

POLICY BRIEF

AGRO-CHEMICALS - *Certification and the need for Advocacy*

Background

In October 2003, Appropriate Technology Uganda Ltd. (AT) launched a three-year project to “Facilitate Agricultural Input Distribution in Uganda”, funded by USAID and Rockefeller Foundation. The Project is aimed at facilitating the growth and development of private sector agro-input distribution networks in Uganda. AT Uganda Ltd. has helped the rural agro-input retailers to join together in solidarity to form the Uganda National Agro-inputs Dealers Association (UNADA). This association has 320 members in 39 districts and the members are now organized into 46 local branches in 9 regions all across Uganda.

During the last quarter of 2004, at the request of UNADA and AT Uganda, the Agricultural Productivity Enhancement Project (APEP funded by USAID) and the Agricultural Sector Programme Support II (ASPS II funded by DANIDA) contracted 3A Strategic Management Consultants to conduct a National Agro-Input Dealers Census. The purpose of this survey was to gain valuable information about the nature of the Agro-Input distribution system in Uganda, its composition, challenges and needs.

The Census takers identified and interviewed a total of 2,264 input dealers. This should be considered a minimum estimate of the number of input dealers in the country, since the Census process was less than complete in some areas due to political insecurity (especially in the North) and inaccessibility due to weather and poor roads. Of the identified dealers 1,083 (48%) sold Crop inputs, 622 (27%) sold livestock inputs, and 559 (25%) sold both.

82% of the 2,264 input dealers were men while 13% were women. The 5% were either institutions or respondents that did not fill the section of sex identification. Ownership of these dealerships is as follows; 80% are sole owners, partnerships constitute about 6%, 6% are formally registered companies, 3% are community based organizations or NGO's, and 2% are cooperative societies. Most of these dealers have been in business for less than 5 years with 81% of the dealers having less than 2 million shillings worth of capital. The lack of capital greatly limits the ability to stock inventory in a timely manner and to secure bulk purchase discounts. 71% of respondents reported that limited capital is their biggest constraint.

Certification To Handle/Use Agro-Chemicals

Uganda has virtually the lowest level of utilization of agricultural chemicals and fertilizers per unit land area on the African continent. Farmers have very little knowledge of the potential advantages and safety use of agro-chemicals. The Agro-Chemicals Board (ACB) requires retailers of agro-chemicals to have completed certification training and to be licensed to sell and apply agro-chemicals to their farms. However, out of the 1,675 input dealers selling chemicals only 142 (about 8.5%) have been trained to handle and sell agro-chemicals and have are licensed to sell these chemicals. Certification training is offered by Makerere University's department of Agriculture at a cost of 150,000/= and the retailer is expected to spend two weeks in Kampala at their own expense. This cost is high to a small retailer from the rural areas of Uganda.

Further more, analysis of the education level of registered dealers clearly shows that dealers without higher-level education qualifications are grossly under-represented among the population of registered

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dealers. Presently the course is being facilitated by university staff, hence requiring a certain level of technical understanding and English language ability beyond that of many retailers. Only the more educated stockists feel capable of tackling this course. If the training were decentralized and offered by trainers who speak the local languages, there would be more opportunities for dealers without higher-level education qualifications to successfully complete the training and obtain the necessary skills and knowledge.

Similarly, analysis also shows that dealers with higher levels of capital are over-represented among the registered dealers. Clearly the high investment in registration and licensing only makes sense for dealers dealing in large volumes of chemicals. Only those with substantial capital can afford the current high cost of training (150,000/= course fees plus transportation, meals and accommodation in Kampala for two weeks) and licensing (150,000/= per year for the dealership and 50,000 for the premises.) As a result of these constraints, over 1,500 agro-input dealers are currently selling agro-chemicals without having complied with the requirements for training and licensing. 42% of these unregistered dealers have a total business capital of less than 500,000/=. There is simply no way that they can afford to spend the nearly 500,000/= that it currently costs to complete training and registration in the first year. Every effort needs to be made to decentralize the training and establish a sliding scale of licensing fees if these dealers are ever to become compliant with legal requirements for training and licensing.

Education and Capital Characteristics of Registered Chemical Dealers				
Education Level				
Education Level	Registered		Not Registered	
No answer	0	0%	119	6%
None	7	5%	580	27%
Certificate	67	47%	956	45%
Diploma	48	34%	334	16%
Degree	20	14%	112	5%
Advanced degree	0	0%	21	1%
	142	100%	2122	100%
Capital				
Capital	Registered		Not Registered	
below 500,000	46	32%	889	42%
500,000 to 1 million	18	13%	483	23%
1million to 2 million	29	20%	367	17%
Above 2million	49	35%	383	18%

UNADA recognizes the need for regulation and control over who is authorized to sell agro-chemicals and can advise farmers, but seeks to make the legal requirements realistically attainable by the rural retailers. In the absence of such a move, either the majority of retailers will continue to operate illegally, or if the law is actually enforced, the availability of agro-chemicals to farmers will be reduced drastically, increasing the costs of production in Uganda and reducing even further the likelihood that farmers will have access to the necessary firsthand advice on safe use and handling. Certainly the existence of these business associations makes decentralization possible and contributes to the potential for long-term sustainability of such a programme.

The Need for Advocacy

Through advocacy, the above information would be brought to the relevant beneficiaries especially the untrained input dealers and users of agro-chemicals. Private Sector Foundation Uganda has also realised the need for its members to have advocacy skills that will equip them better for policy advocacy. As part of its corporate plan, A Needs Assessment Study will be carried out to identify the major requirements for members that will enable them understand better policy issues.

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To-date, UNADA (a member of PSFU) has spearheaded a number of advocacy issues on agro-chemical input dealing. In collaboration with AT Uganda; Ministry of Agriculture, Animal Industry and Fisheries; DANIDA; Makerere University; Crop Life Uganda Chapter and various local government offices, UNADA will be the central body to monitor the training, dealership and licencing of agro-chemical dealers in the country.

Achievements To-date

- Training of Trainers conducted. 30 trainers from across the country have graduated and despatched back to their respective districts to mobilise more dealers to be trained.
- 490 dealers have been trained so far and the National Agricultural Advisory Services (NAADS) under the MAAIF pays 90,000 of the 130,000 that dealer pay for training to meet the transport and upkeep costs while in Kampala for the training.

Pending Issues

- Proposal to cabinet through MAAIF to have a sliding scale payment scheme for licence fees of agro-input chemical dealers. This is specifically to address the problem of small dealers that were paying exactly the same fees as the large scale dealers.
- Law on handling and use Agro-input chemicals.