The Unmet Financial Needs of Intermediary Firms within Agri-food Value Chains in Uganda and Bangladesh

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Agri-Food Value Chains and the "Hidden Middle"

- Farmers/producers and consumers have been studied from many perspectives for many years
- Yet, the activities and needs of "intermediary" firms remain understudied
  - **Bellemare, Bloem, and Lim (2022)** highlight how graduate school classes start with consumer theory and producer theory, with producers and consumers interacting directly with each other.
  - "… most theories of agricultural development, structural transformation, and economic development abstract away from the important roles of agri-food value chains." **(Barrett, Reardon, Swinnen, and Zilberman 2022)**
  - **Reardon (2015)** calls the intermediary segments of agri-food value chains the "hidden middle" because they are mostly neglected from mainstream academic literature and policy debates.
  - **Reardon and Timmer (2007)** make a similar case for the study of agribusinesses in development economics.

Data Collection and Sampling Approach

- **Goal**: To systematically survey "intermediary" actors across agri-food value chains

- **Challenge**: Agricultural value chains take the form of a network, with actors at various stages linked together through a series of transactions
  - Difficult to use traditional sampling
    - Actors tend to be informal and mobile
    - Limited knowledge of value chain structure to generate a sampling frame

- **Respondent-driven sampling**: We draw on methods developed by sociologists to survey network-based populations
  - Allows respondents to inform the path of the interview process.
  - Allows researchers to calculate sampling weights to estimate population parameters

Sample Composition and Demographic Statistics

- Uganda
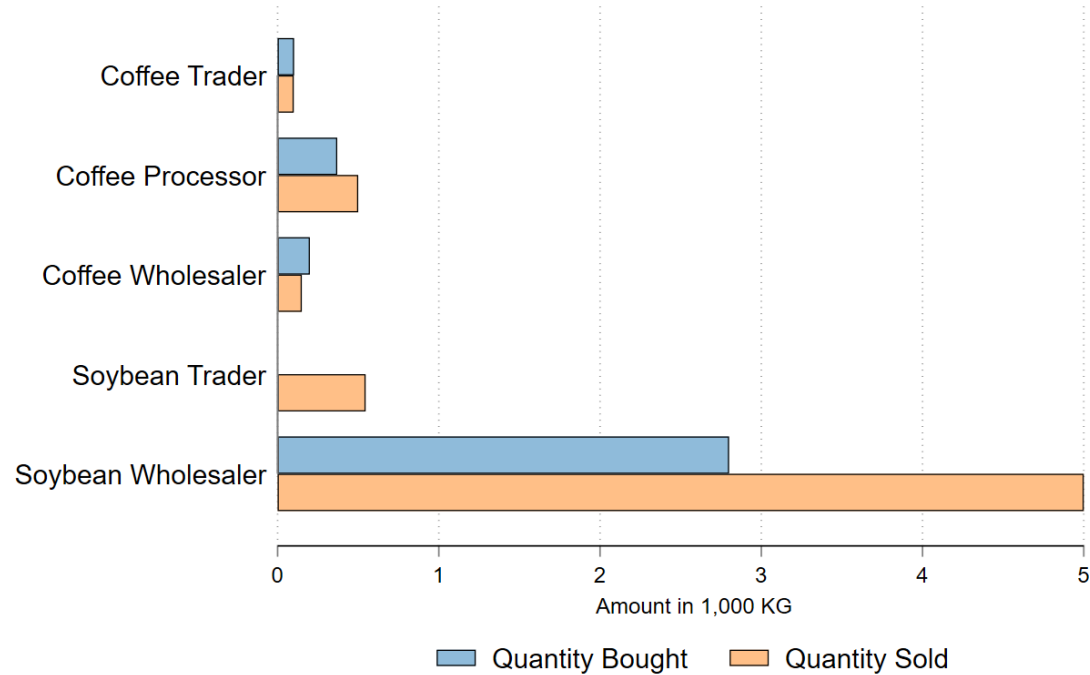 - Arabica coffee
    - 1,400 traders
    - 111 processors
    - 334 wholesalers
  - Soybean
    - 507 traders
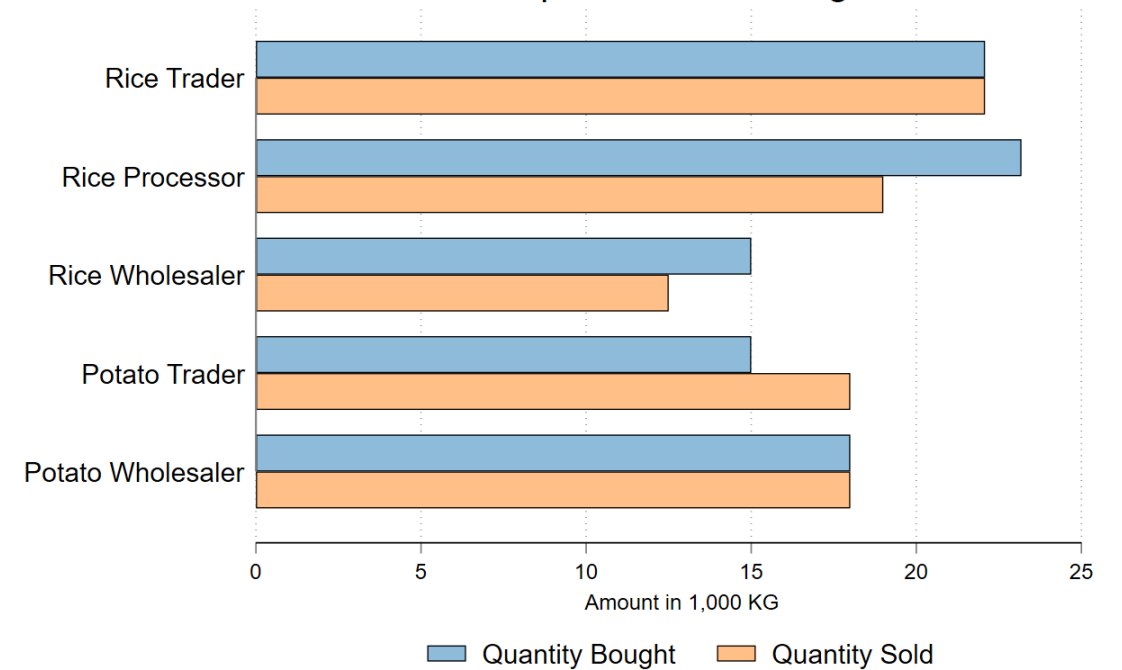   - 0 processors
    - 280 wholesalers

- Bangladesh
  - Rice
    - 1,066 traders
    - 456 processors
    - 220 wholesalers
  - Potato
    - 1,117 traders
    - 0 processors
    - 235 wholesalers

Enterprise Scale
Uganda and Bangladesh
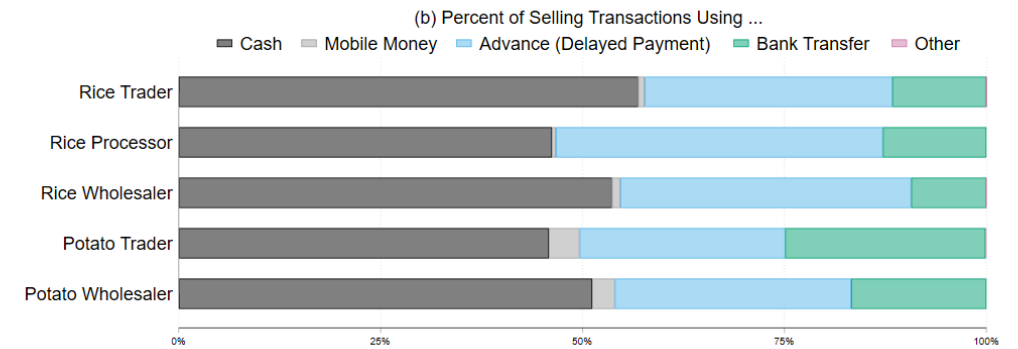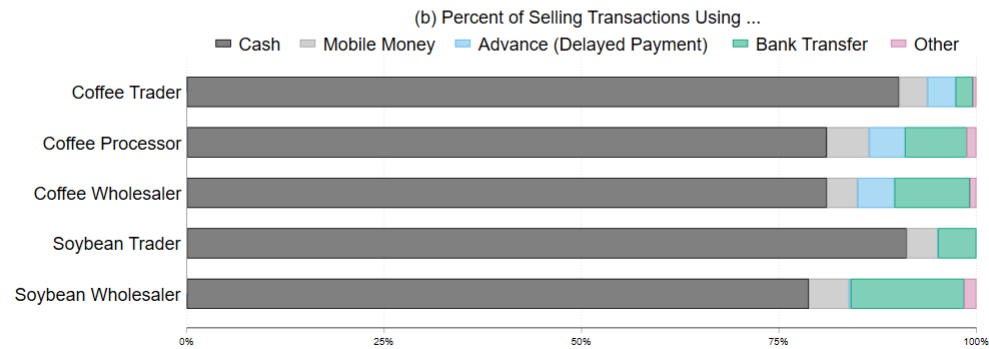

A: Enterprise Scale - Uganda
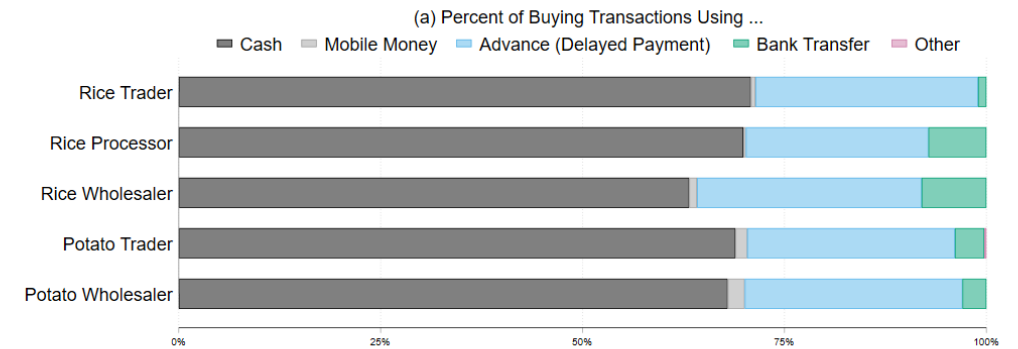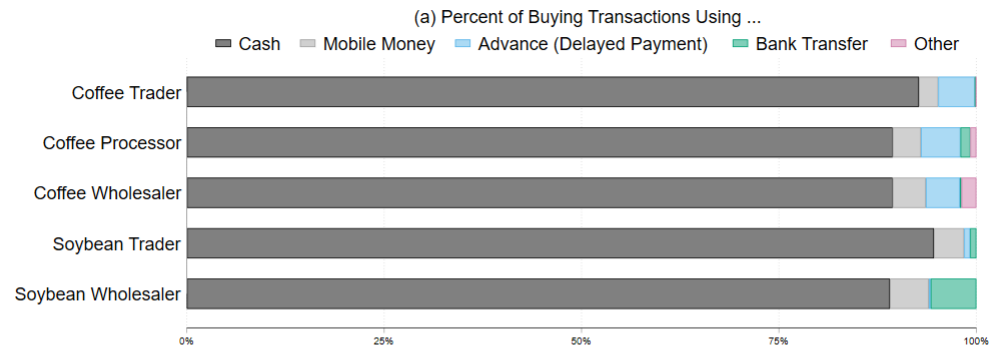
B: Enterprise Scale - Bangladesh

# Employment Gaps within Intermediary Firms Uganda and Bangladesh

Country	Commodity	Value Chain Segment	1 Obs.	2 Share male	3 Age	4 Employ others	5 Number of full-time employees		6 Number of part-time employees		7 Number of seasonal employees	
							Men	Women	Men	Women	Men	Women
Bangladesh	Rice	Traders	1,066	0.99	44	0.04	0.04	0.00	1.63	0.03	8.63	0.20
		Processors	456	1.00	46	0.18	0.30	0.12	3.86	1.57	8.92	2.22
		Wholesalers	220	0.99	46	0.03	0.05	0.00	0.91	0.04	6.64	0.04
	Potato	Traders	1,117	0.99	44	0.04	0.06	0.00	2.83	0.77	12.67	4.87
		Wholesalers	235	0.99	44	0.08	0.27	0.00	2.15	1.04	8.94	4.58
Uganda	Arabica coffee	Traders	1,401	0.84	40	0.35	0.27	0.15	0.75	0.31	1.22	0.64
		Processors	111	0.90	39	0.59	1.79	1.31	1.63	1.03	4.07	4.41
		Wholesalers	334	0.94	42	0.40	0.64	0.24	0.90	0.31	1.59	1.41
	Soybean	Traders	507	0.91	38	0.44	1.51	0.17	1.80	0.17	1.30	0.28
		Wholesalers	280	0.80	39	0.71	3.37	0.48	2.30	0.43	3.07	0.66

Enterprise Transactions overwhelmingly use cash Uganda and Bangladesh

(a) Percent of Buying Transactions Using ...
■ Cash ■ Mobile Money ■ Advance (Delayed Payment) ■ Bank Transfer ■ Other

(b) Percent of Selling Transactions Using ...
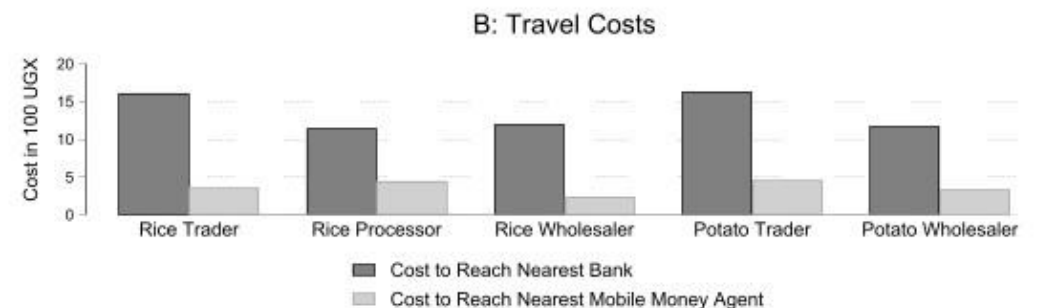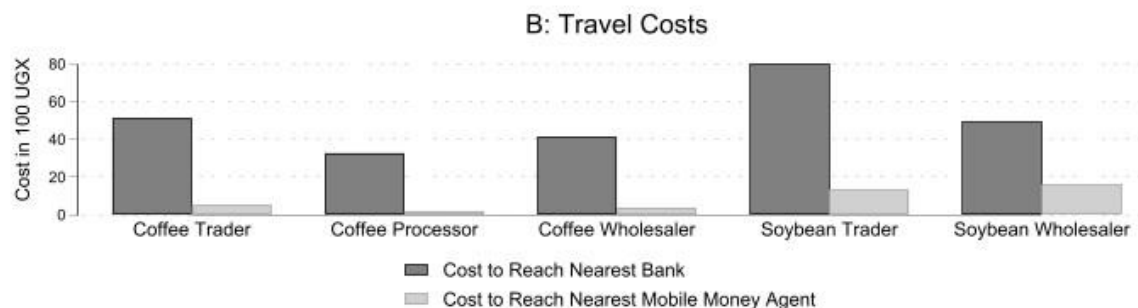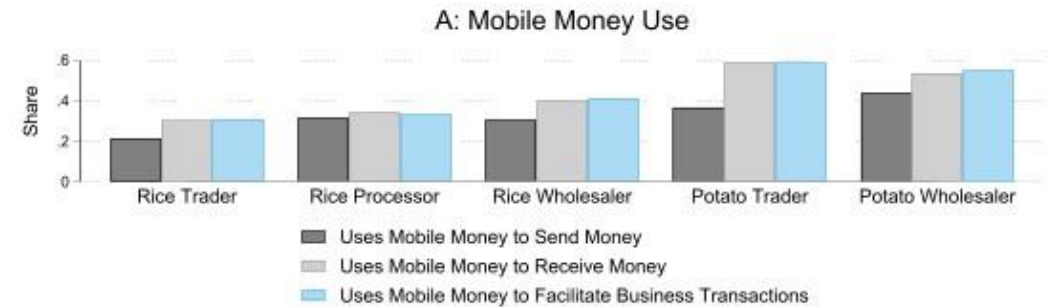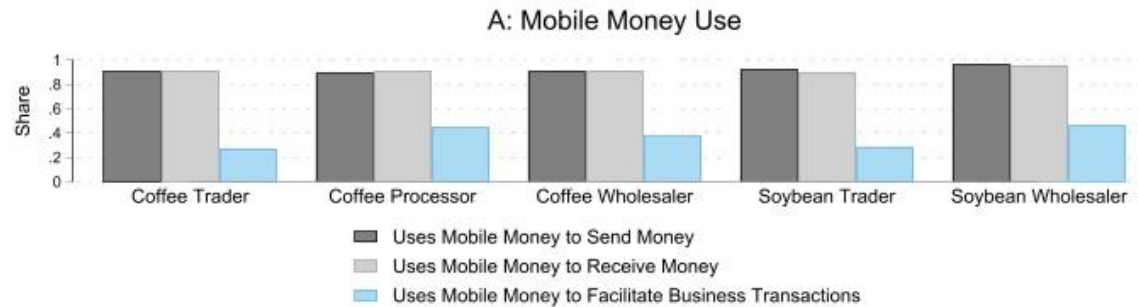■ Cash ■ Mobile Money ■ Advance (Delayed Payment) ■ Bank Transfer ■ Other

Many intermediary actors have limited access to (digital) financial accounts
Uganda and Bangladesh
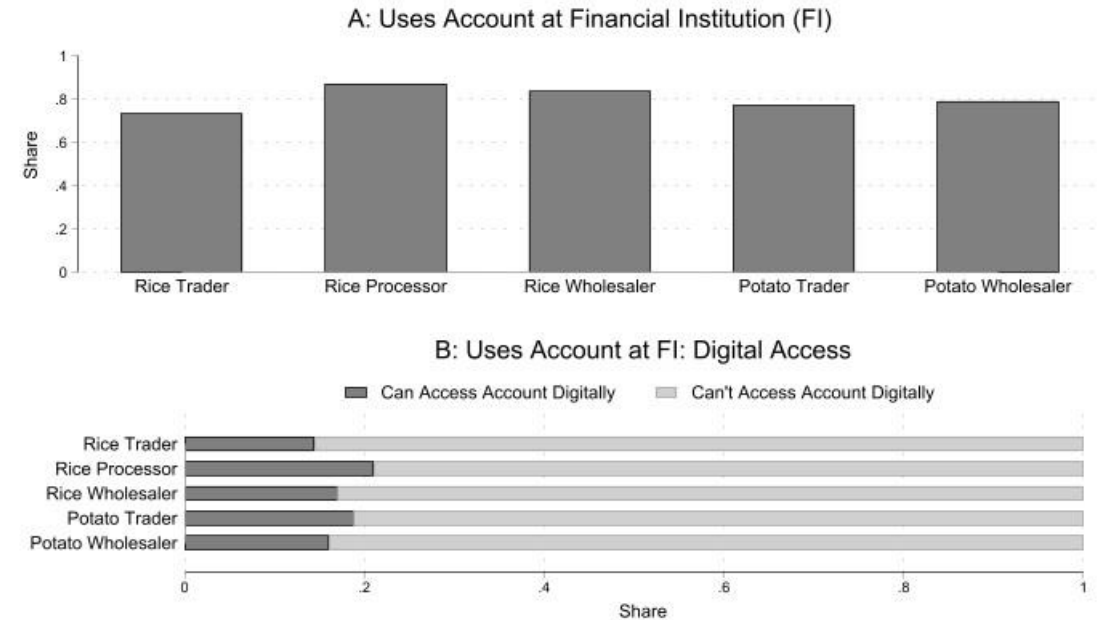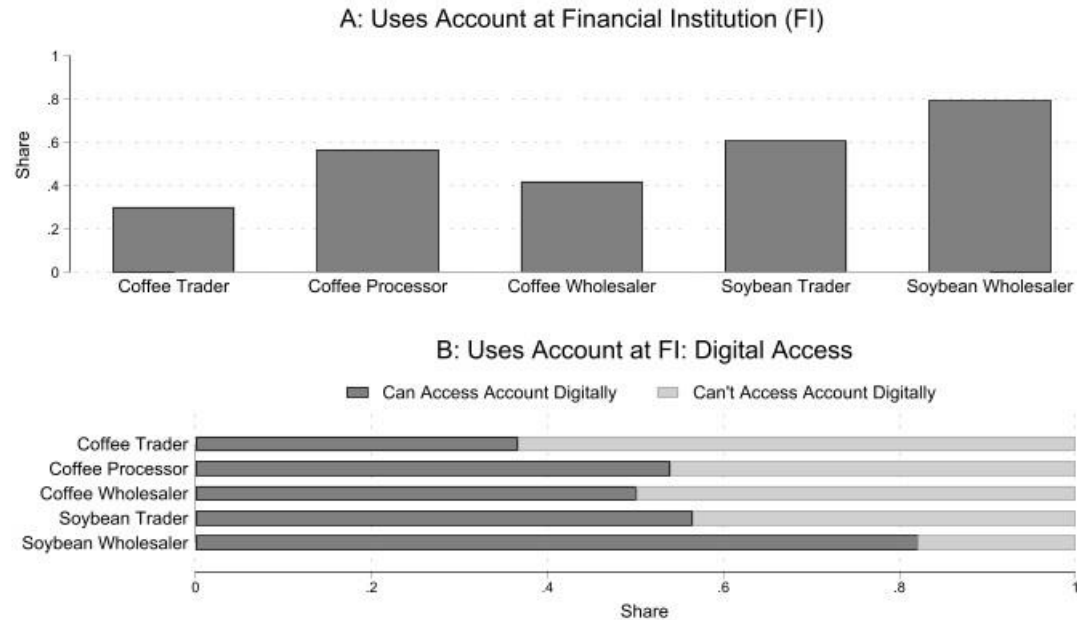
Mobile money widely used personally, much less for enterprise transactions
Uganda and Bangladesh

A: Mobile Money Use (Uganda)

Coffee Trader, Coffee Processor, Coffee Wholesaler, Soybean Trader, Soybean Wholesaler

- Uses Mobile Money to Send Money
- Uses Mobile Money to Receive Money
- Uses Mobile Money to Facilitate Business Transactions

A: Mobile Money Use (Bangladesh)

Rice Trader, Rice Processor, Rice Wholesaler, Potato Trader, Potato Wholesaler

- Uses Mobile Money to Send Money
- Uses Mobile Money to Receive Money
- Uses Mobile Money to Facilitate Business Transactions

B: Travel Costs (Uganda)

Cost in 100 UGX

Coffee Trader, Coffee Processor, Coffee Wholesaler, Soybean Trader, Soybean Wholesaler

- Cost to Reach Nearest Bank
- Cost to Reach Nearest Mobile Money Agent

B: Travel Costs (Bangladesh)

Cost in 100 UGX

Rice Trader, Rice Processor, Rice Wholesaler, Potato Trader, Potato Wholesaler

- Cost to Reach Nearest Bank
- Cost to Reach Nearest Mobile Money Agent

Intermediary actors face considerable risks, but do little to manage these risks
Uganda and Bangladesh