failing to pay the credit owed to suppliers.
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
Cheating by the buyer. The buyer from the beginning had intentions to cheat because he had purportedly obtained legal prospecting rights, which the local people denied him to exercise. He therefore created a long time relationship with intention of deliberately cheating the miners. The miners agree to this view.	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
There was not much assistance from the local government and leaders until the miners decided to impound the lorry of the buyer but the police intervened and released the vehicle when the buyer paid only 2.000.000/= out of 42.000.000/=.	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
No legal redress has been attempted because the buyer has disappeared.	
What was the final outcome?	
The matter remains hanging. The miners still would like to get this buyer to pay them.	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
It very important if legal redress has to be implemented to properly identify parties in the agreements so that if one party disappears it is possible to use the network in the country to trace them.	

17 Rice in South Central Uganda (Farmer Level)

Rice in South Central Uganda (Farmer Level)	
Information collected by: VEDCO	Region: South Central
Describe the commodity, the form of that commodity and the nature of the transaction in question.	

Rice in South Central Uganda (Farmer Level)			
<p>The major rice growing area in the central region, and where the study was carried out, is Semuto sub county in Luweero district. On harvesting rice is either sold in a threshed or milled form. Traders within Semuto (who in most cases double as millers) buy rice from a farmer, which is either threshed or milled while traders who come to the area buy only milled rice from either farmers or the mills. A farmer can decide to sell threshed rice from his/her home to traders who move within the villages looking for produce or it is milled and sold to the traders. Both the farmers and traders pointed out that during the harvest period, farmers agree with the traders/millers (who have storage facilities) to store their produce either in a threshed or milled form.</p>			
<p>Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.</p>			
<p><i>Farmers (suppliers): these are the producers of rice and are either individuals or members of a farmers' group/Association. The groups are either registered at the sub county or district levels. However, it was observed that farmers within groups sell individually (collective marketing does not exist) and for some groups sales are recorded per member per season. The reason farmers are not involved in collective marketing is due to the different interests and immediate demands on individual households. In addition, some farmers who access credit from traders find it difficult to sell collectively especially if different farmers, within the group, access credit from different traders. Some of the groups have expressed interest in moving toward marketing, but these groups still need to be strengthened and organized before they can engage in collective marketing. Additionally, they need to be facilitated to access credit either in cash or kind (farm inputs).</i></p> <p><i>Traders: these are mainly individuals or companies of sole proprietorship who either buy threshed or milled rice. These comprise of the local traders/millers (who are the major links between buyers from other areas). The local traders are the ones who buy rice from farmers, which can either, be threshed or milled and then sell to traders who come to the area. The local traders with mills have their milling companies registered with the district and they pay for trading licenses. Most of the traders within the area are millers. However, there exist other traders who buy unhusked (unmilled) rice from farmers, incur milling costs and later sell to other buyers.</i></p>			
<p>What dominant languages do the parties to these business transactions use?</p>			
<i>Language of Sellers (farmers)</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. Luganda	All	80%	60%
2. English	50%	40%	20%
<i>Language of Buyers (traders/millers)</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. Luganda	All	90%	70%
2. English	70%	60%	50%
<p>Nature of Transaction</p>			
<p>What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.</p>			
<p><i>Quantities: from the farmers' groups interviewed, it was estimated that between 50 and 60 tonnes are sold per season by all the members of a particular group who focus mainly on rice production. A Miller handles between 60 and 100 tonnes a season.</i></p> <p><i>Prices differ for the different forms of rice. Prices for threshed rice range from 350/= to 700/= per kilogram while for milled rice prices are between 650/= and 1,000/= per kilogram depending on the season.</i></p>			
<p>Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?</p>			
<p><i>Transactions are regular between these parties. Traders/millers within Semuto have identified farmers from whom they regularly buy the produce come harvesting season. Traders/millers have on several occasions advanced money to farmers before harvesting to help them in their enterprise. This often indicates that a trader/miller has 'booked' the rice that will be harvested worth the amount advanced. If such agreement works at the end of the season, then the farmer is able to access credit the following season thus the long-term arrangements.</i></p>			
<p>Is the relationship formal or informal? Please explain.</p>			

Rice in South Central Uganda (Farmer Level)	
<i>Generally, the relationship between farmers and traders is informal. However, when farmers access credit from traders/millers, the value or amount obtained is recorded and an agreement signed. In this agreement, the form of payment is indicated and in most cases it is paying in kind (i.e. produce equivalent of the amount borrowed).</i>	
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?	
<i>For transactions between farmers and traders, the usual form of payment is cash.</i>	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
<i>Supplier:</i> - It enables the farmer to use the money on his/her farm or household immediately after selling their produce. - It helps the farmer avoid the hassles/difficulties associated with chasing or following up payments for produce taken on credit.	<i>Buyer:</i> It helps to build trust among the farmers It enables the buyer to get the quantities they want as all producers want to sell to buyers who pay cash.
What type of payment would each of the parties prefer? Why?	
<i>Supplier: (farmer)</i> Prefers cash since most farmers sell individually and the money can be used to cater for the daily needs of the households. However, some farmers pointed out that if they sell as a group it is better to pay them by cheque for security purposes.	<i>Buyer:</i> Buyers also prefer buying with cash to eliminate any misunderstandings that can be created as a result in delay of payments. However, if big volumes are purchased from a group or an individual farmer, traders were of the view that it is better to pay by cheque for security purposes.
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
<i>Both parties know the quality standards and specifications existing in the industry. The standards are passed on to the farmers by traders who know what is required by the consumers. Poor quality produce fetches lower prices or is not bought at all. For a farmer who acquired credit and pays in kind with produce harvested normally realizes low profits or losses if his/her produce is of poor quality because it will be priced at a lower value.</i>	
What particular quality specifications usually apply to this type of transaction?	
Unbroken rice Clean (without stones, husks) Right colour of grain Well dried rice Harvested at the right time	
Agreements	
Are these specifications usually met? Why?	
<i>The farmers usually meet these specifications. Failure to meet them leads to obtain a lower price for the 'poor quality produce' or not buying at all.</i>	
Do the parties generally sign agreements in this transaction?	
<i>A trader, prior to harvesting only signs agreements if a farmer is being advanced money. Otherwise no agreements exist. However, it has been realized that there has been exploitation of the farmers by the traders where on repayment of the credit, traders tend to under value farmers' produce and thus leads to making losses. Therefore, this results into farmers selling some of the produce to other buyers and leaving little for the creditor hence failure to adhere to the agreement terms for the advance.</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier:</i> In the last two years there has been increased competition among traders in buying rice from farmers. As a result farmers have gained increased access to several market outlets and they find it irrelevant to have agreements before harvesting. They will wait until a good price is offered. However, they still give preference to traders with whom they have been dealing with regularly especially if they (traders) offer a better price or when they accessed credit.	<i>Buyer:</i> As long as a farmer is paid cash, there is no need of signing agreements. It has also been observed that farmers' who have accessed credit and signed an agreement to pay in kind have often not adhered to the signed agreement. Therefore, the trust the traders had for the farmers has declined tremendously.

Rice in South Central Uganda (Farmer Level)	
<p>What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transact? Given that there were no agreements, the question was changed to ask for advantages respondents envisage from signing agreements. So the question is answered in question 16.</p>	
Supplier:	Buyer:
<p>Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?</p>	
<p><i>Advantages for suppliers:</i> The major reason advanced by farmers for the need to sign agreements is for them to access 'cheap' credit from traders to enable them meet costs in their enterprises before harvesting and selling the produce. Quantities and prices are known prior to production thus facilitates proper planning and implementation Market is readily available</p>	<p><i>Advantages for Buyers:</i> Due to the stiff competition in the market, traders urged that it would be of advantage to sign agreements with farmers since by so doing they would have 'booked' the farmers' rice when still in the field. Buyers are assured of the source of produce especially if credit is advanced.</p>
<p>What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?</p>	
<p><i>Suppliers Commit:</i> Produce the required quantities Meeting all the quality requirements Selling only to the contracted trader/buyer to his quantity and quality satisfaction</p>	<p><i>Suppliers want Buyers to commit:</i> Monitoring Setting a fixed or minimum price Advisory services Provide support in terms of credit, inputs etc. Commitment to buy the agreed upon quantities</p>
<p>What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?</p>	
<p><i>Buyers Commit:</i> Buying agreed upon quantities Providing support or credit services Monitoring</p>	<p><i>Buyers want suppliers to commit:</i> Able to sell the agreed upon quantities Produce according to specifications Be flexible to market changes in demand and prices</p>
<p>What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.</p>	
<p><i>None</i></p>	
<p>What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?</p>	
<p>A traders experience <i>Mr. Lugoloobi Faisal a trader/miller used to advance money to farmers who needed it urgently for use on their farms. The money was mainly used for buying herbicides and paying casual laborers. An agreement was always signed whenever a farmer borrowed money. It was emphasized in the agreement that the farmer will be paying in kind i.e. produce worth the amount advanced and the creditor would be given priority in buying the surplus. However, on several occasions farmers who borrowed money did not adhere to the signed agreement. This was because either the produce was sold to other traders who offered a higher price or the farmer had harvested low yields that would lead to loses after paying the debt. In the last two seasons, Mr. Lugoloobi has encountered this problem. He reported some cases to the police but others have been solved through mutual understandings. However, currently he is so careful. He picks out only those who have shown seriousness in production and have been able to pay back.</i></p>	
<p>A farmers' experience <i>Some farmers of Kasana Small Business Association used to borrow money from traders/millers within Semuto. Agreements were signed as to how they will be paying back the loan in terms of produce harvested worth the amount borrowed. Sometimes inputs would be loaned to the farmers but at a relatively higher price than the one existing in the market. However, after harvesting the traders who lent money to farmers would come with 'fake' weighing scales coupled with valuing the produce at a lower price than what other traders were buying at. As a result farmers realized low profit margins and sometimes losses. As a result some farmers resorted to selling the rice to other traders before the creditors came. Many farmers were reported to local council authorities and later to the police. Assets were confiscated that included land, houses, furniture and also some members had to shift to other areas.</i></p>	
<p>Dispute Resolution</p>	

Rice in South Central Uganda (Farmer Level)	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
<i>Supplier</i> <i>Low prices offered by the buyers</i> <i>Manipulated weighing scales</i> <i>Inflated prices of inputs offered on credit by the buyers</i>	<i>Buyer</i> <i>Failure to supply quantities agreed upon</i> <i>Failure to repay back the loan</i>
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
<i>Low prices: buyers within the same area tend to be monopolistic and offer lower prices compared to what is in the market.</i> <i>Manipulated weighing scales: some traders have manipulated weighing scales and thus cheat farmers a lot. Even when farmers have their own scales they end up using that from the traders because they need the cash.</i> <i>Inflated prices of inputs: some traders who offer credit to farmers in terms of inputs tend to inflate prices from what exists in the market and when they collect the produce as agreed they buy at lower prices. Some farmers who find out about the market prices for inputs may resist but have little to do as they are tied down by the agreement.</i> <i>Failure to supply quantities agreed upon/failure to repay back the loan: in some instances, farmers who obtained credit tend not to provide the quantities agreed upon in the agreement. This is because they sold to someone else or failed to harvest enough.</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>Mutual understanding: this lessens tension between the parties and even trade together again.</i> <i>Police/local councils: it is a quick way of recovering what one party owes the other.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Step 1: mutual understandings: the two parties first discuss the issue between them and agree on what is to be done next.</i> <i>Step 2: local councils/police: having failed to find a solution during the discussions, they then resort to reporting the case to police.</i> <i>Step 3: courts of law: if recovery fails at step 2, it is referred to court. This is, however, in very few cases.</i>	
What was the final outcome?	
<i>Farmers seldom forward cases to higher authorities. The normally resort to looking out for other traders.</i> <i>If the amounts are not substantial (below 200,000/=) a trader may not bother following up the farmer otherwise traders often report their cases to police where farmers committee themselves to clearing the debts. In some cases assets may be confiscated so as to recover the amount owed.</i>	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<i>Contracts are not generally used in this agro sub sector</i> <i>Farmers fear to follow up on cases of misunderstandings with traders due to their lack of understanding of the legal system.</i> <i>Both farmers and traders often ignore cases where amounts are not substantial. The reason forwarded to this is reporting cases is not only time consuming but also costly.</i>	

18 High Value Vegetables in South Central Uganda (Farmer Level)

High Value Vegetables in South Central Uganda (Farmer Level)	
Information collected by: VEDCO	Region: South Central
Describe the commodity, the form of that commodity and the nature of the transaction in question.	
<i>High value vegetables include hot pepper, okra, and chillies among others that are grown mainly for export. In the central region, the growing districts studied were Luweero and Wakiso. These vegetables are sold in a fresh form to exporters. Some exporters use agents to acquire the produce. These agents are either farmers' groups' marketing officers or employees of the exporting company.</i>	
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.	

High Value Vegetables in South Central Uganda (Farmer Level)			
<i>Supplier: these are farmers who are mainly organized in groups. They carry out collective marketing of their produce. Most groups have been in existence for over four years. Most of the groups are registered at sub county or district levels, though some are not registered.</i>		<i>Buyer: these are export firms registered at registrar of companies and affiliated to Uganda Exports Promotion Board. These companies either buy directly from the farmers through their employees (who are mainly casual) or through agents (mainly marketing officers of farmers' groups).</i>	
What dominant languages do the parties to these business transactions use?			
<i>Language of Sellers (Farmers)</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
<i>1. Luganda</i>	<i>All</i>	<i>80%</i>	<i>50%</i>
<i>2. English</i>	<i>50%</i>	<i>40%</i>	<i>30%</i>
<i>Language of Buyers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
<i>1. Luganda</i>	<i>All</i>	<i>80%</i>	<i>80%</i>
<i>2. English</i>	<i>All</i>	<i>All</i>	<i>All</i>
N.B: the respondents estimated these percentages on the basis of members in a given group.			
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
<i>Ice-Mark (Africa) Ltd exports an average of 23 tonnes of hot pepper and 21 tonnes of okra per week from farmers in the Central and Eastern regions. A farmers' group sells between 80 and 600 kg of hot pepper or between 120 kg and 700 kg of okra per transaction two times a week. The volumes produced depend on weather conditions and market demand.</i>			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
<i>The export firms have regular transactions with serious and committed farmers' groups and these are long-term transactions (every week throughout the year). Most exporters have been dealing with farmers' groups for 2 to 5 years.</i>			
Is the relationship formal or informal? Please explain.			
<i>Relationships are informal. There is no written/signed agreement between the farmers and buyers. However, Ice-mark has been providing seed to farmers' groups, as a sign of commitment to buy farmers' produce. Some export firms do not have a defined exporting schedule thus cannot have contracts with the farmers. However, Ice-Mark and Sulma foods explained that because horticulture is dependent on weather conditions, it becomes difficult to sign an agreement with an importer in Europe since volumes supplied are inconsistent. Consequently it is difficult for buyers to sign contracts with farmers.</i>			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
<i>The main form of payment is cash for most of the exporters. However, during the peak season some exporters purchase the produce on credit but there is no formal agreement written.</i>			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
<i>Supplier: Advantages of Cash Farmers are able to buy pesticides and other inputs and produce good quality produce. Since sales are on a weekly basis, farmers are able to cater for their household need. Disadvantage: - When big payments are made it may attract thieves to attack the farmers' homes. The money may even be stolen before the farmer reaches home.</i>		<i>Buyer: Cash Advantages - Paying cash on a weekly basis boosts farmers' morale and ability to produce throughout the year. This, therefore, enables the buyer not to break his/her market links with the importers of the produce.</i>	
What type of payment would each of the parties prefer? Why?			

High Value Vegetables in South Central Uganda (Farmer Level)	
<i>Supplier: Farmers prefer cash because they are able to buy agro-chemicals that enable them to produce and harvest good quality produce on a weekly basis.</i>	<i>Buyer: The buyers prefer paying cash because this enables the farmers to produce good quality produce and in adequate quantities.</i>
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
<i>Both parties know the quality standards required in the industry. Since these vegetables are grown mainly for export, exporters emphasize production of good quality produce so as to access long-term market outlets in Europe. Failure for the farmers to produce according to the specification leads to termination or cancellation of any relationship/transactions between both parties. Quality is never compromised upon. The quality standards are set by the importers in Europe and passed on to the farmers by the exporters.</i>	
What particular quality specifications usually apply to this type of transaction?	
<i>HACCP and EUREPGAP standards Not very ripe fruits Free of physical damage Disease free products Clean (free of any other foreign materials) Size and colour required</i>	
Agreements	
Are these specifications usually met? Why?	
<i>Both parties meet the specifications and failure to do so leads to rejection of the produce by the importer and later termination of the trade-link. Therefore, if the exporter fails to export then the farmer will not be able to produce and thus no income.</i>	
Do the parties generally sign agreements in this transaction?	
<i>No agreements are signed.</i>	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
<i>Supplier: Farmers pointed out that buyers do not want to sign contracts.</i>	<i>Buyer: Farmers are not consistent in supply of horticulture products throughout. Therefore, exporters cannot commit themselves to importers to supply throughout the year. Therefore, buyers cannot sign contracts with farmers since they cannot commit themselves with importers. Buyers also pointed out that farmers are untrustworthy because they prefer selling to traders who buy at a higher price regardless of what was agreed upon. For example, Ice-mark provided farmers with good quality seed of okra on the understanding that they will supply the company with produce. But on harvesting sold the produce to other exporters and informed Ice-Mark that they had poor yields.</i>
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction? <i>Given that there were no agreements, the question was changed to ask for advantages that respondents envisage from signing agreements. So the answers are in question 16.</i>	
<i>Supplier:</i>	<i>Buyer:</i>
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
<i>Advantages for suppliers: The farmers' are assured of a readily available market for their produce Farmers' expect to get support in terms of inputs and trainings.</i>	<i>Advantages for Buyers: A buyer is assured of the source of produce</i>
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	

High Value Vegetables in South Central Uganda (Farmer Level)	
<p><i>Suppliers Commit:</i> <i>Produce according to quantity and quality requirements</i> <i>Deliver on time</i></p>	<p><i>Suppliers want Buyers to commit:</i> <i>Setting a fixed price</i> <i>Buying all the agreed upon volumes</i> <i>Allowing farmers to sell to other buyers in peak seasons</i> <i>Providing support in terms of trainings, inputs, credit (cash)</i> <i>Visiting the producers at least twice a year.</i></p>
<p>What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?</p>	
<p><i>Buyers Commit:</i> <i>Ensuring prompt payments as agreed with the farmer</i> <i>Set up a collection centre</i> <i>Monitoring and providing contracts</i> <i>Setting a minimum price</i> <i>Collecting the produce from established collection centres</i> <i>Provide packaging materials</i></p>	<p><i>Buyers want suppliers to commit:</i> <i>Selling to only the contracted buyer unless otherwise</i> <i>Timely delivery of produce</i> <i>Be flexible to changes in the market</i></p>
<p>What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.</p>	
<p><i>None</i></p>	
<p>What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?</p>	
<p><i>Story narrated by Operations Manager Ice-Mark</i> <i>“In a bid to establish strong links with farmers that supply us produce for export, I decided to support farmers with good quality seed. This was only aimed at facilitating farmers to plant in time and to plant the variety that is on demand in Europe where we export our produce. Before doing this, I held discussions with these farmers’ groups and we agreed that at harvesting priority will be given to supply to Ice-Mark at 3,500/= per box.</i> <i>Although this was not a written agreement, I expected the farmers to be honest and supply me with the produce since I pay them on delivery and I was not going to deduct the cost of the seed. But to my surprise, when the farmers harvested, they sold most to other buyers and brought little to Ice-Mark. This was because they were getting an extra 500/= per box from the other buyers. When I contacted them, they told me that they had a bad season and thus had poor yields. So, with such an experience how can I trust these farmers even when we are to sign contracts?”</i></p>	
<p>Dispute Resolution</p>	
<p>What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?</p>	
<p><i>Supplier</i> <i>Failure by buyers to collect produce on time</i> <i>Low prices offered for the produce</i></p>	<p><i>Buyer</i> <i>Poor quality produce</i> <i>Late deliveries at collection centres</i> <i>Use of another exporter’s packaging material</i></p>
<p>What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?</p>	

High Value Vegetables in South Central Uganda (Farmer Level)	
<i>Low price: some buyers often buy at low prices regardless of the changes in the market.</i>	
<i>Failure by buyers to collect produce: buyers inform farmers' when they are to collect produce but on several occasions, they (buyers) do not honour their promise. As such farmers end up not doing other activities as they wait for the buyer.</i>	
<i>Poor quality produce: some farmers have a tendency of delivering poor quality produce to the buyers. As a result the buyer cancels the transactions by not paying for the poor produce. However, these farmers sometimes do not want to accept their mistake and therefore, start accusing the buyers of 'theft'.</i>	
<i>Late deliveries: on some occasions farmers fail to deliver produce on the agreed time and thus either their produce is not bought or they are asked to deliver it at the airport before the plane departs.</i>	
<i>Use of another exporter's packaging material: some farmers sell produce to buyers in packaging materials provided by other buyers.</i>	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
<i>Use of mediator (e.g. an organization like VEDCO) to sort out the misunderstandings.</i>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
<i>Both parties meet (sometimes in the presence of a mediator e.g. VEDCO which linked them) and discuss about the issues at hand and find a solution to them. However, it was observed that both do not go beyond this step and in case a solution is not found, the trade linkage is terminated.</i>	
What was the final outcome?	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<i>Most of the local exporters are working as agents for the importers (in Europe). As such, they are not independent and hence it may be very difficult for them to sign contracts with farmers.</i>	

19 Pineapples in South Central Uganda (Farmer Level)

Pineapples in South Central Uganda (Farmer Level)	
Information collected by: VEDCO	Region: South Central
<i>Pineapples are grown mainly in Kayunga and Luweero districts. In Kayunga, Kangulumira sub county is the major growing area while in Luweero it is Luweero sub county.</i>	
The pineapples are mainly sold as fresh to traders from Kampala, Kenya and other parts of Uganda. Some farmers e.g. KAYODA are drying the fresh pineapples and selling the dried products to Fruits of the Nile. Drying of these pineapples is mainly done during the peak (bumper harvest) season.	
<i>Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.</i>	
<i>The actors involved in the pineapple business include the farmers, traders (who buy directly from farmers), traders who buy from other traders, and exporters of both fresh and dried products. Most farmers work within groups. However, marketing of their produce can either be done under a group or individually. These farmers' groups are registered at sub county and district levels. Some groups (Lusanja Organic farmers' group in Luweero district) have contracts with exporters. These contracts focus on organic production of pineapples and these farmers are certified. Each farmer signs an individual copy of the agreement. The contracts highlight the responsibilities of the buyer and the farmer (see appendix). The major weakness within these agreements is that it does not indicate the quantities required per specified period and the prices.</i>	
<i>All local traders (for the domestic market) do not have contracts with the farmers. It is observed by both the traders and farmers that writing agreements indicates untrustworthiness between both parties and yet most transactions are regular (long-term). Agreements are verbal and in some instances, these are not adhered to.</i>	
<i>Exporting firms are registered with the registrar of companies and Uganda Export Promotions Board. Local traders are registered at the districts.</i>	

Pineapples in South Central Uganda (Farmer Level)

What dominant languages do the parties to these business transactions use?

<i>Language of Sellers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. Luganda	All	80%	70%
2. English	50%	50%	30%
3. Swahili	10%	5%	5%
<i>Language of Buyers</i>	<i>Speak (number of respondents)</i>	<i>Read (number of respondents)</i>	<i>Write (number of respondents)</i>
1. Luganda	All	80%	70%
2. English	70%	60%	40%
3. Swahili	30%	25%	5%

N.B: the respondents on the basis of members in a given group estimated these percentages.

Nature of Transaction

What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.

On average an exporting company buys 2,000 fruits once a week from a group of farmers. Therefore, this quantity has to be shared among the group members.

For the local traders, during the peak season, an average of 40,000 pineapples are bought each day by group of traders in a given market and sold to different buyers. Around 8,000 to 10,000 pineapples are bought per day in the lean season.

*For the dried products, an estimate of 70 kgs is sold by a farmers' group (in Kayunga district) to Fruits of the Nile. This is done twice a week (i.e. a total of 140 kg per week). **4kg of fresh pineapple makes 1kg of the dried product. Therefore, 70 x 4 kgs (flesh) x 2 times a week = 560kgs of fresh produce***

5. Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?

Most exporters have long-term formal agreements (contracts) with suppliers (farmers). Each farmer is coded. For local traders, there exist long-term transactions with farmers especially within the same area. Both the farmers and the traders identify players whom they can work with on a regular basis. However, in areas visited, the latter transactions are not formal but based on verbal arrangements.

Is the relationship formal or informal? Please explain.

Most relationships between exporters and farmers are formal while for local traders and farmers are informal (verbal). The identified exception among exporters is Fruit of the Nile who does not have a contract with KAYODA.

7. *What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?*

The major form of payment is cash. However, local traders sometimes take produce on credit from farmers.

8. What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?

Cash

Supplier

Advantages:

Paying cash helps the farmers to invest in their farming activities and also use the money for any other business and family needs.

Paying cash reduces misunderstandings that can occur as a result of delayed payments.

Disadvantages:

Farmers may fail to sell their produce if they do not sell on credit especially during the peak season. This leads to losses as a result of uncollected or unsold produce.

Buyer

Advantages

A strong bond is built between the farmer and the buyer. On several occasions, farmers prefer selling to buyers who have cash.

If cash payments are regular, in some instances a buyer will easily obtain produce on credit.

Disadvantages

Buyers who do not have cash may fail to operate business if they get used to buying

Pineapples in South Central Uganda (Farmer Level)	
	<i>produce with cash.</i>
<p><i>Credit:</i> Supplier Advantages Farmers are able to sell their produce even though it is not paid for immediately. This helps them not to lose produce due to lack of a cash market. Disadvantage If a buyer is dishonest, a farmer is bound to lose.</p>	<p><i>Buyer</i> Advantage Buying on credit enables the buyer to continue with the business in absence of purchasing cash. Disadvantage If the buyer becomes dishonest, he/she is liable to prosecution and may fail to acquire produce on credit the next time.</p>
9. What type of payment would each of the parties prefer? Why?	
Both the supplier and the buyer prefer payments by cash. However, both parties were of the view that in case the quantities purchased are big and whose value is high, it is better to pay by cheque.	
10. Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
Both the farmers and traders know the quality standards and specifications required for both domestic and export markets. Failure to meet the standards leads to termination of the contract or any other form of agreement. The quality standards are set by the final consumer and passed on to producers through the traders.	
11. What particular quality specifications usually apply to this type of transaction?	
<p><i>Export market:</i> Organically produced pineapples HACCP and EUREPGAP standards of production Colour and size Single crowns Not very ripe No bruises</p>	<p><i>Domestic market</i> Ripeness All sizes No bruises</p>
Agreements	
12. Are these specifications usually met? Why?	
All the specifications are met and failure to meet them leads to termination of the agreement in whatever form it is. Buyers will stop buying from the suppliers who do not meet the quality demands.	
13. Do the parties generally sign agreements in this transaction?	
Exporters of organic pineapples have contracts with farmers. This mainly focuses on organic production. Whenever produce is collected the quantities supplied by each certified farmer are recorded. For the local traders, there are no agreements signed and sales records do not exist.	
14. Reasons for not signing the agreements.	
<p><i>Supplier</i> Farmers are of the view that, since the buyers are regular and known, it is not necessary to write agreements for each transaction. Farmers explained that culturally, writing agreements indicates that both parties do not trust each other.</p>	<p><i>Buyer (local traders)</i> Local traders indicated that for agreements to be signed indicates both parties do not trust each other. However, in cases where produce has been purchased on credit and payments have taken long to be effected, an agreement will be written as to when the debt will be paid. This is normally done at the police.</p>
What are the reasons given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Given that there were no agreements, the question was changed to ask for advantages respondents envisage from signing agreements. So the question is answered in question 16.	
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
Both the farmers and the buyers observed that long-term contracts are preferred to agreements for every transaction. Contracts guide both the farmer and the buyer to plan for their respective enterprises given that quantities to be purchased and the buying/selling prices are known. During the process, only sales are recorded for every transaction.	
<p><i>Supplier</i> In case produce is purchased on credit, an</p>	<p><i>Buyer</i> An agreement is useful in case money is advanced to a</p>

Pineapples in South Central Uganda (Farmer Level)	
<i>agreement confirms when the transaction is to be done and when to effect the payment. This is very useful in case of any misunderstandings.</i>	<i>supplier (farmer) before delivery/collection of the produce. In some cases, money is advanced to a farmer to collect/ deliver the quantities worth the amount. Therefore, the agreement is referred to in case of any disputes.</i>
<i>17. What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?</i>	
<i>Suppliers commit: To produce according to the buyers specifications and standards Meeting all the quantity requirements Delivering at the agreed time and location.</i>	<i>Suppliers want buyers to commit: Specify quantity to be purchased. Set a minimum or fixed buying price. Offers trainings to farmers at least once every growing season. Offer support in form of credit (cash) and inputs. To specify when to effect payment after delivery/collection</i>
<i>18. What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the supplier? How do the two differ?</i>	
<i>Buyers commit: Set Quantities to be purchased at specified intervals Sets minimum buying price Specify quality standards Make regular and timely payments Adhere to contract terms</i>	<i>Buyers want suppliers to commit: Produce according to the quality standards and specifications Provide the quantities required Be flexible to price changes Timely delivery of produce Adhere to the contract terms</i>
<i>19. What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.</i>	
<p>Before the contract, Lusanja Organic farmers' Group depended on only the local traders who used to give them low prices especially for small sized pineapples which would be sold at prices as low as 50/= per fruit. However, after signing the contract with Bio-Fresh, they now have increased access to markets whereby Bio-fresh (buyer) takes the small sized pineapples for which they pay 500/= per fruit while the big-sized pineapples still have ready local market.</p> <p>Additionally, the contract spells out that the buyer will provide trainings (at least once a year) in production and management of the pineapple enterprise. This has, therefore, increased farmers' access to extension services geared towards producing for the market.</p>	
<i>20. What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?</i>	
<i>In 2001 farmers in Bwaziba Tukolere Wamu farmers group signed a contract with Afri-organics to cultivate and supply them with pineapples. This contract was being renewed on an annual basis and specified the frequency of collecting the fruits. However, prices and quantities were not specified. Nevertheless, all was going on well until 2003 when the buyer started defaulting on collection of the fruits and yet never used to give any reasons for that nor informing them in time to look for an alternative market. For sometime farmers experienced big loses until they had to look for other markets. Efforts to address this problem did not yield to any positive result because the buyer kept referring to fluctuations in the demand in the countries where the company exports the fruits. However, since it is Afri-Organics that paid for the certification fees, these farmers have kept on dealing with the company and did not report the case to any authority.</i>	
Dispute resolution	
<i>21. What are the major areas of disagreements from the perspective of each party to this business transaction?</i>	
<i>Supplier Late payments for produce supplied Late/non deliveries/collection of collection Late/non-delivery of promised support Lack of increments in prices for produce over a long time (e.g. price of dried pineapples supplied to Fruits of the Nile has not changed since 2002).</i>	<i>Buyer Quantities agreed upon not met Quality Standards not adhered to. Poor time management (i.e. late delivery of produce yet exporters depend on set flight schedules).</i>
<i>22. What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them. Do the respondents from both sides see the causes in the same way?</i>	

Pineapples in South Central Uganda (Farmer Level)

Payments: buyers who have purchased produce on credit tend to take long to pay. These buyers often take long to go back to the farmer from whom they purchased the produce. They (buyers) start buying from other suppliers. Therefore, farmers become hesitant to sell to these kinds of buyers and in some instances the refuse completely. Farmers may report to police but the process for recovery is long and costly. Both parties observed that this is a major area that causes misunderstandings.

Delivery/collection of produce

In some instances, buyers promise to collect produce but fail to do so at the scheduled time. In cases where farmers/suppliers have to deliver the produce, they tend not to keep time for delivery of produce making exporters to miss flights on which they booked space.

Late/non delivery of promised support: some buyers promise to offer credit in form inputs, packaging materials etc. to farmers but in some cases they do not meet their promise on time or fail to deliver. This will affect a farmer who needs some funds to produce according to the quality standards demanded for.

Prices: Often, local traders tend to offer low prices for farmers produce especially during bumper harvests. Before a transaction is made, a buyer will verbally indicate to the farmer at what price he/she is to buy. However, after harvesting and seeing that produce can readily be availed from other areas, the buyer will lower the price or else s/he will buy from somewhere else. This leaves no option for the farmer but to sell to such a buyer. One export firm (Fruits of the Nile), which is has no written agreement regarding purchase of the dried products but it fixed a buying price that has not changed since 2002 regardless of the change in prices for the fresh produce.

Quantities:

Since Uganda's agriculture is largely rain-fed, there are periods when the supply of the pineapples is so low. As a result farmers/farmers' groups that have agreements with buyers fail to supply them with the required quantities of the fruits. Additionally, it is during such a season that the price of pineapples on the local market goes up prompting farmers to sell to other buyers providing a higher pay and in cash. Consequently, this causes a misunderstanding between the farmers/suppliers and the regular buyer.

Quality standards

Failure to meet the quality standards by the farmers leads to misunderstandings between both parties (especially) for the certified producers/suppliers. Exporters will not compromise on quality. Still local traders will not purchase any produce that does not meet their quality requirements.

Time management: time management is a crucial factor in any business transaction. Often farmers may delay to harvest the produce by the agreed time.

23. What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?

It was observed that both the suppliers and buyers mainly reach to a mutual understanding between themselves without involving the local authorities. Both parties would not like to break the bond that has existed for a long time. Another reason is to avoid incurring costs involved in the legal systems. However, it was realised that for the traders and farmers who grew up within the same area, it becomes difficult for them to take the legal route.

Since no agreements exist for transaction between farmers and local traders it becomes difficult to involve the legal system. This is because there is no record for reference. It was interesting to note that in such circumstances the farmers simply let the defaulting traders to Scot-free.

Farmers selling through associations can resolve disagreements through meetings between farmer group leaders and the concerned buyer before resorting to other approaches.

In case the two parties fail to amicably resolve a misunderstanding, they report the matter to police. First to the police post in the area of the supplier (farmers) and later to that in the area of the buyer for follow up.

All respondents indicated that they do not involve the local/village councils because their procedures are long and they tend to be corrupt in their dealings.

24. What are the specific steps/actions taken in resolving these disagreements/disputes?

Pineapples in South Central Uganda (Farmer Level)	
<p>Step 1: Meetings between the two parties (can either be an individual farmer or farmer group leaders and the buyer) to discuss the cause of the misunderstanding and find solutions.</p> <p>Step 2: In case they fail to agree, they report to the police</p> <p>Step 3: If the matter is not resolved at the police, it is referred to courts of law</p> <p>For all the respondents they did not report any experience of ever having followed all the above steps but they proposed that that would be the preferred procedure. Most cases were resolved at step one and a few at step two.</p> <p>It was interesting to note that all farmers reported that in most cases they simply do not bother to report cases of defaulting buyers. They claimed that besides being time consuming and expensive, the legal system is not clear to them.</p>	
What was the final outcome?	
All respondents indicated that once the culprit is reported to police he/she honours the obligation. They explained that most people fear being apprehended and later on taken to courts of law.	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
That signing an agreement within a business indicates lack of trust between the two parties. Money changes hands between agents and traders without any documentation yet there are rare cases of cheating. (The agents are middlemen from within the area who work on behalf of traders from Kampala, Kenya and other areas. Where the main trader works through middlemen, it may be difficult to have contracts signed between the trader and the farmer/farmers' groups.)	

20 Cotton in Northern Uganda (Farmer Level)

Cotton in Northern Uganda (Farmer Level)			
Information collected by: World Vision		Region: North	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
The nature of transaction is between a farmer and an agent (lead contact farmers). The cotton is traded in the form of seed cotton (level one transaction). The supplier is under the supervision of the lead contact farmer. The supplier field sizes ranges from 1-2 acres.			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
Supplier: The farmers are organized in groups of 30 members. They register with their lead contact farmer who is their team leader.		Buyer: The lead contact farmer is a group member and acts as a company agent. He gets the money from the company to buy cotton from his group members and also from other farmers not in the group	
What dominant languages do the parties to these business transactions use?			
LANGUAGE OF SELLER	Speak (# of respondent)	Read (# Respondent)	Write (# of respondent)
1- Luo	4/4	4/4	4/4
2- English	2/4	-	-
3- Kiswahili	3/4	-	-
LANGUAGE OF BUYER	Speak (# of respondent)	Read (# Respondent)	Write (# of respondent)
1- Luo	2/2	2/2	2/2
2- English	2/2	1/2	1/2
3- Kiswahili	2/2	-	-
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
The farmer gets on average 500kg of cotton every planting season and receives on average 175,000/=. The lead contact farmer is able to buy more than 20 tons of cotton every season.			

Cotton in Northern Uganda (Farmer Level)	
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?	
This transaction is a regular on going relationship it's a kind of informal relationship in that the supplier is free to sell either directly to the processor or to the trader. The farmers sell to the agent because he is nearer to them and transport cost to the ginnery is minimized. He also buys the cotton at the same price as offered at ginnery	
Is the relationship formal or informal? Please explain.	
See above	
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?	
The usual form of payment in this transaction is cash on delivery of the cotton	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
Both parties prefer cash because you do not need a bank account to be paid. Also they all accepted that the cash leads to immediate solution to their needs. All parties agreed on the cash as a better mode of payment.	
What type of payment would each of the parties prefer? Why?	
Supplier:	Buyer:
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
The parties are aware of the qualities standard existing in the business. This quality standard enables only serious farmers to join in the business.	
What particular quality specifications usually apply to this type of transaction?	
The quality specification in this type of transaction is AR + and AR (above average and average cotton). This is cotton without foreign bodies, without stains.	
Agreements	
Are these specifications usually met? Why?	
This specification is always met because if you do not meet it your produce will not be bought or faces a lower price per kg.	
Do the parties generally sign agreements in this transaction?	
There is no written agreement here; you only register with the buyer so that you location is known for easier monitoring. The farmers signed no agreement with the lead farmer. Through the lead contact farmers they were verbally promised 600 shillings per kilogram for AR+ cotton	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
Supplier:	Buyer:
What are the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier:	Buyer:
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
Advantages for suppliers: Sure market for you cotton Sure Extension services - Helps in dispute resolution	Advantages for Buyers: Follow up of farmers becomes easier Enables quality specifications to be met Helps in dispute resolution
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit: Producing good quality cotton Following all agronomic practices required of them Transporting cotton to the buyer	Suppliers want Buyers to commit: Timely purchase of the produced cotton Storage of cotton from suppliers The two differ in that none of them wanted to commit him self or her self on matters relating to prices.
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit:	Buyers want suppliers to commit:
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	

Cotton in Northern Uganda (Farmer Level)	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
The parties disagreed on prices. The reason for the disagreement was that the buyer verbally informed the farmers that he was going to buy cotton at 600kg but later bought at 350 shilling a kg.	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier	Buyer
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
The approach used to solve the disagreement was to take the case to the District Department of Agriculture. The district team seems to have not forwarded the case to higher authorities. They did not talk to farmers on factors that led to the fall of cotton price. No feedback information was got from the department.	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
The case was taken to the District Agriculture Staff because they looked at the department as the only organization that can follow up the issues with Dunavant.	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
What was the final outcome?	
At the end cotton was bought at 350shs a kg. Farmers said since the price offered was too low they are going to plant different crops instead of cotton in the coming seasons.	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
The farmers and the traders prefer a simple agreement in Luo that can be understood by both parties. The LC courts cannot handle dispute in this transaction. Both parties perceive the LC court as corrupt without ability to enforce agreements. For cotton, signing agreements relating to prices is tricky because the world market determines the prices. Even though the contract does not include prices, it does have advantages. Advantages include: access to free extension services, market assurance, access to storage facilities, and access to improved cottonseed.	

21 Cotton in Northern Uganda (Trader Level)

Cotton in Northern Uganda (Trader Level)			
Information collected by: World Vision		Region: North	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
The nature of transaction is level two. The processor buys seed cotton from the middlemen. The processor is well established with lawyers.			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
Supplier: The lead contact farmer is a group member and acts as a company agent		Buyer: The buyer is Dunavant. The registrar of companies has registered it. They are in agreement with West Acholi cooperative union (Coo Rom ginnery) to do business. The agreements is to last for 5 yrs.	
What dominant languages do the parties to these business transactions use?			
Language of Sellers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
All the suppliers (middlemen) can speak, read and write Luo. They can speak English with difficulties.			
Language of Buyers	Speak (number of respondents)	Read (number of respondents)	Write (number of respondents)
The processor is able to communicate in Luo, English and Swahili.			
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			

Cotton in Northern Uganda (Trader Level)	
The processor is able to handle over 500 bales of cotton every season. The lead farmers handles about 20tons of cotton every season. His cotton is bought at 370 shs a kg.	
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?	
This transaction has been going on for 2 years. It's a regular ongoing relationship to last for five years. The lead Farmer sells his cotton on a seasonal basis (one sale). He benefited from the deal in that he was given money to buy farmers cotton at 350 shs a kg. He sold to the company at 370 shs a kg. The 20 shs difference serves as a commission for the services rendered. He was given money to pay for loading of cotton from his stores.	
Is the relationship formal or informal? Please explain.	
It's a formal relationship, in that the parties have signed agreements to do business. Description of an agreement between a cotton trader and a cotton Buyer The trader was to: Buy good quality cotton from farmers Offer temporary storage Give monthly reports on cotton performance The Buyer was to Transport cotton from traders stores to town Pay for loading and off loading fee Supply free improved cotton seeds, Provide fertilizers and pesticides (cost to be recovered at the time of marketing) No witness was from the farmers' side to sign the agreement.	
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?	
The usual form of payment in this transaction is cash payment. The lead farmer gets an advance from the company to pay farmers.	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
Both parties said cash is easier to handle and can be use to meet needs immediately. The disadvantages could be theft.	
What type of payment would each of the parties prefer? Why?	
All the parties preferred cash for the ease of accessing and using it. It is also looked at as a proof of commitment and transparency.	
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
Both parties in this transaction are aware of the quality standards existing.	
What particular quality specifications usually apply to this type of transaction?	
The implication of this quality is that only supplier with the stated standard is contracted. The supplier (middlemen) is supposed to supply cotton that are above average (AR+), and average cotton. AR+, AR is cotton without foreign bodies, and free of other discoloration.	
Agreements	
Are these specifications usually met? Why?	
This specification is met because if you don't meet them your cotton would not be bought.	
Do the parties generally sign agreements in this transaction?	
Agreements are well signed in this transaction	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
Supplier:	Buyer:
What are the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier: Helps in dispute resolution Assurance for market, transport, loading fee Acquisition of sale commission You can pursue legal ways in case of failure	Buyer: Quality standards in the industry are maintained. Follow up of suppliers becomes easier because of the commitment. Dispute resolution
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
Advantages for suppliers:	Advantages for Buyers:

Cotton in Northern Uganda (Trader Level)	
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit:	Suppliers want Buyers to commit:
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit:	Buyers want suppliers to commit:
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
<p>An agreement was signed between a supplier and Dunavant that cotton was going to be bought at 620 shillings</p> <p>Loading of cotton from supplier truck shall be paid for.</p> <p>Cotton was going to be bought on harvest.</p> <p>This agreement failed, because cotton was bought at 370 shillings contrary to the agreed price, the loading fee money was less than the agreed amount.</p> <p>The agreement failed because international cotton price fell.</p> <p>For the loading fee it was verbal and therefore it was difficult to follow it up.</p> <p>The lead contact farmer was going to buy from farmers at 600 shs. He was going to sell to the company at 620 shs a kg. His fixed price margin was 20 shs for a kg of cotton.</p>	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier - loading fee was too little, -Delay in receiving transport to transport cotton to the Ginnery	Buyer Transportation of cotton from far distance
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
Supplier -The loading fee money given by the company was 2.5 shs for one kg of cotton but it was loaded at 3 shs a kg. -The stores are not so big so if transport delays it means farmers have to wait until space remains for other deliveries	Buyer The company sends transport to the far away places depending on the prevailing security situation on the ground. They have to wait until the situation is fine. Transporters fear losing their trucks to rebel attacks
- Prices - Were too low - Loading and offloading fee - was not paid - Delay in transport - not timely - Storage - stores were small -30 shs Commission promised - Only 20shs paid	Low production - farmers intercrop cotton leading to low output Delay in reporting - farmers do not bring reports to office when needed Defaulting - farmers get seeds and other input out do not plant.
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
The parties see the issues from different angles. The supplier blame the price falls on the buyer while the buyer blames the government for not providing subsidies. They wanted government to protect them from international competitors.	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
The approaches used to resolve the price issue was to approach the Ministry of Agriculture and finance on the issue. The ministry intervene by adding 50sh to the proposed price paid to farmers. The lead farmer gets commission of 20 shs per kg of cotton supplied	
What was the final outcome?	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	

Cotton in Northern Uganda (Trader Level)	
Due to the price fluctuation in the cotton sector, Farmers are withdrawing from the business. The buyers are anticipating a low cotton output this year.	
The lead contact farmer wanted the local government staff, and district officials to be present when agreements between them and Dunavant are being signed	

22 Rice in Northern Uganda (Farmer Level)

Rice in Northern Uganda (Farmer Level)			
Information collected by: World Vision		Region: North	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
The rice is traded in unshelled form. The transaction is between a farmer and trader.			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
The traders are organized in groups at the grassroots level; however, they have no ability to contract.			
- Some traders are agents for the millers they deal with farmers groups they have established.			
-Some farmers do business on an individual basis.			
-Those traders not belonging to the millers are in an association of produce buyers.			
-They have an elected leader who is also a produce buyer. Individual member does business on his or her own.			
-The association of produce buyers is not registered			
What dominant languages do the parties to these business transactions use?			
Languages of Supplier	# Speak	# Read	# Write
Luo	4/4	4/4	4/4
English	4/4	2/4	2/4
Kishahili	¼	-	-
Languages of buyers	# Speak	# Read	# Write
Luo	2/2	2/2	2/2
English	½	½	½
Kiswahili	½	-	-
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
The average quantity of rice handled by a trader in season is 5-6 tons. The value of transaction is 800 shillings per kg. So total value is 4,000,000 to 4,800,000/=.			
The average quantity of rice sold by each farmer or farmer's group is 1200-5000kg the value of transaction is 700 shs a kg			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
The parties have been relating to each other for over 6 years. It's an ongoing relationship.			
Is the relationship formal or informal? Please explain.			
The relationship is not formal because the trader buys from any supplier.			
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?			
Cash is the usual forms of payment.			
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?			
An advantage from both the buyer and supplier perspective was that it was a quicker way of meeting their needs.			
What type of payment would each of the parties prefer? Why?			
All parties preferred cash as a method of payment, because no conflict arises from the use of cash.			
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?			
Parties are aware of the quality standard existing in the transaction. These implication on contracting in that if not met the rice is not bought			
What particular quality specifications usually apply to this type of transaction?			

Rice in Northern Uganda (Farmer Level)	
Quality specification is that the rice should be free of foreign bodies and should have been thoroughly dried.	
Agreements	
Are these specifications usually met? Why?	
These specifications are met. Because if not met supplier will fail to sell his/her produce. There's an agreement between millers and farmers group.	
Do the parties generally sign agreements in this transaction?	
Yes they do.	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
Supplier: Language barrier Weather changes	Buyer: Farmers are not in groups (following an individual is costly) Lack of trust
What are the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier: assurance for markets	Buyer: makes the supplier committed
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party? Yes they all perceive advantages of signing agreement for the transaction.	
Advantages for suppliers: Helps them to find markets Facilitate transport of their produce to the market	Advantages for Buyers: Helps them in follow ups of farmers Would help during dispute resolution Monitoring of farmers becomes easy
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit: Supplying good quality produce Supplying a specific trader only	Suppliers want Buyers to commit: Supplying them with improved seeds Temporary storage of their produce Pay a fair price. Under special arrangement They store farmers produce until the farmer wants to sell. The condition is that he should sell to that trader alone.
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit: Helping suppliers with transport if they produce large amount of rice. Buying good quality rice at a fair price.	Buyers want suppliers to commit: Large quantities of produce To sell to a specific buyer only
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier Weighing scales. Prices Cash	Buyer Transport Storage.
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
The weighing scales have not been standardized such that farmers are cheated. The traders set their own prices at the expense of the supplier	

Rice in Northern Uganda (Farmer Level)	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
The approaches used in dispute resolution are by taking the case to the leader of the buyers who settles their dispute. There are buyers who are actually agents for the millers. The other buyers are in an association of produce buyer. They have a leader who is also a member of the association. Each buyer does business on an individual basis but guided by the association rules.	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
What was the final outcome?	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
- Supplier has no voice; the buyers who are more organized set price his/her produce. If you fail to supply at the stated price, your commodity won't be bought. The farmer should be in groups so that they can also set conditions to the buyer.	

23 Rice in Northern Uganda (Trader Level)

Rice in Northern Uganda (Trader Level)	
Information collected by: World Vision	Region: North
Describe the commodity, the form of that commodity and the nature of the transaction in question.	
The trader supplies the un-milled rice to the millers who do the milling. These are level two transactions.	
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.	
Supplier: The supplier (traders) are in a group, they have the ability to negotiate contract. They trade on individual basis. They are in an association of produce buyers	Buyer: Millers have stores and are also capable of contracting. These are individual business registered at the district
What dominant languages do the parties to these business transactions use?	
Both the sellers and the millers can communicate in English and Luo properly.	
Nature Of Transaction	
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.	
They handle large quantity of commodity per transaction. 3 tons on a daily basis	
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?	
This transaction is an ongoing relationship. This parties have related for more than ten years	
Is the relationship formal or informal? Please explain.	
Their relationship is formal in that a specific trader supplies a specific miller. Those traders acting as agents for millers get a commission. The millers also buy from the independent traders.	
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?	
The usual form of payment is cash payment for the purchase in the case of the independent traders	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
Both parties said cash payment was good because it is reliable and an expression of transparency. The only disadvantage mentioned was that it can attract thieves at the time of payment.	
What type of payment would each of the parties prefer? Why?	
They all preferred cash for the ease of handling and using.	
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
Both parties know the quality standard existing in the transaction. However, it is not significant to affect contract.	

Rice in Northern Uganda (Trader Level)	
What particular quality specifications usually apply to this type of transaction?	
Quality specification is that the rice should be free of foreign bodies and well dried. The miller demands for Sindano (local variety), which is looked at as the best quality rice.	
Agreements	
Are these specifications usually met? Why?	
This specifications are usually met	
Do the parties generally sign agreements in this transaction?	
This parties sign agreement. The following were the reasons for signing agreement: -	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
Supplier:	Buyer:
What are the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier: Assurance of market Assurance of transport Avoid loss of produce during storage	Buyer: Increase production output Shows commitment Follow up of traders easier.
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party?	
Advantages for suppliers: Assurance of market Assurance for transport Avoid loss of produce during storage	Advantages for Buyers: Increase production output Shows commitment Follow up of traders easier
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	
Suppliers Commit:	Suppliers want Buyers to commit:
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commit:	Buyers want suppliers to commit:
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
A trader stored one ton of rice in the miller's stores. In the agreement the miller accepted to compensate in case of loss or theft of produce. 100 kgs of rice was lost and the agreements lead to the compensation for the loss. (The traders store temporarily with millers under special arrangement. The aim is to wait for period of scarcity and he sells to the miller at a higher price.)	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier Weighing scale Loss of commodity during storage.	Buyer Some traders default by selling to a different miller. So buyers do have a problem of losing customers even if agreements are in place
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes, as you perceive them? Do the respondents from both sides see the causes in the same way?	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	

Rice in Northern Uganda (Trader Level)	
<p>The weighing scale used by the millers seems to be difficult to read They use different scales; the simple type of scale like the salter has problems with the pointer. Suppliers claim that it has been tightened so as to cheat them. The difficult type to use is that one you load weight on it and the stones are used to balance up the weight its trade name was not established (similar to a weigh bridge) The supplier look at the loss of their produce during storage as neglect from the buyer. (Applicable to those sellers in a special agreement with the millers only)</p>	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
The approaches used to solve dispute is by parties sitting together and settling the dispute	
What was the final outcome?	
The final outcomes are always positive.	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
<p>In this business the millers and traders control the market. After milling the rice an ordinary person may not buy the product if it's not over 500kg. Contracts between millers and other traders are not signed because each year different traders join in the business. The millers have farmers group and they deal with them directly. They are in agreement with the farmers group. The millers also buy directly from individual farmers. Millers are organizing their own farmers groups. An interview with a miller showed that signing agreements with the farmers is a good deal. If the farmers are in groups automatically the middlemen are going to be left out.</p>	
<p>NB: Some millers pointed out that some traders (con men) from Kampala have on some occasion used fake shillings in buying rice from them.</p>	

24 Sunflower in Northern Uganda (Farmer Level)

Sunflower in Northern Uganda (Farmer Level)			
Information collected by: World Vision		Region: North	
Describe the commodity, the form of that commodity and the nature of the transaction in question.			
The commodity traded in is sunflower. The farmers' supply their processors with sunflower inform of seeds and in return paid in form of oil or cash.			
Describe the parties to the transaction, the types of entities involved, their size, legal status, and the implications for their ability to contract.			
<p>Supplier: The suppliers are scattered through out the region, Some farmers act as individuals. The enterprise has formed few farmers groups in Pabbo, Awach, Amuru, Lalogi sub counties and deals with them directly (Average size group 15-30 members).</p>		<p>Buyer: The Miller is the only buyer of sunflower. The enterprise is M/S Louis Located in Gulu municipality Layibi Division. Gulu Catholic farm, which used to mill sunflower, has been non Functional Since 2002.</p>	
What dominant languages do the parties to these business transactions use?			
LANGUAGE OF SELLERS	Speak No. of Respondent	Read No. of Respondents	Write No. Of respondents
1- Luo	6/6	6/6	6/6
2- English	6/6	-	-
3- Kiswahili	1/6	-	-
There is only a single buyer who can communicate in Luo and English properly, Kiswahili is spoken but not written.			
Nature Of Transaction			
What are the average quantities and value of a given transaction? Indicate an approximate range and frequency.			
The suppliers supply on average 300kg of the commodity per farmer on a seasonal basis.			
Describe the frequency of the transaction. Is this usually a one-time transaction or a regular ongoing relationship? (If regular is it a periodic or long-term agreement?) How long have the parties been relating to each other?			
It is a regular ongoing relationship; the parties have been dealing for more than 2years.			

Sunflower in Northern Uganda (Farmer Level)	
Is the relationship formal or informal? Please explain.	
The relationship is informal because there is nothing like an agreement existing between the parties.	
What are the usual forms of payment for this type of transaction (cash, credit, cheques, chits)?	
In this business farmers are paid in the form of oil. If a farmer brings 100kg of sunflower, he is given 10litres of oil in return. The processor does not allow cash payment in this deal. Cash, oil and credit are used in this business	
What are the advantages and disadvantages of these type(s) of payment mentioned from the perspective of each of the parties?	
Supplier: Advantage you can sell the oil to other traders Credit helps at land opening, weeding Disadvantages It bulky The oil is sold at a loss In case of weather problems and low crop production it becomes difficult to pay the loan	Buyer: Advantage Gets double profit from sale of the sunflower cake. Credits ensures commitment of farmers Disadvantage Some farmers default payment
What type of payment would each of the parties prefer? Why?	
Supplier: The supplier prefers cash payment for the quick meeting of needs.	Buyer: He prefers credit payment because of the interest charge on farmers
Do the parties know about the quality standards existing in the industry? What are the implications of these quality standards for contracting?	
The quality standard that exists is variety specific the processor prefers Sunfola. (A black thin-shelled high oil content variety.)	
What particular quality specifications usually apply to this type of transaction?	
If you supply Sunfola you get more litres of oil in return. The miller says they get more oil from Sunfola 24% oil compared to other variety that gives about only 18-20%	
Agreements	
Are these specifications usually met? Why?	
The specification is not met (for individual farmers not on contract) Because Sunflower seeds are expensive to the supplier.(For farmers groups it is met because the enterprise gives the seeds) The enterprise is yet to get Hybrid seeds from Mukwano this year Mukwano has not started working with farmers in Gulu. Soon they are to sign agreement with World Vision so that the Hybrid seed reaches sunflower farmers. The farmers interviewed insisted it is expensive.	
Do the parties generally sign agreements in this transaction?	
Yes The parties do sign agreements	
What are the reasons given for not signing agreements from the perspective of each of the sides to the transaction? Does one side tend to ascribe reasons to the other that that party does not give for themselves?	
Supplier: Languages barrier (the millers prefers agreements in English) Land shortage Unpredictable weather Time wasting	Buyer: Most Farmers are scattered and are not in groups hence enforcing agreements is difficult Low production.
What are the reason given in FAVOR of signing agreements from the perspective of each of the sides to the transaction?	
Supplier:	Buyer:
Do the parties perceive any advantages of signing agreements for this transaction even if they do not normally do so? What were the advantages given from the perspective of each party? Yes, the parties perceive benefits in signing agreement	
Advantages for suppliers: Market assurance Would enable them have access to transport	Advantages for Buyers: Increased sunflower production Follow up of farmers becomes easier
What responsibilities were the suppliers willing to commit themselves to for this transaction? What responsibilities did the buyers want to ascribe to the suppliers? How do the two differ?	

Sunflower in Northern Uganda (Farmer Level)	
Suppliers Commit: Produce good quality sunflower Paying the loan	Suppliers want Buyers to commit: to accept cash not this exchange business to provide them with improved seeds Reducing the interest rate charged on the loan
What responsibilities were the buyers willing to commit themselves to for this transaction? What responsibilities did the suppliers want to ascribe to the buyer? How do the two differ?	
Buyers Commitment: Were committed to buying good quality sunflower at fair price (set at 250 shillings/kg).	Buyers want suppliers to commit: -farmers to form farmers group for easy monitoring -paying the loan promptly
What (if any) positive experiences did respondents share with respect to signing agreements for this transaction? Narrate in the form of a success story.	
None given	
What (if any) experiences of failed agreements did respondents share? Narrate in the form of a failure story. Explain the full circumstances. Was it a written or verbal agreement? What was the cause of the failure? How frequently does this happen?	
The processor (Louis enterprise) made a Verbal agreement with farmers in Koro sub county that he was going to support the farmer with improved seeds, fertilizes and Land opening if farmers were in groups. Groups were formed and nothing was done. As a result farmers lost interest in the sunflower business in the sub county	
Dispute Resolution	
What are the major areas of disagreements/dispute from the perspective of each party to this business transaction?	
Supplier The suppliers are not happy about the method of payment in kind Interest rate on the loan being so high	Buyer The buyer says farmers (not contracted) supply low-grade sunflower.
What are the reasons for the disagreements/disputes for the areas highlighted above? Try to explain the underlying causes as you perceive them? Do the respondents from both sides see the causes in the same way?	
The farmers are not happy with the exchange method because they don't know how the miller arrived at a figure that a litre of oil comes from 7kg of seed sunflower	
What approaches are generally used to resolve these disagreements/disputes? What is the reason for choosing this approach?	
There is only one buyer in this business, It is difficult for the farmers to solve their dispute what happens is that farmers just withdraw from the business.	
What are the specific steps/actions taken in resolving these disagreements/disputes?	
None given	
What was the final outcome?	
What did you learn about the possibilities and challenges of contracting for this commodity and transaction that you did not expect?	
Additional information of importance on sunflower business: The sunflower mill (Louis Enterprise) is working with farmers group in many sub counties in Gulu Agreements between the enterprises and groups are signed Agreements are also signed between an individual farmer and the enterprise The enterprise gets sunflower seeds from UOSPA and gives their farmers The enterprise gives credit loan to their farmers which is recovered at harvest and at time of milling	

Appendix One: Sample Contracts

Description of an agreement between a cotton trader and a cotton Buyer

The trader was to:

- Buy good quality cotton from farmers
- Offer temporary storage
- Give monthly reports on cotton performance

The Buyer was to

- Transport cotton from traders stores to town
- Pay for loading and off loading fee
- Supply seeds, fertilizers and pesticides free of charge
- No witness was from the farmers' side to sign the agreement.

SAMPLE TOBACCO CONTRACT

Farmers No.....

IN THE REPUBLIC OF UGANDA CONTRACT

This contract is made between British American Tobacco Uganda of P.O Box 7100, Kampala (the company) and the farmer from (the farmer).

Whereas the company is charged with the promotion of growing, marketing, processing, and manufacture of fluecured, firecured and burley leaf grown in the areas of Gulu, Lira, Apac, Pader, Kitgum, Rukungiri, Kanungu, Hoima, Masindi, Kibale, Mubende, Kiboga, Mukono, Luwero, Mpigi, Arua and Yumbe.

AND WHEREAS the farmer will require the assistance of the company in the growing and marketing of his tobacco

NOW therefore the company and the farmer agrees as follows

1. In the growing areas of the farmer, and so as to facilitate the farmer and enable him to grow the best crop possible, the company agrees to provide the farmer;

Technical extension and research

All the inputs that the farmer will require during the official season, within the loan limits set with reference to his category and the area under tobacco. This figure can be obtained from the area office.

A preplant indicative price for the season's crop and firm price to be paid to the farmer for the seasons before marketing commences.

2. The farmer agrees:

To sell tobacco during official seasons as shall be from time to time be stipulated by the company

Not to grow tobacco during the official the closed season

To grow tobacco as advised by the company

To sell the tobacco only to the company

To have and maintain the required curing barn for the type of tobacco

That he has no outstanding loan with any other sponsor

That he will grow tobacco from seeds supplied from BAT Uganda only and for each crop type they are;

FCV- Whitegold, G28, K326, K399,

Burley – Banket A1 (BA1)

DFC – Heavy Western

3. The company and the farmer further agrees that:

The company shall deduct the costs of inputs supplied from the price to be paid to the farmer for the tobacco

Badly mixed tobacco will be returned to the farmer for rehandling

The company reserves the right;

Not to buy poor quality tobacco

Not to buy wet mouldy or funky tobacco

To buy only the quantity of tobacco grown under the company supervision

This contract may be terminated by either party giving to the other six months notice to expire during the closed season provided the farmer does not have any outstanding loans with the company.

THEREFORE, the company and the farmer have agreed to be bound by the representative of the company and the farmer putting their hands in this Day of200.....

Signed by the duly authorised representative of the company (British American Tobacco) in the presence of the witness.

Representative Signed _____
Name

Witness Signed _____
Name _____

Signed / thumb printed by the farmer in the presence of the witness.

Farmer Signed _____
Name

Witness Signed _____
Name

Environmental points

The farmer has _____ No of trees

The farmer has been briefed on land selection and chemical use.

Date _____ Signature ALT _____

CONTRACT TO SUPPLY SESAME SIM-SIM SEEDS

This agreement is to supply (.....) metric tones net of sesame (sim sim) seeds from new harvested crop season of 2003 in made on this.....day of January 2003 between M/S Uganda (hereinafter called the SUPPLIER) on the one part and M/S UNO TRADING CENTRE Ltd. Of P.O. Box 20086, Kampala (hereinafter referred to as the PURCHASER) on the other part.

This agreement witnesseth as follows

The Supplier has agreed to supply Metric tones net of sesame (sim-sim) seeds of white variety from the new harvest crop of 2003 to the purchaser.

That the purchaser has agreed to purchase from the supplier the said metric tones net of sesame (sim-sim) seeds.

That the agreed selling price is Ushs..... per Kg Net.

That the sesame (sim-sim) seeds should be the following specifications/quality.

Freshly harvested simsim seeds fit for human consumption, of sound merchantable quality free from abnormal smell and with no bitter taste.

Free fatty acids maximum of 2%

Oil content – minimum 52%

Ad mixtures – maximum 2%

Damaged (broken) seeds maximum 2%

Moisture content _ maximum 8%

Other colours – maximum 5%

Free from the following pesticides BHC, DDT, ALDRIN, ENDRIN, and DIELDRIN.

No pest infestation

PACKAGING: in sound bags empty bags should be returned to the seller.

DELIVERY POINT: FOT at the buyer's warehouse (shipper's yard) in

UNIT PRICE: Ugandan shillings per metric tone net at the buyer's warehouse in

TIME OF DELIVERY: within 10 (ten) days from the date of signing the contract.

SUPERINTENDENCE: the buyer reserves the right to reject the commodity which did not conform to the quality specifications stipulated an above.

OTHER TERMS: all taxes, dues, levies, clearances and licenses in respect of the contracted consignment to be at sellers (suppliers) Account.

PAYMENTS: The purchaser will make payment within two working days upon presentation of:

A commercial invoice in duplicate:

A weight note issued by an agreed weighbridge.

IN WITNESS WHEREOF the following affixes their signatures on the date aforementioned.

SIGNED on the behalf of the Supplier

.....

In the presence of

SIGNED for and on behalf of Purchaser

In presence of

MOHAMMED ADAM KWANJENI

Sample of an Agreement between Kidega Patric (sunflower farmer) and Louis Enterprise

Louis Enterprise
P.o.Box 407 Gulu

Mr Oduruman Kidega Partrick Pabbo s/c

Re: Credit Loan Crop production

The Management of Louis Enterprise Ltd under crop production scheme the Katala project offer loan on the below terms and condition:

1. The credit is for land opening of 10 acres at 30000 shs per acre
2. The management shall charge an additional fees of the loan of 20% of interest

Confirm the acceptance of the credit offer by signing on this part of offer

I Do hereby freely to agree to the term and conditions stated above on this credit part of service undertaking.

Name

Signed.....

Loan receiver

Name

Signed.....

Group leader

Signed: ...

Witness: ...

Appendix Two: Interviewees

List Of Respondents Interviewed For Groundnuts in Eastern Region				
Name	Nature Of Business	Type Of Organization	Location	Contact
Muhamood Musa	Produce trader	Individual	Ngora- kumi	Ngora shops
Okwakol sam	Produce trader	Individual	Bukedea-Kumi	Bukedea shops
Arieba Abigairi	Produce trader	Individual	Bukedea-Kumi	Bukedea shops
Ejwatu Sois	Processor	Individual	Mbale	077323151
Omoding John	Producer	Individual	Malera-Kumi	
Declined	Producer	Individual	Atitur-Kumi	Met at mill in Mbale.
Sam Okwakol	Produce trader	Individual	Bukedea	Shops
Musa Muhamood	Produce trader	Individual	Ngora	Shops
Wandera Zubairi	Wholesaler/Processor	Individual	Mbale	075466388
Busiu Oilseed Producers	Producer Group	Group	Busiu-Mbale	078528070
Bazilio Wekesa	Producer	Individual	Busiu-Mbale	
Ali and Sons	Processor	Individual	Mbale	Cathedral Avenue.
Ngora Farmer	Producer	Individual	Kumi-Ngora	

List Of Respondents Interviewed For: Irish Potatoes, Kapchorwa Farmers, Traders, Wholesalers And Processors/Final Consumers				
Name	Nature Of Business	Type Of Organization	Location	Contact
Chebet Michael	Trader, LCII Member Kapchosome Parish	Individual Businessman	Kaptanya	
Boshi Alfred	Seed Multiplier, Trader	Individual farmer	Kaptanya	
Chemrui Francis	Chair, Kapchesombe Farmer Producer's Association, Trader	Individual Businessman	Kaptanya	
Beatrice Sukuka	Farmer, councillor for Kaptanya S/C	Farmer	Kaptanya	
Muherwa Joseph	Seed Multiplier, Chair LC1 Mutyoru, Trader	Individual Businessman	Kaptanya	
Chemusto David	Trader, Field Assistant Kaptanya	Individual Businessman	Kaptanya	
Farmer's Meeting	48 farmers present	Farmer group members, but sell as Individual farmers	Kaproron	
Chebet Maikut	Chairman Uganda National Farmers Federation	Registered Farmers' Organization	Kapchorwa and Kampala	077-409414
Dr Kamatei	NAADS Coordinator	Civil Servant	Kapchorwa	077-877983
Charles Mwanga	NAADS lead Agency employee	Employee	Kapchorwa	075-887788
Dick Malinga	Larger Trader	Individual Businessman	Kapchorwa Town	075-623680
	District Production Officer / DAO	Civil Servant	Kapchorwa	
Mpyangu Jawali	Wholesaler Iganga	Independent	Iganga	077-457190

List Of Respondents Interviewed For: Irish Potatoes, Kapchorwa Farmers, Traders, Wholesalers And Processors/Final Consumers				
		businessman		
Vincent Barteka	District Secretary for Production	Civil Servant	Kapchorwa	077-531305
Moses Wamera	Mbale Wholesaler	Independent businessman (but shares premises with others)	Mbale	078-652963
Soma Robert	Shift Manager Steers	Employee	Kampala	041-231623
Mr. Patel	King's Product Crisp's manufacturer	Registered Ltd. Company.	Nakawa	077-931931
Mr. Jeyesh Kakooza	Shakti Baker & Confection Ltd. (Snack Manufacturer)	Registered Ltd. Company.	Kampala	071-600600

List Of Respondents Interviewed For Irish Potatoes in the Southwest				
Name	Nature Of Business	Type Of Organization	Location	Contact
Naomi Semakuba	Small Farmer	Individual	Kisoro	
Mbonye Bibian	Small Farmer	Individual	Kisoro	
Mr & Mrs Byensi	Large Scale Farmer	Family Partnership	Kisoro	UNCC-Kisoro Branch Tel: 0486-30031
Mr Ngaruye Apurunali	Buyer	Individual	Kisoro	
Muderi	Small farmer	Individual	Kisoro	
Tindimubona Steven	Farmer	Individual	Kabale	UNSPPA
Tukwasibwe John	Buyer	Individual	Kabale	
Mwesigwa Peter	Farmer	Individual	Kanungu	078-431720
Twinomasiko Fred	Buyer	Individual	Kanungu	

List Of Respondents Interviewed For Beans in the Southwest				
Name	Nature Of Business	Type Of Organization	Location	Contact
Naomi Semakuba	Small Farmer	Individual	Kisoro	
Mbonye Bibian	Small Farmer	Individual	Kisoro	
Mr & Mrs Byensi	Large Scale Farmer	Family Partnership	Kisoro	UNCC-Kisoro Branch Tel: 0486-30031
Mrs Muderi	Small Farmer	Individual	Kisoro	Kisoro District Council
Mr Ngaruye Apurunali	Buyer	Individual	Kisoro	
Byarugaba Justus	Trader	Sole proprietorship trader	Kabale	Kabale Central market
Tumwine Mulokole	Individual Trader	Sole Proprietorship	Kabale	
Tukwasibwe Godfrey	Individual Trader	Sole Proprietorship-Buyer	Kanungu	
Mbabazi John	Individual Trader	Sole Proprietorship	Kanungu	
Mrs Muderi	Small Farmer	Individual	Kisoro	Kisoro District Council
Mbonye Bibian	Farmer	Individual	Kisoro	

List of respondents interviewed for Simsim in West Nile				
Name	Nature of business	Type of organisation	Location	Contact
UNO Uganda Ltd	Produce buying and selling	Limited company	Arua	Arua Municipality
OLAM Uganda Ltd	Produce buying and selling	Limited company	Arua	Arua Municipality
Mr. Mamgbwi Tino Mohamed	Produce buying and selling	Individual trader	Moyo	Lefori
Mrs. Abio Naima	Farming	Simsim farmer	Moyo	Moyo town council
Mr. Maiku William	Farming	Simsim farmer	Moyo	Metu
Mr. Enzama Samuel	Farming	Simsim farmer	Arua	Offaka
Mr. Odrapiri Ronald	Farming	Simsim farmer	Arua	Ullepi

List of respondents interviewed for Tobacco in West Nile				
Name	Nature of business	Type of organisation	Location	Contact
BAT Uganda Ltd	Buying processing of leaf tobacco and selling its products	Limited company	Arua	Tara
Continental Uganda	Buying of leaf tobacco	Limited company	Arua	Aroi
Mr. Shaban Taiso	Tobacco farmer	Individual farmer	Arua - Tara	Kololo west
Mr. Amigo Bran	Tobacco farmer	Individual farmer	Arua – Tara	Dradru
Mr. Eyoga	Tobacco farmer	Individual farmer	Arua – Tara	Kololo East
Mr. Abiti	Tobacco farmer	Individual farmer	Arua - Yivu	Okuvu

List of respondents interviewed for Honey in West Nile				
Name	Nature of business	Type of organisation	Location	Contact
Moyo Beekeeper Association	Buying & processing honey	Farmer group	Moyo	Moyo town council.
Mr. Eliakimu Ombanya	Trading in honey.	Individual trader	Arua	Arua Municipality
Mrs. Betty	Trading in honey.	Individual trader	Arua - Dadamu	Dadamu
Mr. Ibawi Micheal	Bee farmer	Individual farmer	Moyo	Moyo sub county
Mr. Eberu Augustine	Bee farmer	Individual farmer	Moyo	Metu
Mr. Abejoa Philemon	Bee farmer	Individual farmer	Arua	Adumi
Mr. Miria Alex	Bee farmer	Individual farmer	Arua	Adumi

List Of Respondents Interviewed For Livestock in Karamoja				
Name	Nature Of Business	Type Of Organization	Location	Contact
1.Abraham Teko 2.Lokwaung Peter 3.Omoding Simon Peter	Animals and meat	Kotido Cattle Traders Association	Kotido	Kotido
Akiteng Grace	Animals	Individual	Nakapelimen Moroto	Moroto
Ayugi Judith	Slaughter house	Individual	Kitale Quarters	Moroto
Lotuk Lokorikou	Animals	Individual	Nacogorom	Moroto
Longora Lopuli	Animals	Individual	Nakapiripirit	Nakapiripirit
Lolem Albert	Animals	Individual	Nakapiripirit	Nakapiripirit

List Of Respondents Interviewed For Limestone in Karamoja				
Name	Nature Of Business	Type Of	Location	Contact

		Organization		
Mario Louse	Limestone Quarrying	Individual	Katilekile, Lia Moroto	
Lorika Mark	Limestone Quarrying	Individual	Katilekile, Lia Moroto	
Okoi Joseph	Limestone	Individual	Katilekile	
Lokibi John	Limestone	Individual	Lia	
Naru Claudia	Limestone	Individual	Lia	

List Of Respondents Interviewed For Rice in Luweero District				
Name	Nature Of Business	Type Of Organization	Location	Contact
Kasana Small Business Association	Engaged in production of mainly rice for the market. Sell individually to traders from within Semuto and those from Kampala.	An association of smaller farmers' groups comprising of 54 members. The association is registered at the District.	Luweero District Semuto Sub county Kasana Village	Mr. Musisi Peter
Nyanja Tukole Bukozi Farmers' Group	Engaged in production of mainly rice for the market. Sell to traders from within Semuto and those from Kampala. They sell individually.	An unregistered group comprising of 55 members.	Luweero District Semuto Sub county Kikyusa Village	Adam Sebitosi Kaddu Henry
Faisal Lugoolobi	Engaged in buying of threshed and milling of rice. He has a mill.	Sole proprietor who has a rice mill	Luweero District Semuto Sub county Semuto town	Faisal Lugoolobi
Musajja Agenda	Engaged in buying of threshed and milling of rice. He has a mill	Sole proprietor who has a rice mill	Luweero District Semuto Sub county Semuto town	Musajja Agenda

List Of Respondents Interviewed For High Value Vegetables in South Central Uganda				
Name	Nature Of Business	Type Of Organization	Location	Contact
Bulyankuyenge horticultural farmers' Group	Engaged in production of okra, hot pepper and chillies.	A group of 14 farmers engaged in production of chillies and okra.	Wakiso District Busukuma sub county Bulyankuyenge village	Ms Nakasi rose
Ssesolye Bwatafa	Engaged in production of okra, hot pepper and chillies.	A group comprising of 25 farmers engaged in production of okra, chillies and okra.	Luweero district Nyimbwa sub county Lukole Village	Mr. Kasujja George 077 900068
Wasswa Elijah	An agent for various exporters.	Sole proprietor but not registered	Luweero district Nyimbwa sub county Bajjo Lumansi Village	075 639896
Ice-Mark (Africa) Ltd	Buys high value vegetables from	An exporting firm	Located at plot 1 Bukoto Street	Mr. Kanyije James 077 748799

	farmers in Central and Eastern regions.		Kamwokya	
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List Of Respondents Interviewed For Pineapples in South Central Uganda

Name	Type of organisation	Nature of business	Location	Contact
Lusanja Organic Farmers' group	A CBO comprise of 28 farmers of whom 20 are certified organic producers.	The group members are engaged in production of organic pineapples only.	District: Luweero Sub county: Luweero Village: Lusanja	Mr. Medi Hibombo
Kigozi Lameck	Not a member of any group but an individual producer.	The farmer is engaged in growing and selling fresh pineapples.	District: Kayunga Sub county: Kangulumira Village: Kamira	
Kangulumira Youth Development Association (KAYODA)	A CBO registered at Kayunga District offices comprising of 97 active members.	Farmers engaged in solar drying of fresh pineapples and sell the dried product to Fruits of the Nile	District: Kayunga Sub county: Kangulumira Village: Nakatundu	MR. Katamba Richard Mr. Umar 039 944 224
Sulma Foods	An export company of fruits and vegetables	Exports fresh fruits and vegetables. Buys from Lusanja Organic farmers	District: Kampala Sub county: Makindye Village: Najjanankumbi	Mr. Sulma Abdul Karim 077 502350
Afri-Organics / Amfri Farms	An export company dealing in fresh and dried fruits and vegetables	Exports dried and fresh fruits and vegetables.	Ntinda Kampala District	Mr. Amin 041-286691
JAMUEYA United Farmers and Traders Association	An association of local traders and farmers within Kangulumira Sub county.	Traders buy from farmers with the association and others and sell fresh pineapples to traders who come to Kangulumira town from other areas.	District: Kayunga Sub county: Kangulumira Village: Kangulumira	MR. Male Nsereko Godfrey

List Of Respondents Interviewed For Sunflower, Cotton and Rice in Northern Uganda

NAME	NATURE OF BUSINESS	TYPE OF ORGANISATION	LOCATION
Oyat Tokuma	Sunflower Farmer	Individual	Pabbo Sub County
Omony Godfrey	Sunflower Farmer	Individual	Pabbo Sub County
Ochey Alfoise	Sunflower Farmer	Individual	Ongako Sub County
Komakach George	Sunflower Farmer	Individual	Koro Sub County
Masaba Peter Ocan Julius Louis enterprises	Sunflower miller	Registered	Gulu Town
Kilama Innocent	Cotton Farmer	Individual	Koro Sub County
Odoki Benand	Cotton farmer	Individual	Ongako
Okullo Wilson	Cotton farmer	Individual	Koro
Abic Joseph	Cotton buyer	Individual	Bobbi
Opira George	Cotton Processor	Partnership	Layibi Division

List Of Respondents Interviewed For Sunflower, Cotton and Rice in Northern Uganda			
West Acholi Cooperative Union & Representative of Dunavant			
Ochola Martine	Rice farmer	Individual	
Alanyo Joska	Rice farmer	Individual	Pabbo
Obur William	Rice farmer	Individual	Pabbo
Odong Gabriel	Rice farmer	Individual	Pabbo
Omoya Santo	Rice trader	Group	Town
Otema Rowot	Rice trader	Group	Pabbo
Omony Justine	Rice Mill owner	Registered individual business	Gulu Town
Omayya Iswail	Rice mill owner	Registered Individual Business	Gulu Town

Appendix Three: Case Study Summary Table

Crop Region NGO	Level of supplier organization	Number of Buyers	Level of buyer organization	Trader Agent involvement	Processor/ wholesaler involvement	Size of transaction	Frequency of transaction	Level of formality	Extent of cash paymt	Written contract	Importance of quality standards	Contract potential	copy of contract	Interesting points
Farmer Trader Level Cases														
Cotton North (World Vision)	Unclear /low	Few	High	100% lead contact farmers act as agent for the company.	High, provides inputs and extension through the lead contact farmer, sets grades and prices	Small to medium, but could be very large for organized groups	Once a season, but often same players each season	Informal	All	No, but do register with the company	Medium	Would seem more potential for longer term contracts with organized groups that would facilitate farmer planning and assembly at the group level	NA	If the supplier is free to sell either to the lead contact farmer or directly to the processor, why don't the farmer's deal direct?
Rice North (World Vision)	None	Few	High but informal	Not clear if act as agents	Connection between traders & millers unclear	Small per farmer, total volume traded fairly large	Once a season	Informal	All cash	No	Medium (high standards not strictly enforced)	Low as long as farmers are not organized. Might be able to negotiate directly with millers if farmers organized.	NA	The monopoly control of the buyers is very interesting but not fully explained. Do they actually have their own cash and take possession of the crop or are they only acting as agents for the millers? Not clear who does the assembly, transport and storage.
Sun-flower North (World Vision)	None	One	Monopoly	None	Processor is only buyer	Small	Once a season	Informal	None-100% payment in kind	No	High, but not followed because lack price incentives	Low under current situation since sole buyer seems to lack interest	NA	Apparently did not interview Mukwano who is a new player on the scene. Situation may be quite different.

Crop Region NGO	Level of supplier organiza tion	Num- ber of Buyers	Level of buyer organiza tion	Trader Agent in- volvement	Processor/ wholesaler involvement	Size of transaction	Frequency of transac- tion	Level of formali- ty	Extent of cash paymt	Written con- tract	Impor- tance of quality standards	Contract poten- tial	copy of contract	Interesting points
Honey West Nile (CE- FORD)	Farmer groups registered at sub-county and sometimes market collectively	Many, but one larger association	Low	No	Association is also a processor/ exporter	Small	Not clear how many collections/sales in a season	Only formal with association	All	Yes for association	High	Unclear what potential the Association has to expand it procurement or farmers have to expand their production. Both parties have very limited capital	Not attached	Prior personal contact indicates that while export potential for Honey is high, high marketing costs and difficulty of assembly for sufficient volumes of high quality honey limits actual export.
To- bacco West Nile (CE- FORD)	Unclear/low	Two major ones	Monopsony	Apparently not	High, processors are the only end market	Low to medium	Several deliveries during the season, against a final payment. Same buyer each season.	Formal, farmers register with the company and get extension advice during production.	No cash on delivery. Only at end of season.	Yes	High	High, because company needs assured supply and wants to recover cost of inputs and extension. Problem is presence of competing company and threat of side selling that introduces.	Yes	BAT used to deal with coop societies, not sure why they say company now deals with each farmer individually. Is it because of the introduction of the second company making it difficult to ensure repayment at end of season?

Crop Region NGO	Level of supplier organization	Number of Buyers	Level of buyer organization	Trader Agent involvement	Processor/ wholesaler involvement	Size of transaction	Frequency of transaction	Level of formality	Extent of cash paymt	Written contract	Importance of quality standards	Contract potential	copy of contract	Interesting points
Simsim West Nile (CE-FORD)	There are organized groups working with care. Other farmers individual	Many, but two larger exporter . Small traders buy from local market and transport	Low	Low	Much lower that expected for organic. Seems to be no forward planning, extension advice, or assistance with access to seed.	Small for individual farmers. Can be large for groups	Once a season. But may deal with the same buyer for several seasons	Formal only for organic	Cash (although large buyers would prefer cheques)	Yes for organic	High for organic certified	Would seem more potential for longer term contracts with organized groups that would facilitate farmer planning and assembly at the group level	Yes	Only contract ten days prior to sale, so not useful for production planning! Both parties want the other to provide the transport. Not clear who actually does! Not clear why the farmers prefer the brown varieties that are not good for export
Rice South Central (VEDCO)	Low/ where groups do not market	Many at different levels	Seems low-highly competitive	Low	Local millers act as intermediary, buying and selling to larger traders	Not clear size and frequency of individual farmer transactions. Volume of group transactions fairly high.	Once a season, but often same players each season	Informal	Usually cash	Only if a cash advance is made by the buyer. Repayment in kind	Low	Not clear why the farmer's group does not pool their resources to undertake collective marketing. Would seem to have good potential since volume is large.	No	Farmers fear to follow-up non-payment. Traders will let small defaults go because of high cost of recovery
Pine-apple South Central (VEDCO)	Farmer groups registered at sub-county and sometimes market collectively	Many but few large exporters of fresh and only one for dried	Traders for domestic market seem to be organized into a group	Low	High for dried product and organic certified	Not clear size and frequency of individual farmer transactions. Volume of group transactions fairly high.	At least weekly during season?	Formal only for organic	Mostly cash, credit during peak season	Yes, but does not specify price or quantity	High for organic certified	Specified quantity contracts may only be possible under irrigation. But, seems like relationships with major exporter to be improved with better contracting.	To be faxed	Perception that "written agreements indicate lack of trust", money given to agents without signing any documents yet cheating rare.

Crop Region NGO	Level of supplier organization	Number of Buyers	Level of buyer organization	Trader Agent involvement	Processor/ wholesaler involvement	Size of transaction	Frequency of transaction	Level of formality	Extent of cash paymt	Written contract	Importance of quality standards	Contract potential	copy of contract	Interesting points
Chillies South Central (VEDCO)	Groups market collectively	Few	Not clear	High	High	Fairly high	Twice a week during season	Fairly formal, but no contract	Mostly cash, credit during peak season	No	High	Seems high, even if buyer cannot commit to specific volumes. Would improve relations. Depends on whether buyers are just agents or can actually contract.	NA	The claim that local companies are just agents for the importers and therefore have no ability to actually contract is interesting.
Coffee Central Western (SAT-NET)	None	Many	Not clear - seems to be a lot of competition, yet says buyers organized to control prices	High	High for wet processing. Training in quality. Credit	Small	Once a season	None for dry processed, formal for wet	Dry is paid cash. Group sales paid cheque	No	High	High for organized farmers who can supply higher quality coffee	NA	Would have expected a contract for the wet processed coffee.
Maize Central Western (SAT-NET)	None	Many	Many different levels and sizes of buyers	Some	Some	Small to medium, but could be very large for organized groups	Just once a season	None	Cash on spot market, delayed cheque payment for large contracts	Only for large orders to organized groups	Medium	High for organized farmers	No	Need more clarity about the differences in operations between the different categories of buyers, since this has contract implications.
Passion Central Western (SAT-NET)	None	Many	None	No	No	Fairly small	Weekly in season	None	Almost all, credit only a day or two	No	Low	Low	NA	Transport seems to be a critical constraint in the wet season.

Crop Region NGO	Level of supplier organization	Number of Buyers	Level of buyer organization	Trader Agent involvement	Processor/ wholesaler involvement	Size of transaction	Frequency of transaction	Level of formality	Extent of cash paymt	Written contract	Importance of quality standards	Contract potential	copy of contract	Interesting points
Potato Eastern (ATU)	Group members still sell individually	Few	None	No	No	Fairly large often sell whole garden at one time	Once a season	Almost none	70% on credit	Few	Medium	Fairly good if farmers organized, could bargain direct with wholesaler	NA	High level of credit sales forced by farmer need for cash and problems of perishability
Gnut Eastern (ATU)	Group members still sell individually	Few	Low	Some	No	Small because sell in bits (but could be larger if sold whole harvest at a go)	Several during the season	None	Purely cash	No	Low	Fairly good if farmers organized, could bargain direct with wholesaler	NA	
Cas-sava Eastern (ATU)	None	Few	High but informal	Not strictly	Yes, next level	Fairly large (up to 1 mt)	Regular and frequent during peak season	None	Purely cash	No	Medium	Fairly good if farmers organized, could bargain direct with processor	NA	
Limestone Karamoja (SNV)	Unclear/low. Many work the same site, but apparently they sell individually, since buyer uses this as an excuse not to sign so many agreements	One at a time, three in succession	At the time, each acts as a monopoly	Not clear if buyers act as paid agents for processor or are actually representing processor directly. This matter should be taken directly to the processor for resolution.		High, 20 mt lorry per day valued at 600,000/=	Daily	Semi-formal, Sellers given receipts for quantities delivered.	Not clear - apparently all on credit	No	Low	Would seem to be high if the suppliers would simply agree to work together and refuse to supply unless the buyer signed an agreement.	NA	Why don't the miners know the name of the buyers who cheated them and take the matter to the authorities since they have the signed receipts? If police released the lorry after he made just part payment, they must know who the owner of the lorry is!

Crop Region NGO	Level of supplier organization	Number of Buyers	Level of buyer organization	Trader Agent involvement	Processor/ wholesaler involvement	Size of transaction	Frequency of transaction	Level of formality	Extent of cash paymt	Written contract	Importance of quality standards	Contract potential	copy of contract	Interesting points
Live-stock Karamoja (SNV)	None	Many. Two levels- those who export out of the District and those who slaughter and sell meat	Apparently low. There is a Kotido Cattle Trader's Association, but its purpose and role is not explained.	Apparently they just act as agents for the slaughter houses, and argue that they have to sell first to get money to pay farmers.	No indication	High, 350 head per week valued from 10 million to 100 million depending on whether cattle or goats/sheep.	Very frequently - Weekly?	Veterinary inspection required taking cattle out of district, but that really has nothing to do with the seller.	Animals usually taken on credit without any written documents issued to seller.	No	High, must pass health inspection	Difficult as long as illiterate farmers sell animals individually and cannot demand proper identification and surety.	NA	Strong suggestion that contracts should include photos and fingerprints of the parties so that people can be traced more easily.
Beans South-west (CARE)	Farmer groups registered at sub-county but don't market collectively	Many	None	No	No	Medium, 5 bags per farmer valued at 45,000 per sack	Once per season	None	Purely cash	No	Low	None as long as farmers don't try to market as a group	NA	
Potato South-west (CARE)	Farmer groups registered at sub-county but don't market collectively	Many	None	No	No	Small, 20 sacks per farmer valued at 10,000/sack	Once per season	None	Purely cash	No	Low	None as long as farmers don't try to market as a group	NA	We know that there is a farmers group that has been able to obtain a direct contract to supply NANDO's but this is not mentioned anywhere in the case study.

Crop Region NGO	Level of supplier organization	Number of Buyers	Level of buyer organization	Trader Agent involvement	Processor/ wholesaler involvement	Size of transaction	Frequency of transaction	Level of formality	Extent of cash paymt	Written contract	Importance of quality standards	Contract potential	copy of contract	Interesting points
Trader Processor Level Cases														
Cotton North (World Vision)	The Lead farmer/middle man is an agent for the company	One	Monopsony	Yes	Yes buys from the middleman	Relatively large, 20 mt/agent	Ongoing responsibilities through the year even though only buys at harvest	5 year signed commitment	All cash	Yes	Very, payment based on grades. Middleman gets margin by buying at a lower grade then selling to company at higher	As long as the agent bypasses farmers, the supply is likely to continue to fluctuate depending on how satisfied farmers are with the international price and terms the previous season. This is bad for both parties.	Not attached	Not clear who received the benefit of the government price subsidy - did it go to the farmers or just the agents? The company would seem to be better off by making agreements with farmer's organizations. The increased transparency would reduce suspicion and eliminate cheating on the part of the middleman agent. It would also help to align his interests better with both those of the farmer and the company.
Rice North (World Vision)	They have a group. Not clear whether marketing is group or individual	Few	Monopsony	Not clear if traders act as agents for particular millers	Millers buy from middlemen	Large. 3 mt/day	Ongoing more than ten years.	A specific trader supplies a specific miller.	Cash (not clear if this is commission of sale)	Yes	Low	Unclear whether the millers would buy direct from the farmers if they were organized into a group.	Not attached	There is a comment that not all traders sign agreements since new traders join each year. Role of the trader's group is not clear.

Crop Region NGO	Level of supplier organization	Number of Buyers	Level of buyer organization	Trader Agent involvement	Processor/ wholesaler involvement	Size of transaction	Frequency of transaction	Level of formality	Extent of cash paymt	Written contract	Importance of quality standards	Contract potential	copy of contract	Interesting points
Potato Eastern (ATU)	Low. Traders operate individually.	Few	Buyers work in concert to try to shield their market (the final consumers) from discovery by the mobile traders.) But they still compete against each other.	Not directly. Brokers work as freelance agents. They do not take ownership of the product, but act as go between.	Wholesaler and processor purchase volumes too low to take a whole lorry load at a time, so broker helps trader find enough buyers to take his whole delivery.	Broker handles a lorry at a time, but sells in bits to several end buyers.	One or two deliveries per week by one trader. Many traders every day.	Completely informal	Cash, but only at end of day after final customer has paid broker. Has no capital of his own.	No	Medium, since rotting and perishability is a key factor in small volumes traded at any given time.	Unclear. Unless there are buyers whose volume is sufficient to negotiate a regular purchase contract direct with organized farmers.	NA	The processor's want a reliable year round supply of high quality potatoes delivered in relatively small quantities (100 to 400 kg) daily. Traders from a given region, however, face a very seasonal supply. No one wants to invest in the cost or risk of storage to smooth supply out throughout the year. The fact that producers from different regions produce at different times means that there are some potatoes available most of the year, with some price fluctuation due to changes in supply, but that puts the power in the hands of the broker who links these disparate parties together without taking any individual risk himself.

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Gnut Eastern (ATU)	Individual licensed traders	Fairly many	Informal association of buyers control prices both buying and selling price.	None apparent	Urban based processors are among the major buyers	Relatively small, only about 1mt/trader	Weekly during the season	Informal	Cash with credit in peak season	No	Medium. Poor quality will need resorting	Organized producers can also sell to the Association if negotiations are done early. Contracts can be witnessed by leadership of this association	NA	Buyers want quick deliveries as prices change rapidly, calling for short-term contracts.
Cassava Eastern (ATU)	Individual licensed traders	Fairly many	Loose informal association controls the market.	Some act as agents and get cash advance from the buyers to procure larger quantities.	Buyers are Urban traders who process chips into flour.	Large. > 24 mt/month. Buy from many traders.	Weekly	Informal	Cash with credit in peak season	No	Different markets for fermented and unfermented	Informal loose associations control prices in urban centres and make contracting with individual buyers difficult. Buyers willing to offer security for credit purchases and also willing to guarantee each other in contracts	NA	During low supply there are rapid price fluctuations. Any negotiations on price not followed by immediate delivery are completed is overtaken by the change in price. The situation is made worse by lack of formal sales terms and also, by many buyers. Suppliers feel the buyers should adjust according to the change since other buyers are available to buy at the new good price. On the other hand the reverse is true for buyers who advance payments; when prices lower they stand to lose but the supplier will want to be paid according to the agreed price.

