

Associations of market traders

**Their roles and potential
for further development**

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Associations of market traders

Their roles and potential
for further development

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AWS

1 Introduction

The assumption behind the research reported on in this paper is that associations of agricultural traders have the potential to both facilitate the work of their members and to achieve greater efficiency in the marketing chain. Traders are often much maligned as "middlemen", with little recognition of the vital role they play in facilitating food marketing and distribution. Associations can, in theory, increase the possibility that this role is recognised and taken into account in policy formulation and can assist in improving the infrastructural and regulatory framework under which trading takes place. At the level of the traders' own businesses, it was hypothesized that associations could provide support to the business activities of their members (e.g. through market information provision) and assist with dispute resolution. Encouraging members to work together could also lead to a reduction in marketing transaction costs. Finally, it was assumed that associations could act as effective liaison between market managers and their members and could also provide important welfare services when these are not provided by governments.

This paper reports on a number of studies of associations, carried out in 2004 on behalf of FAO. Details of the associations studied are provided on page 2. Case study authors were asked to interview officers and members of the associations as well as others involved in agricultural marketing, the management of the relevant markets and external bodies, such as municipal authorities. Authors were provided with a detailed check-list that broadly followed the structure of this report. The research only permitted a general description of what the associations did, not necessarily how they did it. Also, the results presented here clearly owe much to self-reporting by the associations and may not always present an entirely objective perspective. Nevertheless, it is hoped that this paper will suggest avenues for future research and will prove beneficial to: existing associations by highlighting new activities that they could become involved in and by assisting them to resolve problems by drawing on experiences of other associations around the world; traders in locations where there is no association, in case they may wish to form one; national and local policymakers, to alert them to the important roles that traders' associations can play and the need to engage in dialogue with such associations when formulating policy; and NGOs and donors who may wish to support the development of such associations.

Market traders' associations seem to be fairly widespread around the world, although the extent to which they are found in rural, as opposed to urban, markets is unclear. In Latin America such associations are to be found in most wholesale markets. Almost all wholesale markets in Brazil have associations and they also exist in Argentina, Uruguay, Ecuador, Venezuela and Colombia. In some of the larger wholesale markets there are two or three associations, grouping different participants in the marketing chain, such as small retailers, street-market vendors, and traditional wholesalers. Associations are also found throughout Africa. Here there are relatively few formal wholesale markets and individual associations may represent crop buyers, wholesalers and retailers. Indeed, traders often combine all three functions. In Asia, associations are particularly active in South Asia¹, but

¹ There are said to be some 20,000 associations in India for fruit and vegetable traders (Yadav, personal communication).

are to be found in most countries. However, they have been slow to develop in the former centrally planned economies and none has been identified in Viet Nam or Lao People's Democratic Republic. Some fresh produce traders seem to be very poorly represented. In Divisoria, the main wholesale market of Manila, for example, fruit and vegetable traders are members of a wider association of all traders (dry goods, clothing, footwear, etc.) but there is no separate representation for produce traders.² In the Caribbean, those traders who carry out inter-island trade have in the past been relatively well organized, such as through the Dominica Hucksters' Association, but other associations seem mainly to be developed on an *ad hoc* basis, to address a specific problem, and then fold when the problem has been resolved. A similar short-term, problem-solving approach has been reported from some Eastern European countries and is also noted in the literature on associations in Asia.

Associations covered by the case studies

The following associations were covered by case studies. Information about them is presented in boxes in the text, in the following order:

1. Mohammadpur agricultural produce wholesale market traders' association, Dhaka, Bangladesh
2. Agboghloshie tomato traders' association, Accra, Ghana
3. Apple traders' associations, fruit and vegetable markets, Azadpur Market, New Delhi, India
4. Brokers, merchants and millers Kahtaintaw association, Mandalay, Myanmar
5. Nepal fruit and vegetable wholesale traders' association, Pokhara
6. Ghana agricultural products traders' organization (GAPTO), Accra, Ghana
7. Dar es Salaam meat traders' association, Tanzania
8. Wholesale market traders' association of Antioquia (ASOBASTOS), Medellín, Colombia
9. Fruit and vegetable wholesalers' association, Sports City, Beirut, Lebanon
10. Karachi onion and potato merchants' and commission agents' association, Pakistan
11. Fresh produce retailers of South Africa, Johannesburg
12. Market traders' associations in Lagos, Nigeria
13. Busia district produce dealers' association (BUDIPRODA), Uganda

² In contrast, the Philippines has active associations of grain millers and traders.

2 Summary

The research concludes that market-based associations do make significant contributions to the efficient functioning of agricultural markets but they appear to have limited impact on the formulation of policies relating to markets and marketing. Fruit and vegetable associations, in particular, are usually fragmented, lack any significant representation beyond the particular market in which they operate and are not really in a position to influence policy at municipal or national levels.

Membership of associations is usually open to all active traders in the relevant commodity. Membership criteria appear neither unrealistic nor exclusionary, except that some smaller traders may feel unable to meet the fees. That is not to say that people are not excluded from becoming traders by virtue of their gender, caste, ethnicity or wealth. However, the associations themselves do not appear to restrict membership in any significant way. In many cases, the entitlement to join is based on having an allocated trading space in the market. In some others, however, membership of the association seems to be a precondition for allocation of a space by market management.

Dispute resolution, supply control, provision of market information and organization of transport for members are all ways in which the associations studied assist their members to reduce transaction costs. This does open them up to allegations of cartel-like behaviour. High transaction costs can result from poor economies of scale as well as from the risk that transactions do not turn out to be profitable and thus the associations' activities can be seen as ways of reducing transaction costs. All associations studied are involved in dispute resolution. Disputes may involve arguments in a market or disagreements over quality but by far the main causes are financial transactions, either between traders or between traders and farmers.

Several associations work to provide marketing information, such as information on procurement areas and transport infrastructure, on potential buyers and on prices and availability in distant markets. Some, particularly in West Africa, also take steps to control supply to markets. Infrastructural improvement activities have included lobbying with local authorities for the construction of new markets and collaborating with them in the transfer to the new facility; identifying sites for additional marketing facilities and in some cases purchasing the land; and the making of simple repairs and improvements, such as access-road resurfacing. Other activities include quality improvement and prevention of malpractices. Most associations also have active social-welfare programmes.

The paper makes recommendations regarding ways in which governments, municipalities, donors and the associations themselves can improve the way in which associations can function. Governments and municipalities should consider the potential of associations as channels of communication and dialogue and incorporate them into decision-making by formally allocating places on relevant committees. As a basis for initiating dialogue with and providing support to associations, ministries of agriculture need to survey and develop an understanding of the trader associations that function in their

countries. Governments should also consider providing training to association committee members and staff in areas such as negotiation and advocacy and providing some limited assistance towards the establishment of national umbrella organizations, where none exists and where the individual associations perceive a need to work together. In many countries there is an almost complete disregard for the quality of infrastructure in markets. Trader associations do try to address infrastructural issues but are often frustrated by a lack of willingness by the authorities to consult and to allocate resources. Governments and municipalities need to improve consultation with trader associations in order to identify the scope for improvements to market infrastructure. Associations should be appointed to relevant market management committees.

Associations should consider identifying their own areas of weakness, which need to be addressed, as well as possible new activities of benefit to their members. Activities could include establishment of written Codes of Conduct for members; issuance of identity cards; maintenance of a register of defaulters; linking members to the formal banking sector; promotion of insurance for members' produce; and organization of joint transportation for smaller traders.

Within the scope of the research conducted for this study it was not possible to carry out a detailed assessment of the major constraints faced by associations, nor of the reasons why associations have been established in some locations but not in others or why some have succeeded more than others. Further research into factors affecting association effectiveness, such as the marketing context, the type of organization adopted, the activities undertaken and the resources available, would appear to be desirable.

3 Previous studies of trader associations

Relatively few recent studies appear to have been carried out specifically on traders' associations, although there is considerable literature on the many other forms of association and some writers have noted the important roles that trader associations could potentially play in facilitating agricultural marketing services (e.g. Mittendorf, 1993). In Asia, Harriss-White (1993) has analysed grain associations in India and Bangladesh and earlier looked at a variety of associations in Tamil Nadu (Harriss, 1981). In West Africa, Eluagu and Okereke (1985) studied gari³ traders in Imo state, while Smith and Luttrell (1994) have carried out a study of wholesale food traders in Nigeria. More recently, Lyon (2003) has reported on trader associations in Ghana, while Baden (1998) has examined research on women traders in several African countries, including consideration of the role of their associations .

The Harriss-White study investigated grain traders' associations in Tamil Nadu and West Bengal in India and around Dhaka in Bangladesh. In Tamil Nadu she noted that all merchants with licences joined commodity associations. Membership was based on locality, with membership ranging from 25 to 150. The associations had been set up in the late 1960s and the 1970s in response to a number of external "threats" to the wellbeing of the traders. Such threats included the establishment of unions among casual labour in the markets, forcing traders to develop an institutional mechanism for negotiating with the unions. Traders were also responding to the regulatory activities of local and national government, including market fees, movement restrictions and requirements to sell certain quantities to state marketing boards; to harassment and corruption by regulatory agencies and to the penalties imposed for failing to observe the regulations. Harriss-White notes that associations in Tamil Nadu have been relatively unsuccessful in influencing policy formulation but have been successful in influencing the way in which regulations are implemented.

Harriss-White argues that associations in West Bengal have responded to similar threats using a multiplicity of organizational forms. They have succeeded in establishing collectively owned market sites; in organizing transport, security and waste disposal and exploiting economies of scale with regard to these; in reducing transaction costs for members (market and supply information, dispute resolution and records of bad payers, collective negotiation for labour, transport and processing) and in providing for social coherence through various welfare activities. Associations in Dhaka are more oriented to overcoming the costs and risks associated with disruptions to utility supply and to overcoming security problems than to addressing regulatory issues. Harriss-White notes that the associations lack a federated structure, which would facilitate negotiation at the highest political levels, and that there is considerable ignorance about the way in which other associations work.

³ processed cassava

The 1981 study of Tamil Nadu by Harriss also noted that most associations were specific to certain towns and not federated with similar associations elsewhere. She considered that the dominant state for such associations was one of dormancy; apart from the largest most only took action in response to external threats. Such threats included curbs on their activities or taxes imposed by the government. Merchants were thus primarily organized to influence, in their own interests, any level of state administration or political party. As with the later study, she concludes that associations in India are more powerful in avoiding implementation of regulations than they are in preventing their introduction.

Smith and Luttrell write about wholesale traders in Ibadan, Nigeria. They view associations as “social structures within which cooperative arrangements between individual traders are developed and maintained”. The associations contribute to the development of loyalty, friendship and trust which, in turn, “enable members to garner economic benefits that would otherwise be unobtainable”. Smith and Luttrell note that associations both restrict supply to non-members by preventing them from making purchases and prevent non-members from selling in Ibadan markets. However, the associations do not attempt to regulate either supply or selling prices. Their activities primarily concentrate on decreasing transaction costs by expanding access to transport and credit, improving infrastructure in and around markets, resolving disputes and cases of petty crime (often referred to them by the police) and obtaining and disseminating market information that traders would find too expensive to collect on their own. Individual commodity associations meet weekly and there is an umbrella association, the Ibadan Foodstuff Sellers Association. Committee members of the associations remain full-time traders and receive no compensation, other than respect and prestige. These findings mirror the situation identified by the FAO case study of Lagos. Smith and Luttrell believe that associations may generate profit for their members, provide public goods for society as a whole and lead to more trade at lower prices. In particular, activities to organize transport lead to an increase in quantities of produce brought to markets, compared with a situation where traders would have to organize their transport on an individual basis. As a consequence, the authors argue that the Government, far from displaying open hostility to traders at worst or ambivalence at best, should aim to collaborate with associations and not work against them.

The earlier study of gari wholesale traders in Imo state of Nigeria by Eluagu and Okereke noted that men dominate this trade. New members of the association must be genuine traders and must be sponsored by an existing member. Smaller traders and part-time traders tend not to join because of the high costs of membership, but failure to join opened them to the risk of not being allocated market stalls. The association carried out collective bargaining for stall fees, ensured the security of market stalls, enforced the correct measures for sale (including by non-members), settled disputes, controlled supply and set prices. Market supply was controlled by regulating procurement visits to rural areas; so that some traders would always be away buying while others were selling in the main market. A similar practice is described later in the context of tomato traders in Accra. In rural areas the quantities of gari available for purchase were normally shared amongst association members according to an agreed procedure. Interestingly, Eluagu and Okereke note that while there was almost complete collusion between members of a gari association

in one town, there was no collusion between associations in different towns. This was attributed to a lack of mutual trust between traders in different areas and any suggestion of developing linkages or an apex organization was bitterly opposed.

Lyon's work in Ghana primarily concentrates on the tomato trade in the city of Kumasi. He notes that the structure of associations draws on traditional chieftaincy structures, a pattern repeated through much of the country. Each commodity has an association, which is led by an *obemma* or "market queen". She is chosen for her personal qualities and also for her financial resources, as the *obemma* needs to devote time to carrying out her duties. In Kumasi market the associations also often employ a secretary to record minutes, document the number of crates brought into the market by each trader and deal with the Municipal Assembly. Lyon identifies information dissemination as an important activity of Kumasi's associations. However, these seem to be activities that the traders carry out amongst themselves by "gossiping", rather than organized activities of the associations. Membership of the association does provide access to information about farmers or retailers who are credit risks and the association also pressurises members to pay off debts in order to protect the reputation of all members. As in the case of tomato traders in Accra, covered by the FAO case study, associations have important welfare and dispute resolution functions. As in Nigeria, they can influence supply by limiting market access to members, apparently with the collusion of the market authorities. However, Lyon concludes that direct price manipulation is very limited, being constrained by the knowledge that new supplies will be arriving the following day. Lyon notes that associations in Ghana have survived for several decades, despite having to face political and economic crises and frequent criticism of the trading sector by politicians. He attributes their success to self-identified objectives that are flexible and fluid and contrasts this with organizations or associations set up by donors or governments, which tend to collapse after initial support has finished. He concludes that governments seeking to improve urban food supply must engage with associations, but this must be done with full knowledge of how such associations operate.

Baden also analyses research on women traders in Ghana, as well as in Guinea, Tanzania and Zimbabwe. She finds that associations of women traders are important in forming a lobby to influence policy on matters such as regulatory frameworks, in gathering and disseminating market information and in providing a potential channel for training and for group guarantees for borrowing. She concludes that it is important to support the development of associations at different levels of the marketing chain, while ensuring that this does not foster restrictive practices.

4 The associations and their members

CHARACTERISTICS OF ASSOCIATION MEMBERS

The associations covered by this FAO study are primarily organizations representing wholesalers. Emphasis was mainly placed on associations representing traders operating in one particular market. As such, the research is clearly not comprehensive and should be considered as providing an indication of the main issues faced by trader associations rather than a detailed analysis of associations around the world. Exporters' associations often play an important role in policy dialogue and trade promotion, but were not considered in this research. Similarly, associations of millers and other primary processors are common, particularly in Asia, but are not considered here. Associations of retailers certainly exist, but they tend to be poorer, smaller and less influential than wholesalers' associations, and more difficult to obtain information about with a limited research budget. Of the associations studied here one, in Dar es Salaam, represents retail butchers. The associations of Lagos represent both wholesalers and retailers and Accra's traders carry out purchasing from farmers as well as wholesaling and retailing functions. Although the Johannesburg association is known as the Fresh Produce Retailers' Association the members are primarily sub-wholesalers, supplying itinerant traders or hawkers. Wholesalers can be either commission agents⁴ or those who take title to the products, depending on the prevailing practice in the country. Sometimes, both commission agents and wholesalers are members of the same association.

The associations reported on here trade in a broad range of products. Some, for example those of West Africa, are product specific, but with umbrella organizations representing a range of product associations. Others cover either traders handling all horticultural produce, such as Pokhara in Nepal or Beirut, or staple crops and, perhaps, oilseeds and pulses, such as the associations from Dhaka and Mandalay. In Delhi, associations represent individual commodities. This is common in large Indian cities, although in smaller markets traders in all products tend to be grouped together in one association. The association of Mandalay is fairly unique, in that it was set up to operate a commodity exchange. Other associations are not actively involved in trading, although several assist their members to trade by actions such as organization of joint transport.

All but one association studied is based in one main market, although one or two also draw members from neighbouring markets. The exception is the Dar es Salaam association of butchers, whose members are spread all over the city and rarely meet. It is perhaps no coincidence that this is probably the least effective of those associations studied in terms of its ability to influence administrative and political decisions related to its members. Pokhara's wholesalers were spread out around the town until the recent construction of a wholesale market, but distances between them were much smaller than in the Tanzanian case.

⁴ Commission agents sell produce on behalf of traders or farmers, but do not themselves take title to the produce.

MEMBERSHIP NUMBERS

The Medellín wholesale market in Colombia is a large, relatively sophisticated market and this is reflected by the size of the association members, who have an average turnover of US\$2.5mn a year. Other traders can be of a relatively small size: Ghana's tomato traders, for example, have an average annual turnover of 80 tons. Measured in terms of the number of members, the largest association is that of Mandalay with around 1600 members. New Delhi's four apple associations represent some 1000 traders and there are approximately 800 tomato traders represented by the association in Accra. At the other end of the scale, each of the six product associations looked at in Lagos represents around 50 traders. The number of members of any association reflects the size of the market in which it operates as well as the local trading practices, in particular the extent of consolidation of wholesaling functions. No conclusions can be drawn from this research about the optimum membership level for effective functioning of an association

The number of members is also influenced by the percentage of potential members who actually join an association. In many cases membership, while theoretically voluntary, is close to one hundred percent of the qualified traders. This is usually because it is almost impossible to trade without being a member. In Mandalay, non-members cannot trade on the commodity exchange.⁵ In several other cases membership is a precondition for being allocated a trading space in the market; the research has not made it clear whether this precondition is imposed by the market authorities who prefer to deal with association members or whether the authorities reluctantly go along with the desire of associations to operate a "closed shop". Undoubtedly in some cases fairly strong pressure, even physical pressure, can be brought to bear on traders who fail to join. As the study of Lagos associations puts it: "any non member would be enlightened". In Accra, non members are allowed to take tomatoes to the market but are only allowed to sell them to the tomato traders' association, at relatively low prices.

In those cases where membership of the association does not lead to obvious benefits in terms of trading space allocation the membership rarely approaches one hundred percent. In Pokhara 60 percent of eligible traders are members while in Medellín membership is 80 percent. In Dar es Salaam, it is around 30 percent. Where there is no necessity or compulsion to join, traders look at the other potential benefits of membership. The dispute-resolution activities carried out by all associations then appear to be the main reason for joining.

While tactics employed to ensure that traders join an association may sometimes be unacceptable, the broad principle that traders who stand to benefit from the activities of an association should contribute to its functioning may be less questionable. The "free rider"⁶ problem has particularly affected the Dar es Salaam meat traders' association: not only does the association find it difficult to make contact with members and potential members scattered throughout the city but any benefits achieved by its work are enjoyed by all butchers and not just by the members. Under such circumstances, and where membership

⁵ Also in Myanmar, the rice millers' association achieved universal membership by persuading the Government that membership should be necessary to obtain a milling licence (Aung, personal communication).

⁶ "Free-rider": someone who takes advantage of collective activities without contributing to the cost of those activities.

cannot be enforced, associations need to look at the possibility of promoting membership as a marketing tool for the members. For example, Dar es Salaam's butchers could be issued with a sign or notice board indicating that they have the association's seal of approval. Other associations, such as those of Delhi and Accra, issue identity cards so that traders can identify themselves when buying from farmers, and the Mandalay association members need to show their identity cards to gain access to the exchange.

ACCESS TO MEMBERSHIP

There is little evidence of any discrimination against potential members by the associations covered in the study. Clearly, traders in different countries do tend to be drawn from particular races, religions, castes or other social groups. Particularly in Africa, women carry out some trading activities while others are reserved for men. The associations simply reflect the social groups that dominate trading, and do not usually attempt to restrict access any further than it may already be restricted by the prevailing trading system and social practices. An extreme example of this comes from Beirut where, as a result of a civil war, two wholesale markets developed, one for Muslim traders and the other for Christians. There is therefore one association for Muslims and one for Christians. In Mandalay the association was set up for two purposes: to operate the commodity exchange and to make donations for Buddhist festivals. However, non-Buddhists are welcome as members and they contribute to the donations. Most associations are dominated by men, particularly in Asia, again reflecting the prevailing social and business norms. In Accra males are 99 percent of onion traders but just two percent of tomato traders. In the associations of Lagos the membership is predominantly female. Twenty percent of members of the association in Busia, Uganda are women and 60 percent of those in Johannesburg. Women account for six percent of members in Mandalay. In Bangladesh, India and Pakistan membership is almost entirely male, although the association in Dhaka has as one of its objectives the encouragement of women to become traders.

Membership of the associations is thus usually open to anyone who wants to join. Some restrictions are, of course, applied. Where a government licence is required of traders, the association normally insists that the traders first obtain that licence before being given membership. Membership may also be limited by the available space in a particular market. Bankrupts, known troublemakers or people with a criminal record are usually not allowed to join and these are also reasons why members are sometimes removed from associations. In Myanmar, the Mandalay association will only accept members who have an address within the city boundaries, in order to facilitate dispute resolution.

Box 1 — Mohammadpur agricultural produce wholesale market traders' association, Dhaka, Bangladesh

This association was established when a new wholesale market was constructed in the northern suburbs of Dhaka in 1980, the old market in the centre of the city having become too congested. The association has around 200 members who are either commission agents working in the market or buyers who purchase produce in the market and supply other markets both inside Dhaka and elsewhere. Traders handle rice, spices, pulses and sugar. In addition to membership fees, the association receives a levy on every truck entering the market.

The association is active in dispute resolution. It coordinates market information from other markets in the city and assembly markets in the rice-producing areas and posts this in its meeting room for members to consult. The Dhaka association appears more influential at the political level than some of the other associations and is in regular communication with the District Commissioner and transport authorities. A particular success was achieved in getting a decision to ban certain vehicles from particular roads reversed for vehicles carrying fresh produce.

The Mohammadpur association established a multipurpose cooperative society in 2001. Members of the association are members of the society. Activities of the society include purchasing vehicles for sale to members and, to date, it has purchased 100 rickshaw vans and 40 pick-up trucks. Drivers are employees of the cooperative. Other loans of up to 36 months are also made to members.

Box 2 — Agboglobloshie tomato traders' association (ATTA), Accra, Ghana

About 60 percent of tomatoes supplied to Accra are delivered to the Agboglobloshie market. The ATTA was formed in 1990 to represent the tomato traders, to buy and sell tomatoes on behalf of its trader members and to arrange credit for members. Total membership is 800, almost all of whom are women. Members all perform the same functions: travelling to producing areas by hired truck; buying from farmers (often having earlier made financial advances to those farmers) and then returning to sell in Accra. While membership is not obligatory, non-members are not allowed to sell in the market to anyone other than the Association, which pays a low price, thus providing a powerful incentive for all traders to join. This and other market practices lead to accusations of market manipulation. The Association does control supplies to the market, so reducing the risk of price fluctuations. Traders are organized into 40 groups and the Association schedules their buying trips so that while some groups are out of Accra buying others are selling in the market.

The Association has adopted the general constitution used by the Ghana Agricultural Products Traders' Organization (GAPTO), the umbrella association of all product-specific associations (see Box 6). Meetings of ATTA are attended by representatives from each of the 40 groups, who are responsible for communicating decisions to their group members. There are no paid employees and the executives of ATTA receive no salary. Issues addressed at the monthly meetings include the level of welfare payments, the high cost of transportation and the possibility of arranging insurance for tomatoes while in transit, given the frequency with which trucks break down. The feasibility of constructing suitable stores for tomatoes in the market has also been discussed. Considerable efforts are devoted to working out ways for traders to pool resources and activities in order to minimise costs.

Box 3 — Apple traders' association, fruit and vegetable market, Azadpur, Delhi, India

Delhi acts as a transit point for apples grown in the foothills of the Himalayas, in the states of Himachal Pradesh and Jammu and Kashmir. Transactions take place in Azadpur market and there are four very active associations; one representing buyers of apples who subsequently ship them to other parts of the country and three representing commission agents, who handle apples consigned by the producers from three producing areas. There was formerly one Apple Merchants' Association (AMA), but after that Association's success in promoting the development of a new market in Azadpur, in 1977, it was decided to split into the four different associations, all of which based their constitutions on that of the AMA. Around 700,000 tonnes of apples are handled annually. There are twenty other associations in Azadpur market, covering other products, and they, together with the apple associations, are represented by an umbrella organization, the Chamber of Azadpur Fruit and Vegetable Traders.

Membership of the associations is not compulsory but only a few traders (1-3 percent) are not members, because it is the associations that allocate space in the market at the beginning of each apple season. Benefits of membership would appear considerable; the associations play a significant role in dispute resolution and in chasing up repayment of credit. Commission agents lend farmers money prior to harvest, for production purposes and also for family consumption requirements, and sometimes have problems in being repaid. The four associations keep records of defaulters and members are not allowed to trade with them until the default is cleared.

At the time of its construction, Azadpur was considered to be a modern, spacious market but, over the years, it has become congested. The apple associations have played an important role in identifying additional storage space for their members. The market was originally designed to receive 400 trucks a day, but now gets up to 1500. To avoid excessive congestion the apple trucks are held up at check points on the outskirts of Delhi; the associations collaborate with the market authorities to ensure the staggered release of trucks from the checkpoints. To avoid further congestion, the associations have obtained land for a new market closer to producing areas on the Delhi-Himachal Pradesh border, so that the city of Delhi can be by-passed.

The associations have played a significant role in introducing size and quality grading for apples. They have also reached agreement between buyers and commission agents on inspection procedures to address the issue of "topping", where growers put good-quality apples on the top of the box and lower quality at the bottom.

Each of the four associations is financially self-supporting and has three staff. The management of Azadpur market is controlled by an 11-person market committee. Three members are from traders' associations, one representing the apple traders.

SOURCES OF FUNDS

In the majority of cases reviewed the revenue of the association comes primarily from membership fees. None of the associations surveyed had received any direct assistance from donors; in fact donor support of any kind to trader associations appears minimal or non-existent. This contrasts noticeably with the considerable resources allocated to cooperatives to enable them to try to offer alternative channels to established marketing systems. No associations reported any direct or indirect financial assistance from governments or municipalities. Other sources of revenue include fees for services provided, such as dispute resolution. Some associations have arrangements with market management whereby they receive a levy on market transactions. In Dhaka in Bangladesh and Busia in

Uganda, for example, the associations receive a levy on every truck entering the market. The association in Pokhara receives a royalty on all market transactions. The specific nature of these arrangements and the services that the associations are expected to provide in return are unclear.

Membership fees vary from US\$20 a month in the Medellín market in Colombia to less than one dollar a month in several of the markets. There is usually a joining fee, as well as an annual fee. In Busia and in Lagos traders pay a non-refundable life-membership fee. This has an advantage in that the association does not need to worry about collecting monthly or annual fees. On the other hand, a high, one-off fee may discourage smaller or casual traders from joining the association. Indeed, seasonal, as opposed to permanent, traders in Busia are not members. Associations being set up with high initial fees would also appear to run the risk of one of the Committee members running off with the funds. In Nepal, Pokhara market traders have a choice between becoming lifetime members with one payment, or of paying a joining fee equivalent to 40 percent of the lifetime fee, plus an annual fee. Some traders find both options expensive and this may be one reason for the relatively low membership of the association. In Lagos, application for membership has to be accompanied by two crates of soft drinks and two cartons of biscuits, as well as the lifetime membership fee. Each tomato trader in Accra is expected to supplement the association's funds with a monthly donation of one crate of tomatoes.

ASSOCIATION STAFFING

Membership fees are mainly used to pay staff, rent office space, reimburse committee members, pay overheads, meet entertainment expenses and provide social welfare. Issuing membership cards can be a considerable expense for those that do this. Some associations pass on a proportion of their fees to umbrella associations. In the case of Accra, for example, the tomato traders' association pays 30 percent of its fees to the Ghana Agricultural Products Traders' Organization.

The association in Mandalay has ten paid staff, but it should be recalled that this also functions as a commodity exchange. Staff are involved in price collection and dissemination, security, cleaning, etc. The Medellín association has four paid staff; that in Pokhara has three as do each of the Delhi apple associations. The Dhaka association has two staff. None of the commodity associations in Africa has paid staff although the Ghanaian umbrella association does. Not all associations maintain offices; Karachi is an example of one that does not, but those that do are likely to need staff to provide cleaning and security services for those offices. There is no obvious relationship between the effectiveness of an association and the numbers of employees, as some of the African associations appear to be the most dynamic. The exception is the meat traders' association of Dar es Salaam where, with a dispersed membership, it is very difficult for the association to provide a meaningful service without paid staff. There is a reluctance on the part of the members to pay the fees that would make this possible.

CONSTITUTIONS AND OBJECTIVES

Most of the associations have a written constitution and bye-laws, but those of Karachi and Lagos manage to operate without these. Some associations, such as Pokhara and Accra, use the constitution of the umbrella association as a model. Some need to register their constitutions with the authorities, usually under a Societies Act. Others, notably Beirut, were required to establish their constitution in accordance with pre-existing legal provisions. That of Mandalay is possibly the most complex, specifying the numbers on each committee, the arrangements for elections, the responsibilities of each elected officer and who is entitled to stand for election. No real conclusions can be drawn about the constitutional model to be used. If a small association can manage on an informal basis without a constitution then there appears no reason why it should not do so. However, as soon as committee members are paid or employees are recruited then a formal constitution is likely to be necessary. Considerable care needs to be taken in drafting the constitution; that of Dar es Salaam's association is seen to be weak because it draws no connection between the objectives of the association and the functions of the committee members.

The oldest associations studied are those of Mandalay (1935) and Beirut (1948); the most recent is that of Busia, which started in 1998. Objectives of associations as specified in their constitution reflect the prevailing concerns of the associations at the time they were formed. However, in most cases the original objectives continue to remain valid. The exceptions are associations that had as one objective the establishment of a new market, which has now been constructed. Pokhara, in Nepal, is one example. On the other hand, the associations of both Delhi and Dhaka have seen new markets developed during their existence, but both those markets are now considered out-of-date and in need of replacement, so development of a new market has once again become an objective. Promotion of a new market or improvements to the existing infrastructure are major aims of nearly all associations, providing strong evidence of the inadequacy of much market infrastructure and of the importance traders attach to improvements being made. Sometimes, however, the emphasis on having a new market can lead to the association neglecting other important areas of work, as the Beirut association has been accused of.

There is a remarkable similarity in the objectives of the associations studied. In addition to infrastructure improvement most aim to improve quality, assist market management, resolve disputes and other problems, promote dialogue with the authorities and provide social welfare for members. Several associations also have fairly broad objectives such as "protect the interests of traders", "improve agricultural marketing" or "strengthen the economy of the country".

Box 4 — Brokers, merchants and millers Kahtaintaw association, Mandalay, Myanmar

Kahtaintaw is a Buddhist festival, at which time yellow robes are offered to members of the Buddhist order. This association thus has two functions: to raise funds for Kahtaintaw and to run what is effectively a commodity exchange for Mandalay and the north of Myanmar.

There are 1600 members of the association and membership is open to all, including non-Buddhists, who presently represent about eight percent of membership. Women account for just six percent. Members trade in pulses, oilseeds, wheat, maize, millet and edible oil, but not rice or paddy. They represent four stages of the marketing chain: the "collectors" who act as commission agents on behalf of the traders who buy from farmers; Mandalay-based wholesalers who buy for onwards sale to wholesalers in other parts of the country as well as local retailers; oil, wheat and pulse millers; and exporters, who mainly buy for sale to China. Membership is limited to people who live within the area of Mandalay municipality as this is found to reduce the likelihood of dishonest transactions and make easier the enforcement of the association's decisions in the case of dispute between members. All members have identity cards, and must wear them while on the association's premises.

The association owns a large trading floor, with space for an office, a meeting room and a library. The collectors take samples of produce to the trading floor in the morning and display these, together with an indication of the quantities available. On reaching agreement the buyers have to go to the premises of the collectors to collect and pay for the purchase.

The association has a large Executive Committee, with 86 members and nine working groups with responsibility for fee collection and charitable donations, social welfare, compliance with the rules, new members, dispute resolution, renovation and construction of the building, auditing, staff administration, and market information. In the case of market information, all transactions are recorded and displayed on a notice board and prices are subsequently summarized on a daily basis and made available in printed form for a nominal fee. Four hundred copies of this are sold daily and it is also sent to the Government market information service.

Apart from running the commodity exchange and raising funds for Kahtaintaw, other issues with which the association has been concerned have, in particular, included those related to product quality. To address problems concerning the high foreign-matter content of much of the produce marketed in Myanmar it introduced standards in 1995, which all members are required to comply with. Buyers must collect their purchases within a day of the sale agreement being made and are entitled to open and check three bags randomly to confirm the quality. The standards are not only applied by all association members but also by all traders working in Mandalay. Disputes concerning quality, non-payment, etc. must first be addressed to the association's President, who then transfers the matter to the working group on dispute resolution to make recommendations to the Executive Committee. In practice, traders know each other well and trade on the basis of mutual trust. Disputes are comparatively rare.

The association's vice president has weekly meetings with the Mandalay City Development Council and reports on prices and the reasons for any changes, market demand in China and the Myanmar capital, Yangon, and other matters affecting trading. Increasing understanding of the problems traders face and the reasons for price movements is a valuable activity, particularly in a country where controls on exports and produce movement are still often introduced. Through these weekly discussions it has also been possible to address the problem of traffic congestion in Mandalay city by persuading the Council to allocate a new area for warehouse construction.

Box 5 — Nepal fruit and vegetable wholesale traders' association, Pokhara

Pokhara is in the centre of Nepal. Apart from being an important town in its own right, it is a major tourism centre. Pokhara wholesale market was opened in 2000, having been designed and built by an FAO project with UNCDF funding. Prior to that, the traders, who buy both on their own account and function as commission agents, were situated at various shops dotted around the town.

Traders in the market are members of a branch of the Nepal Fruit and Vegetable Wholesale Traders' Association, which is based at the country's main market in Kathmandu. There are moves to establish an independent association solely for Pokhara's traders. Only 60 percent of the traders in the market are presently members of the association. Life membership costs around US\$75. Those joining on an annual basis pay US\$30 to join and \$1.50 a year. Members also pay a royalty on trading, of around 20 US cents per consignment, and this may also explain the reluctance of some traders to join. Fees are mainly used to pay the three staff of the association and to rent office space in the market.

The association played an important role in the development of the new market and even established an office at the site while the market was being constructed. Its representative chairs the committee that oversees management of the market and relationships with the market's management are said to be excellent. At present its most important function relates to dispute resolution, with most disputes being about credit arrangements. The association has been instrumental in achieving improvements to roads leading to and inside the market and has constructed an entrance gate on the main highway to promote the market's existence.

Members are keen to ensure that the market retains its function as a wholesale market and that, given the lack of suitable retail markets in the town, it does not become an all-purpose market. Thus the association has made efforts to ensure that market regulations imposing a minimum transaction quantity of 5kg are enforced. Initial hostility to the idea of farmers selling leafy vegetables in the market was dropped when it was realised that this attracted additional retailers who would also buy products from the wholesalers. The association has also worked to attract bus routes to the market area, thus making it easier for retailers to make purchases. Members are encouraged to group together to hire transport, but this has been done on just one occasion so far.

Social activities include sponsored blood donations. The members donate blood to a local blood bank and are provided with a free health check up and information on sanitation, health, and produce handling. The association also sponsors school sports events, providing free fruits to children. It actively participates in World Food Day celebrations and the market recently won a World Food Day prize for being Nepal's best market.

Constitutions usually specify the officers, the meetings that shall be held and the various committees of the association. Most constitutions provide for general meetings of all members, the exception being the tomato traders of Accra whose members are frequently out of Accra on trips to purchase tomatoes and thus not always able to participate in such a meeting. Most associations hold annual general meetings but traders in Johannesburg meet once a month. Lagos associations, which do not have formal constitutions, have weekly meetings of all members, this being relatively easy to organise when all members are in the same market and there are only around 50 members per association. The Karachi association also has no constitution but, similar to Lagos, it is easy to get people together for a meeting. Karachi is the only association that keeps no written records, bar a list of members who have paid their contributions. Most constitutions have a provision for extraordinary general meetings to be called, at the request of a specified

number of members. Association meetings can be used to discuss the whole range of issues related to management of markets, dispute resolution, infrastructure improvement, etc. that are considered in the following sections of this paper.

ASSOCIATION MANAGEMENT

Management committees of the associations meet from as regularly as once a week (several associations) to as infrequently as once a quarter (Dar es Salaam). Some meet as and when required. Indian apple trader association committees only usually meet during the harvest and marketing season. Committees are always elected but the democratic process does not always seem to produce satisfactory results. One or two of the associations studied appear to suffer from “elite capture”, being monopolised by larger, more vociferous traders. Others find that the same people are always elected because they are the ones prepared to do the job. This can lead to a lack of new ideas coming in to an association. On the other hand, the Medellín association appears to have several innovative ideas related to training and business development but the officers appear to have moved ahead of the aspirations of its members, as they receive little support to introduce new activities.

Some associations also have a number of sub-committees or working groups. Mandalay has nine (see Box 4), while Pokhara has five committees covering construction, cleaning, dispute resolution, public relations and finance.

LINKAGES WITH OTHER ORGANIZATIONS

In general, linkages between associations in the fruit and vegetable sector are relatively poor. The study by Eluagu and Okereke, quoted earlier, noted a reluctance of Nigerian associations to collaborate with associations in other cities. In India, while there are many fruit and vegetable trader associations, there are no formal or even informal linkages between them.⁷ Some associations have informal linkages with other traders. The Pokhara wholesalers’ association maintains close contact with the local retailers’ and street vendors’ associations. The association in Mandalay has close connections with other trader associations in the area as does the association of fruit and vegetable wholesalers in Karachi. There is an interesting arrangement in Nigeria, where each crop association has male and female unit heads who collaborate with other unit heads of associations in the same market and elsewhere.

Several associations studied here, however, are members of an umbrella organization. Such organizations can represent similar associations in a variety of markets or a range of individual crop associations in just one market. An example of the former is the Pokhara association, which is a branch of a national association based in Kathmandu. The Pokhara branch is generally dissatisfied with the support it receives from the national association, believing that association to be too preoccupied with issues relating to markets in Kathmandu and resenting being asked to comply with directives received from Kathmandu

⁷ A similar situation is reported in Sri Lanka (Gunatilake, personal communication). In Malaysia, on the other hand, there is a formal structure of state vegetable wholesalers’ associations and such associations even collaborate with farmers’ associations (Hasan, personal communication).

that are made without any consultation. The Johannesburg association is also a branch of a national association but only that branch and one in the Pretoria market are really active.

In contrast, there appear to be few complaints about the role of umbrella organizations that are based mainly in one market. The Ghana Agricultural Products Traders' Organization (GAPTO) was instrumental in setting up commodity associations, such as the tomato traders reported on here, and prepared constitutions and bye-laws for the individual associations. In India, the individual commodity associations in Azadpur market in Delhi are members of the Chamber of Azadpur Fruit and Vegetable Traders.

Only the Mandalay and Medellín associations are formal members of the Chamber of Commerce of their city. GAPTO is a member of the Accra Chamber and the Dhaka association works closely with the local Chamber, but is not a member. Several associations maintain reasonably close linkages, either formal or informal, with government departments and municipalities for the purpose of policy dialogue although, as will be noted later, these linkages are not always particularly effective.

Box 6 — Ghana agricultural products traders' organization (GAPTO), Accra, Ghana

Most traders involved in agricultural marketing in Ghana are organized into associations. Usually, these are associations of traders who specialise in specific crops, such as tomatoes or onions and some of the most effective associations are those operating in the Agboghloshie market in Accra. GAPTO was formed in 1992 as an umbrella organization for associations in Agboghloshie and has since expanded its activities to embrace associations in other markets of Accra and other parts of the country.

GAPTO actively involves itself in promoting and regulating the buying and selling of different products and assists individual associations in managing supply in order to avoid periodic gluts and surpluses in the markets. Its links with farmers and traders mean that it is able to rapidly inform its members of market conditions, production problems, weather conditions and difficulties with the road network and assist in taking corrective action. For example, when a viral disease wiped out tomato fields in parts of Ghana in 2003, GAPTO was able to charter trucks to take traders to the neighbouring countries of Burkina Faso and Mali in order to secure supply. GAPTO organises the individual trade associations to carry out market cleaning. It arbitrates disputes between different associations and between their members and non-members. Its countrywide network enables it to assist traders who have advanced money to farmers, only to find that those farmers have sold their crop to someone else. Members of GAPTO associations are given identity cards, which help when they want to take produce from farmers and pay at a later date.

GAPTO is much more than a figurehead Apex organization. It basically supervises and manages the activities of its member associations and provides representation to District, Municipal or Metropolitan Councils (or Assemblies, as they are known in Ghana). Each individual commodity association contributes 30 percent of its monthly dues to GAPTO, to cover salaries, day-to-day administration and the printing of identity cards.

Box 7 — Dar es Salaam meat traders' association, Tanzania

The Dar es Salaam Meat Traders' Association represents meat traders, or butchers, with shops all over Tanzania's main city. Thus it is unlike the other associations described in this paper, whose members tend to work in one particular location. This may be one reason for the problems currently being faced by the Association.

Lacking a clear focus for its activities, which would be provided by a presence in a market, the Association has trouble in presenting a clear justification for its existence. Also, with membership dispersed throughout the city it is more difficult for members to participate in the Association's meetings. These problems are compounded by the fact that benefits that have been achieved through its work, such as managing to limit taxes charged by various authorities or agreements with the authorities on matters relating to hygiene and weights and measures, are of benefit to all butchers, not just the members of the Association. There is thus a "free rider" problem, in that as long as a sufficient number of butchers pay their subscriptions to keep the Association running the others can enjoy the benefits of membership without the obligations.

The Association is working to improve the facilities available to butchers in Dar es Salaam. In particular, it would like to see new abattoirs constructed around the city. It is also concerned to ensure that part of the revenue from the various taxes its members have to pay is used to improve facilities. The Association has had little success in engaging municipal authorities in policy dialogue; rather, the authorities try to use it as a means of conveying instructions to its members.

5 Policy-related activities of associations

As already noted, improvement of market infrastructure is a major concern of nearly all associations. This either involves efforts to persuade the authorities to construct a new market or to repair and maintain the existing one. Traders are not always keen to relocate and often prefer improvements to an existing, albeit congested, site to moving to a new location. Nevertheless, some notable successes have been achieved. For example, the active collaboration of the Pokhara association was a major reason for the success of the new wholesale market there. The Karachi onion and potato merchants' association, despite lacking legal status, collaborated with the authorities in the transfer of the wholesale market from its former central location to one outside the city, being actively involved in the market design and in establishing criteria for space allocation in the new market. Delhi's apple associations worked closely with the authorities in the 1960s to develop the new Azadpur market and have since collaborated in the construction of additional storage space and planning of an additional apple market closer to the producing state of Himachal Pradesh. Similarly, the association in Mandalay was instrumental in securing new areas outside the city that could be used by its members to construct warehouses and thus reduce traffic congestion. Less successful has been the Beirut association, which continues to push for a new wholesale market without positive response from the city's authorities. The Accra associations have an ongoing dialogue with the Municipal Authority in an attempt to improve the market, but face the problem that the site has been earmarked for tourist development, making investments in market improvements unlikely.

Traffic can represent a major issue and a cause for considerable discussion with municipal authorities. Markets close to city centres both cause considerable congestion and have their activities disrupted by congestion, both in the market and in surrounding areas. Authorities often introduce rules relating to traffic movement (e.g. restricting certain roads to certain types of vehicle during the entire day or certain times of the day) without consulting with market users. Such decisions can deny access to wholesale markets of rickshaws, frequently used by retailers and street vendors in South Asia, or make it impossible for large trucks to deliver to a market at a time most convenient for market operations. In Dhaka, such regulations seriously disrupted supply of food to the city. After extensive negotiation the wholesale market association was able to get some of the rules amended. In Delhi, associations have worked closely with the authorities to control the arrival of trucks at the wholesale market through a staggered release from check points on the edge of the city. This not only reduces congestion but also serves to manage supply and hence avoid major price fluctuations.

Lack of suitable storage is perceived by nearly all associations as a major problem faced by their members. The scope for improving storage is usually limited by the available area within the market and/or by the reluctance of the authorities to make necessary investments. Larger traders or their associations are often willing to make investments in storage facilities but lack the land to do so. This often requires complicated negotiations

with the authorities, for example in order to change zoning regulations so that stores can be constructed in a particular area.

A general perception of associations is that their markets are primarily seen by municipalities as sources of revenue, rather than as being vital to the efficient supply of foodstuffs to their populations. This has been borne out by much of FAO's research over several decades. There have, however, been some successes in addition to those mentioned above. Negotiations by the Busia association, for example, led to a 60 percent reduction in market fees, improvements in market security and a resurfacing of the market square. This is perhaps an indication of what can be achieved if the authorities are prepared to listen to traders' representatives. The association in Dhaka is also said to work well with market authorities. Unfortunately many municipalities are unprepared to engage traders in dialogue. Lagos associations, for example, complain about increases in fees, lack of market improvements and the tendency of the authorities to make arbitrary decisions without consultation. The association in Dar es Salaam also feels that municipalities are not interested in policy dialogue. Its members are often on the receiving end of orders without any prior consultation. Other associations studied complain about a lack of consistency in government policies and politically motivated decisions.

**Box 8 — Wholesale market traders' association of Antioquia (ASOBASTOS),
Medellín, Colombia**

ASOBASTOS was founded in 1978 and now has around 205 members, who are primarily wholesalers in the Antioquia market of Medellín. Around 80 percent of traders in the market are members, who pay a membership fee of \$20 a month. The Association has four full-time staff and is governed by a Board of Directors that meets once a month.

Initially, ASOBASTOS was established to protect the interests of its members and promote dialogue with national, regional, city and market authorities. However, with time, and its success in achieving these initial aims, its focus has become more developmental and it works to promote its members' business both inside and outside the market, through activities such as trade fairs, business conferences and advice on commercial opportunities. A problem voiced by the Association is that its members are largely indifferent to these longer term business development activities and are primarily interested in activities that produce short-term benefits. This may mean that ASOBASTOS has developed to the stage where it no longer fully represents the main interests of its members, even though many of them remain proud of its achievements to date and also attach great importance to its social welfare activities carried out through the ASOBASTOS Foundation.

The Association is not represented on the Board that governs the Antioquia market, despite repeated requests for such representation. It is, however, engaged in ongoing dialogue with market authorities; representing its members when they are in dispute with the authorities and contributing to discussions on quality standards in the market. Discussions with external bodies include those with the Ministry of Finance on value added tax levels applied to members' activities and with local authorities on weights and measurements controls. Among the achievements of ASOBASTOS has been the reduction in the appraisal for taxation purposes of the value of members' premises in the market.

Other issues that fall under the broad heading of "policy" include attempts by the association in Mandalay to have import controls on vegetable oils introduced during the Myanmar production season; work to introduce quality standards, prevent adulteration and establish agreed weights and measures, carried out by several associations, and attempts to

reduce taxes, which, as noted in Box 8, has been an area of concern for the association in Medellín.

In general, when associations are consulted they are consulted on an informal rather than a formal basis. The Beirut association is frequently invited to meetings with ministries but is not formally represented on any committees. The association of Medellín dialogues continually with national ministries and local authorities but its request for representation on the Board of Directors of the market was not accepted. The associations of Lagos have requested formal representation on market committees and local government bodies but, again, this was not approved. In Pokhara, on the other hand, the association chairs the market's management committee. Delhi's apple traders are formally represented on the market's main committee. Some markets achieve representation on an *ad personam* rather than *ex officio* basis. The Vice-President of the Mandalay association attends all meetings of the Mandalay City Development Council but it is unclear whether the association would continue to be represented after his retirement. The Dar es Salaam meat traders are theoretically represented on an inter-ministerial committee for the livestock industry, but the representative is picked by the Government, not by the association.

Less obvious policy-related activities of associations could not be identified within the scope of the limited case studies reported on here. Nevertheless, other research on associations does suggest that they can be effective channels of collective bribes to officials to turn a blind eye to regulations and that they can also help traders work together to evade tax.⁸

⁸ Harriss-White, personal communication.

6 Business-support and social activities of associations

Table 1 summarises the main areas of work in which associations get involved. Apart from infrastructure improvement, discussed above, the areas in which associations work are either directly related to improving the efficiency of their members' operations or to promoting social welfare. The main activities, which will be discussed below, are:

- Dispute resolution;
- Support to market management and market security;
- Provision of market information;
- Training;
- Facilitation of credit;
- Activities to improve produce quality;
- Activities to improve transportation;
- Supply control;
- Other business-related activities;
- Social, welfare and religious activities.

DISPUTE RESOLUTION

Resolving disputes through official or legal channels can be slow, costly and time-consuming. This may, in part, explain why dispute resolution is perhaps the most important function of most associations. Resolving disputes is usually carried out by senior officers of an association and some associations have specific committees for this task. Traders often come into conflict with other traders, who can be either fellow members of the association or other traders such as those who sell to or buy from market wholesalers. Problems also arise in relationships between traders and farmers and, of course, between traders and market management and traders and government authorities. Thus the first decision an association needs to make is whether or not it should limit its dispute resolution activities to disputes between members or whether it should take on a broader mandate. Of the associations studied, only Mandalay limits itself to disputes between members. However, it should be recalled that both buyers and sellers are members of this association.

The main cause of disputes is money. In many countries there are complex credit linkages between various stages of the marketing chain (Shepherd, 2004) and these often cause conflict. Despite the fact that such linkages appear to be important to the operation of the entire trading system, several associations voiced the opinion that marketing system loans should be avoided because of the disputes they cause. Traders often prefinance farmers. Indian apple traders, for example, provide loans to farmers totalling Rs 4 000mn (approx US\$70mn) a year and repayment difficulties are experienced with between ten and fifteen percent of loans. The apple associations maintain records of defaulters and no member will make further loans to a grower unless the debt is cleared. Unsettled cases are referred to the associations' dispute committees. In Ghana, tomato farmers who receive

advances from association members sometimes sell their crops to other members or to non-members. In such situations the umbrella organization, GAPTO, intervenes to settle matters. The flow of finance can be in both directions and traders often take produce without payment, paying for it on their next visit. GAPTO's issuing of identity cards is designed, in part, to facilitate such transactions.

Conflicts also arise between wholesale market traders and those who buy from them. The Beirut association works to resolve such disputes, but does not keep a register of bad payers. In Dhaka, buyers sometimes delay payment. Occasionally the association will intervene by settling the debt to its member and then recovering the money from the debtor. Some associations also pay their members' debts, for later recovery. Pokhara's association assists with credit recovery, charging ten percent of the sum to the debtor and five percent to the creditor. Despite this percentage commission the association would prefer not to be involved in such work, which it finds very time consuming.

Busia market in Uganda is close to the Kenyan border and most purchases are by traders intending to take the produce to Kenya. Conflicts often arise as a result of fluctuations in the exchange rate between the two currencies and the Busia association has a sub-committee to address such problems. The association in Mandalay reports few conflicts, as traders have longstanding business relationships. What conflicts there are relate more to disagreements about quality than to payment problems. The association has strict procedures for resolving such disputes. Other causes of dispute in other markets include trading space availability and allocation, arguments over access to transport facilities and fights in a market over a variety of causes.

Associations also represent their members in disputes with outside bodies. Meat traders in Dar es Salaam reportedly face considerable corruption amongst officials and rely on their association to help them. Accra's associations provide assistance to their members who are taken to court and the Medellín association represents members when they face problems with local authorities.

Box 9 – Fruit and vegetable wholesalers' association, Sports City, Beirut, Lebanon

A fruit and vegetable wholesale market was established temporarily on a horse racing track at Sports City in 1948, following the civil war when the city was divided into Muslim and Christian sectors. It still remains at that site and there is another market in the Christian area. A major objective of the Fruit and Vegetable Wholesalers' Association of the Sports City market remains the establishment of a new market for all wholesalers in Beirut. There are 155 members of the association. Membership is obligatory and the number of members is determined by the number of trading spaces in the market. In theory, members can be disqualified from the association; in practice no members have been disqualified to date. The association, in effect, manages the market. Members pay US\$100 monthly to cover membership fees, electricity and cleaning services.

The association maintains active contact with the Ministry of the Economy and provides the Ministry with price information, which is used in making decisions on import controls. Dispute resolution is also an important function. Most disputes relate to payment; transactions in the market are on consignment, on a commission basis. Wholesalers lend farmers money and accept deferred payment from retailers and seek assistance from the association when they experience repayment problems. Traders feel that the association could provide more assistance than it does; for instance, by developing a list of defaulters for circulation to all members.

Table 1 – Main activities of associations

	<i>Dispute resolution</i>	<i>Infrastructure improvement</i>	<i>Market management and security</i>	<i>Market information</i>	<i>Quality improvement</i>	<i>Social/religious welfare</i>	<i>Credit facilitation</i>	<i>Transport arrangements</i>	<i>Training</i>	<i>Supply control</i>
Pokhara, Nepal	●	●	●	●		●	●	●	●	
Mandalay, Myanmar	●	●	●	●	●	●	●	●		
Karachi, Pakistan	●	●	●							
Delhi, India	●	●	●		●	(a)				●
Busia, Uganda	●	●	●		●	●	●		●	
Johannesburg, South Africa	●	●	●	●	●	●			●	
Medellín, Colombia	●			●	●	●	●		●	
Beirut, Lebanon	●	●	●	●						
Lagos, Nigeria	●	●	●	●	●		● (b)	●		
Dar es Salaam, Tanzania	●	●			●				●	
Dhaka, Bangladesh	●		●	●	●	●	● (c)	● (c)		
Accra, Ghana	●	●		●		●	●	●		●
<i>NUMBER OF ASSOCIATIONS CARRYING OUT ACTIVITIES</i>	12	10	9	8	8	7	7	5	5	2

(a) Donations in the event of an emergency only

(b) Works to encourage loans between members

(c) Through a Cooperative Society

SUPPORT TO MARKET MANAGEMENT AND MARKET SECURITY

Most of the associations work closely with their market's management and relationships between associations and those running the markets are generally reported to be good. There is a general preference on the part of management to work with associations, as it avoids their having to contact traders individually. Involvement by associations in running the market can range from relatively simple day-to-day matters, such as pointing out the need for maintenance and cleaning (e.g. blocked drains) to the activities of the Beirut association, which, as noted above, arranges for electricity supply and cleaning of the market and, of course, the Mandalay association, which owns and operates the market. The only associations that play no active role in market management are Medellín, a sophisticated market well able to manage itself, and Dar es Salaam, where the meat traders, or butchers, are not based in a market.

As previously noted, the Pokhara association chairs the market's management committee. The Johannesburg association was formerly represented on the wholesale market's safety and security committee but that is no longer the case, following a change of market management. However, the market continues to operate an open-door policy for the association to discuss problems. The association's members trade in the Mandela market, which is within the boundaries of the larger Johannesburg wholesale market. The association is responsible for day-to-day management of the Mandela market, enforcement of rules and collection of fees. In Lagos the commodity associations also assist management in enforcing rules, clearing refuse and in day-to-day management. They are in a somewhat ambivalent position, on the one hand arguing that market fees are too high and on the other collecting those fees on behalf of management. In Accra, the associations organise their members to carry out daily cleaning and assist the managers with more complex maintenance. The Dhaka association played an important role in initiating and subsequently maintaining an improved level of security and also assists by contacting utility companies to overcome problems. Congestion inside the market is a major problem and the association works to ensure its members stack or store produce only in permitted areas.

PROVISION OF MARKET INFORMATION

Traders constantly talk to each other, either face-to-face or by phone, in order to obtain up-to-date information on market conditions and other factors affecting their business. It is not always easy to separate market information activities that traders would carry out whether or not they had an association from activities that the associations carry out. Nevertheless, several associations do appear to play an active role in providing information to their members.

In the Mandalay commodity exchange the association summarises daily transactions and displays them on a large blackboard. This information is also sent to the Ministry of Agriculture's market information service (MIS) and to other agencies. In Pokhara, the association also assists with price collection for the Government MIS. In Dhaka, price information is monitored and posted in the association's meeting room. The Accra associations appear to be particularly active in this area. The tomato association monitors the price and shares this information with other markets in Accra and the rest of the

country. The umbrella organization maintains close contact with all areas of the country and provides advice on the weather, crop production, road conditions, pest and disease problems, etc. The Medellín association provides commercial information, as does the Johannesburg association, which identifies potential customers for its members.

TRAINING

Several associations provide formal or informal training, although this does not appear to be a major activity for any of them. In Busia, arrangements are made with a local Private Sector Promotion Centre to train traders in bookkeeping. The Johannesburg association trains members in grades and standards and the Accra associations also address quality issues. The Dar es Salaam association carries out occasional training on health and health regulations for butchers. Asian associations studied do not appear to carry out any significant training. In Medellín, the association does not provide formal training but does organize conferences and encourages members to take part in fairs, shows and exhibitions.

Box 10 — Karachi onion and potato merchants' and commission agents' association, Pakistan

Because of the fact that both onions and potatoes can be stored, unlike most other vegetables, they tend to be handled by the same traders. For similar reasons, such traders may also trade in garlic and ginger. The Karachi Onion and Potato Merchants' Association is a fairly informal organization of commission agents who each have an annual turnover of between US\$400 000 and US\$2mn. They are located in the New Fruit and Vegetable Wholesale Market of Karachi.

The Association has no formal by-laws, no employees and a membership fee of just \$4 per annum. It lacks any legal status. Meetings are scheduled as and when required, and are easy to organize as all members are located in the same market. Almost all of the traders entitled to join are members, although membership is voluntary and not linked to obtaining trade licences or space in the market. Discussions tend to concentrate on market management issues such as space allocation, sanitation and solid-waste disposal.

Dialogue with national and municipal authorities has achieved some success related to improvements in the market and space allocation for members. However, the Association is split between one group of traders that is fully supportive of the association and another that argues that it is ineffective and justifies this with reference to the continuing problems of poor sanitation, lack of utilities and traffic congestion in the market.

FACILITATION OF CREDIT AND INSURANCE

The dispute resolution procedures of most associations can be seen as facilitating the flow of credit within the marketing system. Knowing that the association will sit in judgement on a debtor and will, in some cases, actively seek repayment of the debt provides traders with greater confidence that their loan will be repaid. However, some associations go further than this. For example, the Lagos associations actively encourage larger traders to lend money to smaller, retailer members. In Busia, members are linked to local microfinance organizations and the association assists with loan recovery from its members. The Mandalay association also links members with private banks. The association in Dhaka set up a Cooperative Society that actively lends to traders in the market. Some associations have had plans to make loans to members but this has not actually been done by any of the

ones studied, probably due to an inability to raise the funds. Groups within the Accra associations operate Rotating Savings and Credit Associations (ROSCAs), known as “susu” in Ghana, but this does not appear to be a formal association activity.

Traders may also provide informal insurance among themselves to help individuals overcome trading and other losses. Such insurance is independent of associations, although the dispute-resolution function provided by associations can reduce the risk of lending to other traders.⁹

ACTIVITIES TO IMPROVE PRODUCE QUALITY

In Mandalay the association addressed different perceptions of quality by agreeing on a set of standards for foreign matter content, to be followed by all members. Transactions in the Exchange are on the basis of these standards and there are strict procedures for the buyer to follow when checking that the actual consignment conforms to the standard. Traders in other markets around Myanmar have gradually adopted the standards set by the association. In India, apple traders have addressed the problem of “topping.” This is where farmers or traders hide low quality produce in the bottom of a box, putting acceptable produce on the top. Formerly, it was considered unacceptable by commission agents for buyers to open boxes from the side or bottom but the apple associations intervened and agreed that such practices should be permitted.

In Busia, the association communicates with local district authorities and village councils on the quality of grains that are required by the market and hopes that this information is relayed to farmers. The Beirut association holds discussions with the Government on grading matters, but not directly on quality control. The association in Medellín advises the Government on quality norms. The Delhi apple associations introduced three quality grades and seven size grades. They also educate apple growers on quality issues.

ACTIVITIES TO IMPROVE TRANSPORTATION

Such activities can include efforts to improve traffic flow and reduce congestion, as already discussed in the section on policy-related matters, as well as making arrangements for association members to share transport facilities. In Pokhara, the association has negotiated new bus routes to the area of the market (most produce travels on the top of buses), and has also investigated the leasing of a truck to be shared by members. The Johannesburg association organises transport for its members within the extensive area of the wholesale market and is planning to obtain a fork-lift truck. The Dhaka association’s Cooperative Society purchases vehicles and sells them to members on an instalment basis. The Lagos associations encourage collective procurement arrangements and the sharing of vehicles, as do the associations of Accra.

⁹ Lyon, personal communication.

Box 11 – Fresh produce retailers of South Africa, Johannesburg

Trading in Johannesburg's Fresh Produce Market (the city's wholesale market) is carried out by privately owned "market agents". Previously, black traders had little or no opportunity to buy from these agents but, with the ending of apartheid, the need to improve supply chains to black consumers was quickly recognised. Consequently, the Fresh Produce Market, which occupies a sizeable land area, developed a new market within its perimeter, the Mandela Market, in order to facilitate supply to retailers supplying black communities. The Johannesburg branch of Fresh Produce Retailers of South Africa represents traders in the Mandela Market, of whom there were 148 in 2003. The word "retailers" is, however, a misnomer: the market is distant from residential areas and few consumers buy there. Association members are primarily wholesalers, selling to street vendors (or hawkers) who then travel to the black residential areas of the city and to downtown Johannesburg. An advantage that the Mandela market enjoys is that it operates until late afternoon whereas the main market is closed in the afternoon.

The Association was initially set up to enable Mandela Market traders to buy in bulk from the market agents. It assists its members in negotiation with the market agents and helps with the movement of produce from the main market to the Mandela Market. It has also carried out a wide range of other marketing-development activities, including the promotion of satellite markets in major urban areas,¹⁰ the training of its members in grades and standards, the provision of information about potential customers and the provision of secure storage facilities. It is represented on some committees of the Fresh Produce Market, although it considers the amount of representation to be inadequate. While not directly involved with the running of the main market it is involved in the day-to-day management of the Mandela Market. The Association also has social activities and runs a funeral club. It does not provide finance to its members but does link them with banks and all members now have bank accounts, which was not the case when the market began.

In theory, membership is voluntary, but traders wishing to be allocated space in the Mandela Market do need to be members and members have the advantage of being able to jointly negotiate with the market agents. Women account for 60 percent of the membership. There are no paid employees and all work done is on a voluntary basis. The annual membership fee is around US\$20. All produce sold at Mandela Market must be purchased from the Fresh Produce Market agents and members are sanctioned for bringing produce in from outside. The Association is also involved in resolving disputes between members.

SUPPLY CONTROL

This is perhaps the most sensitive area in which associations are involved, in that it can lead to allegations of cartel-like behaviour. The Accra association is most directly involved with this. Its members jointly hire large trucks (6-10 traders per vehicle) to visit production areas and buy from farmers. The association establishes a schedule and members can only leave Accra to go on buying trips according to that schedule. This effectively controls the supply of tomatoes to Accra, ensuring that there are no major gluts that lead to price collapses. Members function both as wholesalers and retailers. On return to Accra they generally sell most of their tomatoes to retailers, retaining a portion to sell retail themselves while waiting for their next buying trip.

Wholesalers in Pokhara carry out activities to control the flow of produce to the market but this does not appear to be a formal association activity. As previously noted, the associations in Delhi work with the authorities to ensure a constant flow of trucks into the

¹⁰ A new market was opened in the Soweto area of Johannesburg in November, 2004.

Azadpur market. This not only reduces traffic congestion in the market and its area but also minimises the risk of price fluctuations.

OTHER BUSINESS-RELATED ACTIVITIES

Other activities carried out by the associations reviewed in this report include actions to ensure that the market retains a wholesale character, through lobbying for and enforcing minimum transactions, and promotion of linkages with traders in other areas (Pokhara); provision of library facilities, with newspapers and magazines (Mandalay); provision of storage facilities and security for stored produce (Johannesburg); provision of meeting rooms (several associations); joint purchase of packaging materials and promotion of improved packaging (Lagos and Dhaka); and investigation of insurance for members while buying and transporting produce (Accra).

Box 12 — Market traders' associations in Lagos, Nigeria

Traders' associations are common in Nigeria. They tend to cover individual products in particular markets. This box describes their activities, based on a review of six associations in different Lagos markets, i.e. poultry sellers, pepper sellers, meat sellers, fruit and vegetable sellers, fish sellers and foodstuff sellers. The associations studied had an average of fifty members, with the great majority being women. Members are wholesalers, retailers and, where applicable, millers.

Membership of the relevant association is obligatory for all traders, who will not be permitted by the existing members to operate in the market unless they join. Membership fees are paid as a one-off lifetime fee of between approximately US\$20 and US\$40, depending on the association. Joining members are also expected to accompany their applications with gifts of soft drinks and biscuits. The associations don't have formal constitutions and rules are generally unwritten. Meetings are usually held every week and attendance at these meetings is compulsory, with penalties for absenteeism. Decisions taken at the meetings are written down and action on decisions is said to be prompt.

Many types of issues are addressed by the associations. These have included: the level of market fees; harassment of traders by the police; market construction; lack of water supply and the provision of refuse disposal facilities. The associations are not represented on any local government board or committee governing the markets. They tend to see local authorities as being primarily interested in raising revenue from markets and consider that their views are rarely taken into account by the local authorities. Often policies are implemented without consultation with the traders. This can lead to protests and, occasionally, violent confrontation.

Every effort is made to facilitate trade of association members. Provision of credit between members is encouraged, but such credit must be in accordance with the associations' rules. The associations do not, however, attempt to regulate transactions between members and non-members. Other services to facilitate marketing provided by some associations include the operation of a credit fund, the provision of market information, the identification of transport and storage facilities for members, and the provision of inputs, such as packaging materials. Associations also provide a dispute-resolution mechanism, to resolve disagreements both between members and between members and non-members.

SOCIAL, WELFARE AND RELIGIOUS ACTIVITIES

The loss of a breadwinner can be disastrous for many families. Furthermore, funerals play an important role in the cultures of many societies and can involve a significant financial outlay. Thus, in countries where there is no tradition of life insurance, or where such formal insurance is not available and where people have little opportunity to save, it is common to work together in social or work groups to provide informal insurance or savings mechanisms. At least five of the associations studied make such arrangements for their members. The one-off membership fee paid to the Busia association is primarily earmarked to assist members in times of distress or to organise funerals for members or their relatives. The Johannesburg association also runs a Burial Club for members and their families, as do the associations in Dhaka and Accra.

Box 13 – Busia district produce dealers’ association (BUDIPRODA), Uganda

The Association was founded in 1998 and now has a membership of over 150, around 20 percent of whom are women. Most of the members are wholesalers who buy from producers, traders and transporters and sell on in bulk to other traders, who mainly come from neighbouring Kenya. Membership is voluntary but 95 percent of traders operating in the Busia market are members. There are distinct benefits from membership, particularly in the area of conflict resolution. Social reasons for joining include the help provided by the Association on the death of a member or family member. Non-members are usually small traders who trade a few bags in the high season.

BUDIPRODA has successfully argued for a reduction in market fees and has negotiated the improvement of the infrastructure of the market square through resurfacing. It has worked with the Uganda Police Force to improve security and has successfully reduced the incidence of theft in the market. The Association doesn’t finance members’ activities but has successfully linked its members to three microfinance institutions and takes responsibility for tracing members in the event of loan default. Members are encouraged to develop their business and their grain marketing skills and the Association identifies workshops and courses that members could attend.

Market information is an important aspect of the Association’s work and members are linked by phone to other markets, to share information on prices, volumes and road conditions. However, there is no attempt made to manipulate the market. BUDIPRODA also advises suppliers who deliver low-quality maize, particularly that with a high moisture content, on quality improvements.

For a time the Association made loans to traders to meet the costs of transport of maize in high-tonnage trailers to Kenya, but this ceased due to lack of resources. Despite its success in negotiating improved infrastructure and reduced market fees, it believes that local authorities still pay insufficient attention to the needs of traders. In fact, relations with the local authority are not good because BUDIPRODA puts a levy on all vehicles entering the market. Not only does the authority argue that it should be receiving these fees, but it also feels that high fees drive Kenyan buyers away from the town’s market and encourage them to seek out supply in rural areas. On the other hand, the managers of the market have good relationships with the Association, in part at least because when problems arise it can deal with the Association rather than individual traders.

BUDIPRODA members pay a one-off life membership fee of US\$6 and also pay US\$4 to the “Muno Makabi” which means “friends in need” and is the Association’s social security club. There are no other membership fees. Other revenue comes from the market dues imposed by the Association. There are no paid employees, but committee members are given allowances for attending meetings. Dispute resolution is carried out by a Disciplinary Committee of three members. Matters discussed include payment default and fighting in the market, and the Committee has the power to levy fines on members.

Five percent of the charitable funds of the Mandalay association are allocated to cover bereavement expenses. As noted elsewhere, the main activity of this association is to raise funds to make charitable donations to Buddhist monks. Seventy percent of the association's charity is for this purpose. The remaining twenty-five percent is for social welfare purposes. Charitable donations are also made by associations in Pokhara, Johannesburg, Dhaka and Accra. The associations and their members acting on an individual basis commonly donate fruits and vegetables to schools or to old people's homes. Some associations, such as that of Medellín, also organise social events for their members and their families.

7 Conclusions

Trader associations can either be single-product associations or can embrace traders who handle a wide range of commodities. This depends on the prevailing trading practices. For example, in West Africa traders handle just one commodity and are joined together in commodity-specific associations. In South Asia, associations in India and Pakistan are also more or less commodity-specific, although in the case of some associations traders handle more than one product, such as the onion and potato merchants of Karachi. In Pokhara, Nepal, on the other hand, all commodities are represented by one association. This does not mean, however, that all members handle all commodities. Some traders specialise in less perishable products, such as onions and potatoes, while others specialise in products such as tomatoes and fruit. Where associations are commodity specific there appears to be a need for an umbrella association to represent all associations in a particular market in negotiations with market management and local authorities, as problems faced by traders are usually common to all commodities. Such umbrella associations are found in Accra and Delhi, but in Lagos collaboration between associations, while it certainly exists, is more informal.

Associations make significant contributions to the functioning of agricultural markets through their work in assisting with market management, through dispute resolution activities, through efforts to improve transport and infrastructure and even through attempts to control supply. Where they appear less successful is in having an impact on the formulation of policies, laws and accompanying rules and regulations. Indeed, some associations may devote more effort to working out ways of avoiding the implementation of various rules and regulations than they do to avoiding those rules and regulations being introduced in the first place. Part of the problem here may stem from corruption on the part of politicians and officials, for whom the introduction of new regulations provides the opportunity for new rent-seeking activities. Traders may be willing partners in such arrangements on the grounds that avoiding the implementation of rules is easier than avoiding their introduction. Because associations are usually fragmented and lack any significant apex representation beyond the particular market in which they operate, they are not really in a position to influence policy. Even where there are national apex organizations, such as in Nepal, it cannot be guaranteed that they will be fully representative of all member associations in a country. We have seen how the Pokhara association feels that the national association acts solely in the interests of Kathmandu traders.

Apex organizations are common and necessary where the members are widespread and not congregated in one particular market. In the case of rice millers in Asia, for example, associations often have a hierarchical structure whereby district associations are members of state associations who are members of national associations who, in turn, are often members of national chambers of commerce. Such a structure makes considerable sense where the main focus is on policy-related issues such as fees and taxation levels. It is perhaps less relevant to traders who have more immediate concerns relating to the markets in which they are trading and where more parochial issues provide the focus for association

activities. However, the consequence of a lack of a hierarchical structure is that such traders have less influence on national policies relating to their particular crops.

Even at the local level, trader associations are usually more influential in their dealings with market management than with local or municipal authorities. This may be because market management perceives associations as making their lives easier whereas local government does not see significant benefits resulting from consultation with traders. Sometimes local governments do not have any formal consultation mechanisms; in other cases the associations have failed to push their case for consultation. Amongst officials there is often considerable hostility to traders and this hostility is likely to continue if trader associations are not more assertive in getting their views across.

The brief national case studies carried out as part of the research for this paper did not permit an in-depth analysis of the extent to which associations are democratic and fully representative of the wishes of their members. There is always the danger of “elite capture” whereby larger traders tend to take over associations and use them to further their interests and not those of all members. This is seen by Harriss-White (1993) as a significant problem in India, and is also hinted at in the FAO studies on Karachi and Dhaka. Research in Ghana by Lyon (2003) notes that the association leaders need to be rich. Running an association is time consuming and difficult to combine with running a successful trading business. However, there is no suggestion that such leaders use the associations to their own advantage.

Fees that members are willing or able to pay are rarely adequate to fund full-time professional staff. Moreover, where any organization or association of members has full-time staff there is also a danger that the organization gradually starts to work in the interests of the staff rather than the members.¹¹ Of the associations studied by FAO only that of Medellín has senior-level paid staff. There are indications that management of that association is frustrated because it wants to lead members into areas, such as business development, which they are not really interested in.

While some associations may not always function fully in the interests of all of their members, membership is usually open to all who are qualified to join and membership criteria appear neither unrealistic nor exclusionary. Clearly, membership of any such association has to be limited to those who are *bona fide* traders. In many cases, the entitlement to join is based on having an allocated trading space in the market. In some others, however, membership of the association seems to be a precondition for allocation of a space by market management. The extent of collusion on such matters between market management and the associations perhaps represents an area for further investigation. Similar, apparently unofficial, arrangements exist in the case of revenue received by associations from levies made on vehicles entering markets in Busia, Uganda and Dhaka.

Many of the actions undertaken by associations require that as many qualified traders as possible are members. While most associations do undertake dispute resolution activities

¹¹ For example, management of an organization may conclude that the organization should become involved in a particular area of work not because of expressions of interest on the part of members but because becoming involved gives management the chance to take an all-expenses-paid overseas trip.

between members and non-members, it is easier to ensure that a decision will be accepted if both parties are members. Assisting with market management, such as cleaning, is clearly easier if the association has the authority to instruct all traders to comply with market rules. Similarly, attempts to control supply, as practised in Ghana, would be impossible to implement unless the great majority of, if not all, traders were members. Thus it is hardly surprising that some associations insist that all eligible traders become members and that this insistence can at times be backed up by strong, and sometimes possibly illegal, methods of persuasion.

Dispute resolution, supply control, provision of market information and organization of transport for members can all be seen as ways in which associations assist their members to reduce transaction costs. This, in turn, can lead to more efficient marketing (within the constraints of the prevailing marketing system), to the benefit of both farmers and consumers, as well as the traders themselves. High transaction costs can result from poor economies of scale as well as from the risk that transactions do not turn out to be profitable. Where traders are relatively small in scale of operations, economies of scale in transport can often be achieved by sharing vehicles. Such activities are most noticeable in West Africa, where associations negotiate with transporters on their members' behalf, and particularly in Accra, where they allocate members to each vehicle. Smith and Luttrell (1994) consider that small individual traders in Nigeria could not obtain access to transport without associations and thus argue that association activities lead to an increase in quantities supplied to urban markets. In Nepal, on the other hand, efforts by the Pokhara association to promote group hiring of vehicles have been relatively unsuccessful because traders prefer to transport produce on the tops of buses, despite the risk of damage during transit and the possibly higher unit cost.

Risk is an important, and often neglected, element of marketing. Traders face risk in many ways:

- **Credit risk.** Traders may provide advances to farmers, only to find that the farmer sells the crop to another trader, or they may supply other traders on credit and have difficulty in obtaining payment;
- **Supply risk.** Traders may visit production areas to make purchases, only to discover that there has been a crop failure or that other traders have already been to the area and bought up all of the crop;
- **Transit risks.** These can include official or unofficial road blocks that extract legitimate or illegitimate payments and may even seize some or all of a trader's consignment; blocked roads or broken bridges; and vehicle breakdowns;
- **Market risks.** Traders may arrive in a market expecting to sell produce at a certain price, only to discover that there is a glut and that the price has collapsed;
- **Other risks.** These are usually specific to particular locations. In Nigeria, for example, Smith and Luttrell (1994) report that traders who go out of town to buy produce run the risk that their sites in the market will be expropriated by other traders during their absence.

Reduction of risk is therefore an important activity for most associations. Such activities sometimes lead to allegations that traders are operating "cartels". However, by

protecting the livelihoods of their members and reducing their risk, associations may, in fact, be operating to the benefit of consumers and farmers, rather than to their detriment. Where traders face a high level of risk they are obliged to extract a higher margin in order to cover that risk. Where traders become unable to trade because of trading losses due to poor information, supply gluts or credit-repayment difficulties, this reduces the total number of traders. In turn, this can reduce competition, reduce quantities purchased from farmers, reduce supply to the market and lead to higher prices and lower availability to consumers. Seen in such a light, such cartel-like activities may be positively beneficial.

As noted earlier, all associations studied are involved in dispute resolution. Disputes may involve arguments in a market, disagreements over quality and, in the case of Busia in Uganda, arguments over exchange rates. However, by far the main cause of disputes reported by the FAO studies are over financial transactions, either between traders or between traders and farmers, such as the loans made to apple growers by Delhi's commission agents. Failure to obtain repayment of a loan or loans can mean a trader having to leave the business altogether. Even where consequences are not so drastic, the cost and time involved in chasing after repayments or, indeed, in resolving any dispute can be considerable. Knowledge that their association will chase up a loan on their behalf may encourage traders to make the loans that are often necessary for supply chains to function and also sends a strong message to borrowers, thus having a positive impact on repayment. This confidence can be reinforced when associations maintain registers of bad debtors for members to consult. Kydd, Dorward and Poulton (2002) refer to such practices in the context of trader-farmer linkages as "competitive coordination", noting that "...it appears to be a highly desirable, if not always attainable, goal...", particularly in view of alternative approaches to guaranteeing loan repayment.

Information on procurement areas and transport infrastructure reduces the risk that traders will go to an area only to find that produce is not available, that prices are too high or that communications have been disrupted. Information on buyers enables market traders to identify potential new customers without expensive search procedures. Information on prices in distant markets enables traders to identify arbitrage possibilities. Information on official or unofficial road blocks may enable traders and their transporters to avoid such blocks. Several associations work to provide these kinds of marketing information although others limit their market information activities to collaborating with government services. Again, those in West Africa seem to be the most active in this area, although the extent to which they do more than just monitor information supplied by members returning from buying trips is unclear. Clearly, much information exchange can take place without associations being involved. However, information exchange requires trust between the various parties, and this is probably facilitated by having an association. Modern information and communication technologies open up the possibility of more timely provision of information and, eventually, a radical restructuring of the way trading takes place and associations need to be aware of such developments.

Produce can be damaged and in extreme cases has to be thrown away, as a result of vehicle breakdowns during transit. Smith and Luttrell (1994) report that Nigerian associations ensure that transporters compensate traders for any losses. Accra associations have investigated the possibility of insurance for their members. However, in general this

appears to be an important area that has not been well addressed by the associations studied.

Efforts to control supply are also mainly limited to associations in West Africa. As previously described, the clearest example of this comes from some of the Accra associations that organize transport and buying trips of their members. Joining the tomato association in Accra implies a willingness to accept such supply-controlling activities. Again, this can be viewed as a risk-reduction activity that ensures the continued effective functioning of the supply chain by minimising the danger of financial losses to traders. With 800 tomato traders operating in just one Accra market this is clearly not an activity designed to protect the interests of a few dominant traders. Steps taken by Delhi's apple traders to control the flow of apples arriving at the market are clearly beneficial to farmers, who sell on a commission basis and would prefer to be assured of a reliable price rather than take a gamble on widely fluctuating prices.

A further activity carried out by associations relates to infrastructure. Infrastructural improvement activities have included lobbying with local authorities for the construction of new markets and collaborating with them in the transfer to the new facility; identifying sites for additional marketing facilities and, in some cases purchasing the land; and the making of simple repairs and improvements such as market access road resurfacing. New markets sometimes prove failures because national or local authorities plan them without consulting with the traders. Experiences reported by the case studies suggest that where there is adequate consultation with associations such failures can be avoided.

This research did not identify a significant role for associations in relation to employees in markets. However, earlier research by Harriss-White (1993) in India found that the unionization of market labour provided a significant incentive for the establishment of associations and that they developed collective negotiation with market workers.

Irregular trading practices are addressed by several associations. Delhi's apple associations ensured that the practice of mixing good and bad quality in the same box was overcome by permitting buyers to open the containers for inspection. The association in Mandalay instituted rules governing visual inspection of purchases to address the problem of high foreign-matter content. Eluagu and Okereke (1985) reported that the gari association addressed the problem of rigged measures (known as "magic cups") by levying fines and destroying the offending container. They argue that associations can collaborate with government to standardise measures. Another example of malpractice that causes concern in India is "retractment", whereby traders first agree to buy farmers' produce through a commission agent and then subsequently fail to honour the agreement. Such practices do nothing to promote the image of traders. Associations could perhaps be more active in addressing malpractices, possibly by establishing Codes of Conduct that would cover transactions, relationships and obligations between members and between members and non-members such as farmers and retailers, as well as the obligations of traders to follow the agreed market regulations.

Several associations report that they carry out activities relating to quality control of produce. However, in most cases these activities are relatively limited. There would appear

scope for associations to take a more dynamic role in organizing training both for their members and for farmers in post-harvest handling, grades and standards and produce quality and safety.

The extent to which some of the actions taken by associations could be carried out just as well by traders acting on a less formal basis without an association is not always clear. A similar problem occurs with some of the previous research on this topic. For example, Lyon (2003) identifies provision of market information in Ghana as being a trader association activity but describes the dissemination of such information as being achieved by “gossiping” between traders, with some traders even being excluded from the gossip. He also notes that association members know the credit rating of traders through observing them over time. It is not clear that the situation would be any different were there no associations. However, Smith and Luttrell (1994) note that, in Nigeria, meetings of trader associations provide a forum for dissemination of market information, although the associations do not appear to take any formal steps to obtain such information. Some of the more informal welfare activities would also not appear to require formal associations. Credit arrangements, such as Rotating Savings and Credit Associations (ROSCAs), are normally organized outside of a traders’ association, although the association in Dhaka was responsible for forming a credit cooperative. Smith and Luttrell argue that membership of a trader association enables traders to more easily group into ROSCAs, as association members have the necessary information about each other to assess who would be desirable ROSCA partners. Again, however, it is not clear that traders operating in the same market have access to any additional information as a result of being members of an association.

Despite the minor reservations expressed in the previous paragraph, the conclusion from this limited research is that many trader associations play a valuable role in facilitating the business activities of their members and in providing for social welfare. They have, however, been less successful at the political level. It would appear that associations have been effective in activities that require organization and participation of the membership, such as market management, social welfare and dispute resolution but have been less effective in dealing with external parties, particularly those who can be viewed as being at different social, economic or political levels. Thus, while associations have collaborated well with market management they have not generally succeeded in developing effective working relationships with national governments or municipalities. While some associations have worked well with external transporters, they have rarely succeeded in developing working relationships with organizations that could provide training to their members. They have either not attempted to or not succeeded in obtaining support from donors or NGOs. This slightly insular approach may be because contacts with external bodies and the possible benefits resulting from this are not seen as a priority by hard-pressed and usually voluntary committee members and because such contacts are much more time-consuming than activities undertaken amongst members and between the associations and officials in the market itself. It may also be because association officers lack the confidence or skills to negotiate with people operating in different sectors.

8 Recommendations

The recommendations are addressed to governments, donors and to the associations themselves:

1. A prevailing hostility to the trading sector, resulting from a focus on trading margins taken rather than functions performed, means that there has been a reluctance to consult with traders or their representatives in many countries. Governments should, however, recognise the important role played by traders. Improved agricultural marketing policy formulation could result from an improved dialogue with traders and such a dialogue is probably best promoted through associations. Governments and municipalities should therefore:
 - consider the potential of associations to mobilise traders for the purpose of marketing development and as channels of communication and dialogue;
 - incorporate associations, along with other interest groups, in decision-making by formally allocating places on relevant committees;
 - avoid unfounded criticisms of traders and work with existing associations to resolve problems of mutual concern;
 - encourage traders to set up associations where none presently exists. Care should be taken not to impose associations as a part of a top-down approach, but to alert unrepresented traders to the potential advantages of being organized;
 - clearly identify appropriate channels for traders to communicate with governments. It is often unclear whether governments regard markets and marketing as being the responsibility of the Ministry of Commerce or the Ministry of Agriculture.
2. As a basis for initiating dialogue with and providing support to associations, ministries of agriculture need to develop an understanding of the trader associations that function in their countries. This should include identification of all such associations within the country, together with a brief analysis of their functions. Given the mutual suspicion that frequently exists between traders and the government sector and the likely suspicion among traders that all government officers are tax officials in disguise, considerable care should be taken to ensure that traders and their associations fully understand the reasons for the research and the potential value of it to them.
3. Associations can be considered reasonably effective in regard to assisting with the management of markets, in helping their members to reduce transaction costs and in providing welfare support to members. They are clearly less effective at the policy level and, as noted above, this may stem from a lack of advocacy skills as well as from the disorganized nature of many associations and the absence of national umbrella, or apex, organizations that could carry out this advocacy. Governments and donors¹² should therefore consider:

¹² as well as technical assistance agencies such as FAO and NGOs.

- providing training to municipalities in market management, and involving association officers in that training;
 - providing training to association committee members and staff in areas such as negotiation and advocacy;
 - alerting associations to the potential role of national apex organizations as channels for policy discussions with government;
 - providing some limited assistance towards the establishment of such umbrella organizations. It is important that apex associations should be established as a result of member associations seeing a genuine need for them and not as a way of getting access to donor resources. Assistance should thus concentrate on the provision of training, organization of preliminary meetings, etc. with only very limited funds allocated to equipment and supplies.
 - improving linkages between associations and government market information services, in order to speed up the flow of information between the two and improve its accuracy;
 - providing basic training in arbitration and dispute resolution techniques.
4. Although management of markets usually have good working relationships with trader associations this relationship is rarely formalised. Market managements should consider inviting associations to be represented on management committees;
 5. Trader associations operating in individual markets are rarely members of local Chambers of Commerce, although national associations of, for example, rice millers or oilseeds exporters, often are. While small associations may not be suitable potential members of such Chambers, it is likely that membership could be beneficial for apex organizations of market trader associations. Chambers of Commerce are recommended to make contact with apex trader associations in order to explore ways in which membership of their organizations could be beneficial for such associations.
 6. Poor product quality continues to be a major constraint to the functioning of traditional marketing systems. With the growth of supermarkets as retailers of fresh produce, traders, and the farmers they buy from, will find it increasingly difficult to compete unless they address quality issues. Governments and donors have attempted to improve post-harvest handling practices by targeting extension workers and farmers but have rarely sought to provide training to traders. Many trader associations do try to address quality issues and governments and donors need to respond to this by consulting with associations to identify training requirements of their members and providing suitable trainers for courses to be organized by the associations. In turn, associations need to consider how they could play an increased role in providing training to farmers.
 7. Widespread efforts to improve farm-level infrastructure often run parallel to an almost complete disregard for infrastructure in markets. Municipalities frequently fail to invest market user fees in improvements such as lighting, sanitation and water supply, separate areas for cattle and fish marketing, storage facilities and

parking and regard such fees as a form of taxation rather than as a source of resources for market improvement. Trader associations do try to address infrastructural issues but are often frustrated by a lack of willingness to consult and to allocate resources. Governments and municipalities need to improve consultation with market management and trader associations in order to identify the scope for improvements to market infrastructure.

8. Governments could also consider associations as suitable conduits for other training that could benefit the trading sector. Such training could cover business management and bookkeeping, contract negotiation and compliance, preparation of loan applications, grades and standards, storage and handling of produce and specific training related to compliance with national laws, such as labour laws.
9. Associations should consider identifying their own areas of weakness, which need to be addressed, as well as possible new activities of benefit to their members. Some activities that could be carried out by associations, are:
 - assessment of the services that members expect from the association;
 - identification at an early stage of the possible implications for members of proposed policies;
 - establishment of written Codes of Conduct for members **relating not only to their transactions with each other but also to transactions with farmers and other traders at different stages of the marketing chain;**
 - issuance of identity cards;
 - maintenance of a register of defaulters;
 - linking members to the formal banking sector if access to capital is perceived as a problem;
 - promotion of insurance for members' produce while in transit;
 - organization of joint transportation;
 - support to female traders, such as the provision of child-care facilities and efforts to stop harassment;
 - **promotion of market and supply information, where possible using modern information and communications technology, and interpretation of market information for illiterate or semi-illiterate members.**
10. Within the scope of the research conducted for this study it was not possible to carry out a detailed assessment of the major constraints faced by associations, nor of the reasons why associations have been established in some locations but not in others. Inevitably, the case studies tended to concentrate on reasonably successful associations and we have little or no information on the extent to which trader associations fail and the reasons for this. Further research into factors affecting association effectiveness, such as the marketing context, the type of organization adopted, the activities undertaken and the resources available, would appear to be desirable, as would research into the less positive aspects of associations such as the apparent collusion with market managers in some cases, as well as allegations of market manipulation and of corruption.

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Associations of agricultural traders have the potential to both facilitate the work of their members and to achieve greater efficiency in the marketing chain. They can increase the possibility that the vital role traders play in food marketing and distribution is recognised and can assist in improving the infrastructural and regulatory framework under which trading takes place. By working together as an association traders can also reduce marketing transaction costs, reduce risk, improve liaison with market managers and provide important welfare services. Associations also provide an important means of resolving disputes, both among members and between members and outsiders.

This paper reports on studies of associations from markets in Africa, Asia, the Near East and Latin America, carried out in 2004. The paper should prove beneficial to existing associations by highlighting new activities that they could become involved in and by assisting them to draw on experiences of other associations around the world. The paper should also be of interest to national and local policymakers, to alert them to the important roles that traders' associations can play and to the need to engage in dialogue with such associations when formulating policy; and to NGOs and donors who may wish to support the development of such associations. Avenues for future research are also suggested.