

## Understanding the Role of Maize Market Queens in the Procurement of Maize

*Maize is Ghana's most important cereal crop produced by a vast majority of households in all parts of the country. Maize marketing is traditionally a private sector system which takes place largely in informal markets. It has been observed that, Ghana's domestic maize trade is largely dependent on a network of private women traders who dominate the local and regional markets while larger groups of wholesalers engage in spatial arbitrage across regions/districts. These women traders are referred to as Ohemaa or 'Market Queens'.*

*The local assemblers and commission agents often act individually while the wholesalers organise themselves into associations under the leadership of Market Queens who influence the conduct of the market. This association of market women can constitute a strong cartel and control the procurement, distribution and pricing of maize in the country, since they procure about 93.1 percent of the produce from Ghanaian farmers. This Policy Brief examines activities of these traders and their impact on price determination, procurement methods and the ascertain any uncompetitive practices in maize trade sector in Ghana.*

### Background

The Ghanaian maize marketing industry is traditionally and currently being operated by private players. In the rural areas, farmers sell to local assemblers who then sell to wholesalers or commission agents. Wholesalers, once they receive the maize may decide to either store large stock of the grains in the warehouses in the urban centres or sell to retailers. The local assemblers and commission agents often act individually while the wholesalers organise themselves into associations under the leadership of Market Queens or Ohemaa's as called in the rural areas.

The market queens influence the quantity of maize to be made available as well as the price at which maize should be sold to them by farmers. Additionally because of the industrious nature of these market queens many youth, especially women, in these maize farming communities have been able to gain employment, enabling them to earn incomes in order to help support their households.

In order to gain a better understanding of the relationship between the market queens and farmers in determining prices and contributions market queens are making to the women empowerment agenda in the nation, a follow up research study was conducted.

The study was conducted in two regions in Ghana, namely Greater Accra and BrongAhafo region due to productions and consumption of maize in these regions. BrongAhafo region is major maize producing region in Ghana, producing about 30 percent of the total maize consumed in the country according to production

figures obtained from the Ministry of Food and Agriculture as the year 2015.

Structured questionnaires and in-depth interviews were used to obtain data from maize market queens and maize farmers. Also, Focus Group Discussions (FGDs) were organised for both farmers and market queens in two regions. In BrongAhafo, a FGD was organised with farmers and in Greater Accra a FGD was organised with the market queens. Additionally, discussions with the relevant government officials were held in order to understand the support given to the market queens and farmers by the government and also their expectations from the government.

### Research Findings

#### **Factors that Determine Price of Maize in the Market**

Price of maize in markets is determined by several factors. The survey results revealed that according to farmers, main factors that affect the price at which they sell their maize to traders are cost of production, cost of transportation from farm to market centres and profit margin. According to the market queens, the most important factor that determines price maize is the cost of transportation.

As per results, 74.4 percent of the market queens stated this as a major determinant of price of the commodity. The total costs of transporting maize depended on the quantity of maize transported by traders, since transport operators charged per unit bag of maize transported. Also about 19 percent of queens

stated location of the product while only 9.5 percent stated the quality of maize as the determinant of price.

Other factors reported by queens are the quality of maize, price of maize at farm gate and size of bag used in measuring. With regard to farm gate price which is the price at which the farmer sells maize to traders at his home or farm, it normally fluctuates depending on the period of harvest. Most famers indicated they sell-off their produce immediately after harvest due to lack of storage facilities.

#### **Processes of Price Determination**

According to the survey results, about 71.4 percent of traders reported that the prices at which they buy maize is arrived at through negotiation between farmers and traders while only 28.6 percent reported that they buy maize at the predetermined market price. On the other hand about 63 percent of farmers reported they sell at a price predetermined by the market queens while the remaining 37 percent suggested otherwise. About 81 percent of traders buy from individual farmers while only 19 percent buy from an assembled point. Given the fact that almost all the traders belong to one association or the other, the same cannot be said about the farmers, this puts farmers at a disadvantage in terms of negotiation for the price of these products.

### **Contribution of Market Queens to Economic Development**

The positive externalities of market queens to the Ghanaian economy have been under studied and neglected by policy makers. The research findings from the study revealed the immense contributions that the market queens are making both in the maize procurement sector and the economy as a whole.

Firstly contribution made by market queens is the creation of jobs for the youth in farming areas. During the maize harvest season, the market queens employ locals to aid in bagging the maize and also transporting the bagged maize from the farm gates to the market centres.

Secondly, the activities of the market queens have led to reliable supply of food and food security for the urban economy. The maize staple food sector is one sector characterised by significant post-harvest losses. However, the maize queens have been able to reduce this by ensuring the timely transportation of maize from the farms to the market centres both in the rural and urban areas.

Thirdly, these market queens have been able to fill the gap of financial institutions by providing soft loans or some form of financial assistance to these farmers in order to aid them commercialise their production. From survey conducted, it was realised that market queens perform several activities to help farmers in their production process. As per results, some of these activities include – storage facilities, regular supply of inputs, transport facilities and regular supply of raw material to processors.

Fourthly, the activities of market queens serve as a reliable source of revenue to the government since the taxes and rents paid by the traders serve as a major source of internally generated revenue to the district assembly within which the markets are located. The taxes and rents paid to the assemblies are paid through the market management in the form of market tolls commonly referred to as tickets.

Additionally, the position of a market queen sets the stage for women traders to develop leadership skills, since the women are trained to acquire the necessary entrepreneurial skills in the maize trading sector. About 60 per cent of the traders inherited the business from their parents and superiors after having acquired experiences.

Finally, the activities of market queens have not only transformed the agricultural sector but have also contributed to the achievement of the women empowerment policy goals of the nation. These market queens have been able to create job opportunities for themselves and members of their community. These women are able to earn money to support themselves and also their families. This exposure enables the women to acquire entrepreneurial skills enabling them to expand their businesses.



## Competition Issues in Maize Markets in Ghana

Competition is defined as the economic rivalry between market players to attract consumers. In free markets however, competition ensures that firms become more efficient and offer a greater choice of product at lower prices. This ensures best use of available resources.

The results revealed that maize markets in Ghana are fairly competitive as there are large numbers of maize sellers and buyers, selling identical goods (maize), free entry and also free exit. Indeed, underlying the seemingly competitive maize market structure, there are several practices that reduce the level of competition, such barriers to entry for large numbers of both buyers and sellers. Prominent among the measures are the power relations inherent in the commodity associations. Also, the lack of standardisation of the bags used by traders to buy their maize created opportunities for the traders to 'cheat' farmers by often using 'oversized' bags. This examples display the difficult relationship between the farmers and the market queens/ trade associations.

On the other hand, some actors think of such associations as cartels operating to exert their monopolistic powers and attempt to control the market. There is anecdotal evidence that these associations of traders may collude to fix prices in the markets since in some cases they take the same truck and charges same prices throughout the market in the Region, control the flow of maize into the markets and prevent non-members from selling in the areas designated for specific maize traders unless they acquire permit and pay some registration fees, a common feature in the arrangement of traders in a market.

## Recommendations

Market queens have been the main actors of maize trade for several decades in Ghana. However, their activities are faced with many challenges and the formation of market traders association has the potential of influencing the efficient conduct of the market. To enhance the activities of this market queens and also prevent uncompetitive practices in various market centres, government action in the following areas would greatly enhance the role the market queens play in food supply chain and the development of the country.

### Capacity Building of Market Queens

It is recommended that the Metropolitan, Municipal and District Assemblies (MMDAs) in collaboration with the National Board of Small Scale Industries (NBSSI) and Department of Statistical Research and Information Department (SRID) of Ministry of Food and Agriculture (MOFA) organise



regular marketing and managerial capacity training programmes for traders to upgrade their business skills and capacity.

### Provision of Credit Facilities

Although entry and exit to markets for new entrepreneurs is free, most of the women are faced with inadequate working capital. An improvement in credit facilities for traders would increase market competitiveness. Given the large proportion of maize purchase by these market women, their inability to continue the business due to high cost capital will lead to the collapse of the maize trade sector. Effort should be directed by the government to extent the Microfinance and Small Loans Centre (MASLOC) facilities to cover large number of traders. Alternately a specialised small loan scheme can be established under the MASLOC to attend to needs of these market queens because of the critical role they play in the food production, marketing and distribution in Ghana.

### Improvement in Road Infrastructure

Improved roads reduce risk and marketing costs, attract more vehicles and stimulate competition among traders. Moreover, lower marketing costs and reduced risks help reduce the margin between producer and consumer prices. It is, therefore, recommended that policy initiatives be directed towards ensuring efficient transportation of agricultural commodities across various markets. These include investment in new road construction especially the truck roads and maintenance of the old ones.

### Establishment Price Information Centres

The creation of price reporting and information services for major agricultural commodities would lead to better transparency. Price and transactions in the Ghana market should be broadcasted daily. At the market level, all price quotations in the region should be announced by the by district assemblies through the Department of Food and Agriculture. This price



information service requires the introduction of a grading and a uniform measurement and weighing system for the entire country in order to reduce cheating of farmers. There is a need for re-organisation and re-equipping of the Statistics, Research and Information Division of Ministry of Food and Agriculture in terms of finance, facilities and personnel to be able to effectively perform these functions.

#### ***Need for Agricultural Marketing Policy***

As a way of promoting information symmetry between producers and consumers of agricultural products, government is being urged to consider the establishment of agri-marketing policy that would look into the logistics and procurement of food from farmers to city dwellers. This would help avoid fluctuations in supply and demand.

#### ***Uniform Standard Measure of Maize at the Farm Gate***

Farmers during the focus group discuss complained about the variegated form of measurements used by buyers when procuring maize from them. This has resulted in the maize farmers not being compensated well and hence resulting in the loss. Hence it is recommended that a uniform standard for measuring of the maize at the farm gate is ensured.

#### ***Formation of Farmer Based Organisations***

The establishments of effective market oriented Farmer Based Organisations (FBOs) will help strengthen farmer's negotiation skills and help give members of the group collective bargaining power so as to get reasonable market prices for their product.

## **A Public Private Partnership to Build Storage Facilities**

Government should collaborate with Market Queens to establish storage facilities across the country especially in the urban areas where consumption of maize is the highest. This can be done by allocating some funds and requiring the Market Queens to contribute their quota. A PPP arrangement is better since history has shown that fully managed governments facilities are not efficient. Alternatively, governments can allocate a long term investment fund with little or no interest for the queens to establish their own storage facilities and payback the money over time.

## **National Laws, Regulations and Guidelines to Regulate MQs Industry**

Steps should be taken to formulate laws and regulations that will guide the activities of the traders. This will sanitise the industry and makes it more formal to the benefit of all stakeholders. In making these laws attention should be given to the very critical issues of standardisation (quality, grading and weighing) and pricing. There should be a law that should require uniformity in the standards of measuring across the whole country to address the current situation where there is complete lack of standard.

## **Conclusions**

The market queens in the informal sector play critical roles in supplying food needs of the growing urban population, source of revenue, provision of income to households, development of entrepreneurial skills and provision of employment opportunities for the labour force and providing a market to the farmers. These roles need to be acknowledged by policy makers. The survey has revealed that regular capacity building programmes for market queens, access to credit, and improvement in road/transport infrastructure, establishment price information centres, regulation of standards for measurement and formation of FBOs could enhance the operations of the women in the market and reduce uncompetitive practices in various markets.

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