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**Timeline**

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**Sample Size**

500 farmers

**Research Implemented by IPA**

Yes

# Contractual Partnerships for Bean Growers in Central Uganda

## Abstract

Small-scale farming accounts for over 90 percent of agricultural output in Sub-Saharan Africa, and agricultural productivity on these farms is low, on average. Contractually linking farmers to buyers may improve farmer profits and stimulate economic growth, but more evidence is needed on how these agreements impact farmers' livelihoods and the crops they grow. This pilot evaluation with bean farmers in Uganda measures the impact of contracts between farmers and buyers on income, beans sold, inputs used, and a variety of other outcomes.

## Policy Issue

Small-scale farming characterizes agriculture in much of Sub-Saharan Africa. More than two-thirds of holdings are less than one hectare on average and these small plots produce over 90 percent of agricultural output.<sup>1</sup> Agricultural productivity in Africa is, on average, low.<sup>2</sup> Transitioning from low productivity, semi-subsistence agriculture to high productivity, commercialized agriculture has been a core theme of development. Since poverty is concentrated in rural areas among small-scale farmers, reducing overall poverty is thought to start with these farmers. Beyond increasing farm incomes, growth in agricultural productivity may also stimulate linkages to the rural economy outside the agricultural sector, causing further economic growth.<sup>3</sup>

Programs that contractually link farmers to buyers have become popular in the development sector, as such programs may reduce intermediaries and increase farmers' profits. However,

more evidence is needed regarding the impact of these contracts on farming practices and farmers' livelihoods.

## Context of the Evaluation

In Uganda, agriculture employs 70 percent of the labor force and accounts for 20 percent of GDP, making it the backbone of the economy.<sup>4</sup> Ninety two percent of the poor live in the countryside, and 89 percent of the population is classified as rural.<sup>5</sup> In 2010, Uganda was ranked second in production of beans after Tanzania in the East Africa.

Myanzi Area Cooperative Enterprises, a partner in this evaluation, is a Uganda-based agricultural cooperative that works to create market linkages for rural producers, gather and disseminate market information, bulk agricultural products, and promote technology use to increase production, among other objectives.

## Details of the Intervention

This pilot study aims to determine how access to improved markets, by contractually linking bean farmers to bulk buyers, impacts farming practices. Data collection for the study will be accomplished through household surveys carried out before contracting and after the harvest.

The study includes 500 bean farmers in the Central Region of Uganda randomly assigned to a treatment group or control group. The treatment households will receive a visit from project staff encouraging them to sign up for the contract that links farmers to the bulk buyer.

If a large enough proportion of the households in the encouraged or treated group sign up for beans contract, the analysis will proceed by comparing income, beans sold, inputs used, and a variety of other outcomes, on the group that signs up for the contracts relative to the one that is not offered the contracts. Differences in outcomes across groups constitute unbiased estimates of the effect of the intervention on outcomes at "complying" households, i.e., households that were motivated to apply for the program by the encouragement.

## Results and Policy Lessons

Results forthcoming.

## Sources

[1] International Food Policy Research Institute. ["Ending Hunger in Africa: Prospects for the Small Farmer."](#) p. 2

[2] International Center for Trade and Sustainable Development. ["Raising agricultural productivity in Africa: The energy challenge."](#) May 1, 2008.

[3] Haggblade, Steven, Peter Hazell, and James Brown. "Farm-nonfarm linkages in rural Sub-Saharan Africa." *World Development* 17, no. 8 (1989): 1173-1201.

[4] Feed the Future. Uganda, country profile. <http://www.feedthefuture.gov/country/uganda>

[5] World Bank. ["Uganda: Growing out of Poverty."](#)

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