BUSITEMA UNIVERSITY
Pursuing Excellence
P.O. Box 236, Tororo, Uganda
Tel: +256 45 444 8838
Fax: +256 45 4426617
Email: info@adm.busitema.ac.ug
www.busitema.ac.ug

BUSITEMA UNIVERSITY

FACULTY OF AGRICULTURE AND ANIMAL SCIENCES.

THE DETERMINANTS OF MARKET OUTLET CHOICE OF SMALLHOLDER VANILLA FARMERS IN KAWOLO SUB COUNTY BUIKWE DISTRICT.

BY NAJJENGO GODINAH

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SUPERVISOR: Miss. IRENE LYNETTE AKIDI.

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DECLARATION

I NAJJENGO GODINAH, BU/UP/2021/0207 truly declares that this report is my work collected from my own field of research and has never been submitted by anybody for any award to any institution before.

SIGNATURE .....

DATE 07/11/2024 .....

APPROVAL

This Work has been presented to the Department of Agribusiness and Extension with approval of the University supervisor.

Signature ..... Date 7th - 11 - 2024

Madam. IRENE LYNETTE AKIDI.

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LIST OF ACRONYMS.

BAB: Bachelor of Agribusiness

FAO: Food and Agriculture Organization

SPSS: Statistical Package for Social Scientists

Mr.: Mister

Kg: Kilograms

Km: Kilometers

MPM: Multivariate probit Model.

FAO: Food and Agriculture Organization

ADB: African development bank

SHF: small holder farmer.

ABSTRACT.

The study aimed to investigate the various market outlets used by smallholder vanilla farmers, their profitability, and factors influencing market channel choice. The sample size was picked using simple random sampling. 100 respondents were selected, and the population of the farmers revealed the average age of farmers was 47 years. The study revealed most cultivate on an average of 1 acre with low formal education however most of these farmers had experience in vanilla production with a mean of 11.8 years. There were two primary market outlets got from the field which were middlemen and cooperative. In terms of price, middlemen offered an average of 13,000shs while cooperatives offered an average of 27,700shs per kilogram of vanilla. Results from a multivariate probit showed that 5 out of 10 variables were significant, including farmers' experience, education, proximity to market, price sold, plus family size. Results for profitability by channels show that cooperatives were more profitable with a 76% gross margin while middlemen as a channel resulted into 63%.

Recommendations were drawn from the study advising farmers to keep away from selling to middlemen since they take advantage of them. Farmers are also advised to join cooperatives since they provide significantly better profitability and other financial benefits like seminars, workshops and extension support.

CHAPTER ONE.

1.1 Background

Agriculture serves as the main source of food and income for the world and provides up to 60% of all jobs on the continent (Viana, 2022). Most people are still employed in the agricultural sector, with a lot of contribution arising from the crop-based enterprises. According to MAAIF and MFPED indicates growing of Vanilla among others cash crops in the central region has given much emphasis for agricultural commercialization and livelihood transformation of the small holder's farmers who engage in the growing of the crops especially in the central region of the country, (UBOS, 2021) . However, additional to that Vanilla growing in Uganda mainly depends on rich ecological resources, high market demand, its profitability and increasing drivers of change to the small holder farmers and finally globalization and market opportunities, (Alconero, 1973). In Uganda small holder farmers dealing in the farming and marketing of Vanilla which is a high value cash crop has honestly contributed significantly to their well belling and livelihood, (UBOS, 2021) . However, small farm households' market participation is limited by factors such as high transaction costs, limited access to resources (Dijkstra, 2001). Furthermore, production and marketing of vanilla cash crops are faced with marketing difficulties like limited bargaining power due to lack of other market channels, many middle men, unpredicted market forces, low price for the yields especially during the harvest along with poor infrastructure, inadquate handling and storage facilities and lack of market knowledge, (Dijkstra, 2001). Hence in this regard small holder farmers of vanilla are always in risks of inadequate market information and lack the understanding of a well - functioning market determinants and choices, therefore this research sought to assess what determines the type of market outlet by vanilla small holder farmers in Buikwe district, Central Uganda.

1.2 Problem statement

In Uganda small holder farmers dealing in the farming and marketing of Vanilla which is a high value cash crop has contributed significantly to their well belling and livelihood, (UBOS, 2021), this is because government of Uganda also wants to grow and enhance peoples ways of living using agriculture monetizing hubs with an aim of monetising of smallholders' produce and offering a chance for value addition to cash crops (Turyasingura et al., 2023). However according to studies

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