
FACULTY OF AGRICULTURE AND ANIMAL SCIENCES, ARAPAI CAMPUS

**ECONOMIC EFFECTS OF COVID-19 RESTRICTIONS ON MILK TRADERS AND
THEIR RESPONSE IN GWERI COUNTY AND SOROTI CITY**

BY

NAFULA EBISERI

BU/UP/2019/1116

ebishananz@gmail.com

SUPERVISOR MR. OKIROR SIMON PETER

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DECLARATION

I **NAFULA EBISERI** declare that this research report is my work and has never been presented to any academic institution for an academic award.

Signature:  Date: 4th June 2023

NAFULA EBISERI

REG.NO. BU/UP/2019/1116

APPROVAL

This research report has been submitted with the approval of the University supervisor.

Signature: 

Date: 5th / 6 / 2023

Mr. Okiror Simon Peter

Research Supervisor

DEDICATION

I dedicate this humble effort, the fruit of my thoughts and study;

First of all, to the Almighty God who kept me going to ensure that I achieve this piece of work.

To my parents who inspired me to higher ideas of life, for their prayers, sacrifice and their endless patience, they are “Heaven on earth” for me.

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LIST OF ABBREVIATIONS

MSE	Microsoft Excel
MSME	Micro small and medium enterprises
NPR	Net Profit Ratio
ROCE	Return on Capital Employed
ROI	Return on Investment
SARS-CoV	Severe acute respiratory syndrome coronavirus
SDG	Sustainable Development Goals
SM	Skimmed milk powder
SOPs	Standard Operation Procedures
SPSS	Statistical Packages for Social Science
WMP	Whole powdered milk
COVID-19	Coronavirus

ABSTRACT

Much of the attention from COVID-19 on milk traders had been on Western region most especially Mbarara but there has been a growing interest in issues pertaining to milk traders in Eastern Uganda Soroti district in particular, including the decline in sales volume, milk prices and expenditure. This work considers the economic effects of COVID-19 restrictions on milk traders and their response in Gweri county and Soroti city. Data on actual effects of COVID-19 and milk traders' response was gathered from 82 milk traders and analyzed using SPSS, Stata and excel soft wares to establish these effects in three years 2020, 2021 and 2022 taking 2020 as the base year. Results indicate that 90.24% milk traders were affected by COVID-19 restrictions. Where 9.76% dropped out of the business during the COVID-19 restrictions, 75.61% had their sales volume reduced, 65.85% their transport costs increased, 67.07% reported decline in capital. Meanwhile their expenditure was affected. Further findings show that milk traders engaged in different activities, adopted other marketing and delivery strategies of selling their milk and use of SOPs as a way of responding to the effects of COVID-19 restrictions. The study then concluded that generally, there was a substantial increase in quantity of milk purchased, quantity sold, buying and selling price of milk, average monthly sales of and average monthly expenditure on milk, transport, and electricity throughout 2020, 2021 and 2022 regardless of the effects. It recommended that government should help small- and medium-sized milk traders mitigate short-terms of effects of cases related to COVID-19 via dedicated financial facilities, provide training or mentoring programs to help milk traders assess and manage the financial impact of the crisis, try digital and find new markets, Provide subsidies to agri-food sectors that maintain activities during lockdown; implement price controls to reduce inflation on livestock commodities and extension services and trainings to expose dairy farmers on how to manage cattle for more milk yield.

Key words: COVID-19, restrictions, trade and milk.

CHAPTER ONE: INTRODUCTION

1.1 Background

Milk is a widely consumed beverage that is essential to the diet of approximately six billion people worldwide (Visioli & Strata, 2014) and its production reached nearly 906 million tons in 2020, up 2.0 percent from 2019 (FAO, 2021). Milk is a special kind of food designed to be consumed by mammals due to its potential to have unique health consequences (Wiley, 2007). As opposed to grains, milk is a bulky and heavy commodity that requires high-cost storage and transportation as it spoils quickly without cooling (FAO, 2005). Milk may undergo a radical transformation from a marginal or disliked food to one positive associated with modernity and wealth, health and strength. The major forms through which milk can be traded; are fluid milk, powdered milk, cheese, butter, cream, and kefir (Wiley, 2007). Since the latter four represent a significant modification of the original product (fluid milk) that results in changes in nutrient value and lactose content, they will not be considered here.

Global trade in dairy products doubled in the period 2010-13. However, traded milk was still less than 10% of the global milk production (650 million tons in 2013). Of these, 21% whole powdered milk (WMP) and 16% skimmed milk powder (SMP) are exported internationally (Abdulsamad & Gereffi, 2017).

Sub-Saharan Africa commands 0.2% of the global trade volume (Lokuruka, 2016).

Africa produces 90,600,000 tons which is 10% of the global milk production (Lokuruka, 2016).

In East Africa, only 1% of global production is traded (Abdulsamad & Gereffi, 2017) and the milk production levels ranging from 1-5 liters per cow per day (Mkwizu et al., 2020). However, in Uganda, there was a tremendous increase in milk production over the last two decades, from 160,000 liters per day in 1993 (when liberalization began), to over 1.4 million liters in 2014. Uganda produced 2.81 billion liters of milk annually. 800 million liters are consumed within Uganda and over 2 billion liters is exported annually (Sudhir & Kalule, 2014).

Annual milk production in Uganda is 1.5 billion liters (Sudhir & Kalule, 2014). Milk trade in Uganda is done by; the small scale milk traders who make direct on-farm milk sales by producers to consumers in neighborhood as well as a sales through a chain of middlemen (market agents) like village milk collection agents, small-scale rural traders, itinerant urban traders (handling less than 300 liters/day) and the large scale bulk transporters and wholesalers of chilled milk (up to 30,000 liters per day) (Balikowa, 2011). Around 67% of milk traders in

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