

# PRO POOR DEVELOPMENT IN THE OIL SEED VALUE CHAIN

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**Country: Uganda**

**Sector: Agriculture, Value Chains**

## INTRODUCTION

Using the value chain approach to reach out to the different segments of its clients, SNV Uganda is using four intervention strategies to concretise the dynamics of value chain integration, to assess risks and opportunities and to design appropriate strategies and creating Economic growth.

The results chain logic for economic development is designed to create concrete outputs within the first two years of implementation, leading to outcomes within the second and third years and finally impact should ideally be felt by the third and fourth year.

Within the first year of multiple interventions, an analysis of a cross section of stakeholders in the chain shows that the oilseed value chain has energetically opened up to unexpected levels, allowing identification of critical bottle necks as well as very simple but vital solutions to long term existing problems which could not be solved before due to dysfunctional relationships among stake holders in the oilseed value chain.

## CHALLENGE

Achieve pro poor Production, Incomes and Employment in the oilseed value chain. Its objectives are:

- Facilitate the growth and graduation of informal businesses to the formal sector through our products and service interventions
- Promote access "to" supply and market information in an interactive manner along the segments of the value chain
- Develop the capacities of services providers so that they are enable to capacitate primary chain actors.
- Facilitate sustainable business linkages between financial service providers and their clients along the segments of the value chain.
- Promote efficient and equitable linkages for the economically active poor along the value chain.
- Promote strategic partnerships with key stakeholders using the Public Private Partnership (PPP) model (Private sector, civil society, government bodies)

## METHOD

Within the North East context, the oilseed could be looked at as a complex puzzle, viewed through the multi-stakeholder process and client diagnosis. The complex puzzle is then solved through implementing a combination of interventions ranging from the Multi-Stakeholder Platforms (MSP) Value Chain Financing(VCF), Market Intelligence (RIS), Producer Group Strengthening(PGS)to mention but a few. Capacity development has been achieved using a combination of delivery channels with back up from the implementing partners to benefit at least 63,000 households.

The activities so far include:

- Facilitated 3 value chain issue based multi-stake holder processes involving a cross section of stakeholders/all the stake holders along the entire oilseed value chain discussing issues ranging from input access, product quality and collaboration
- Created partnerships with VECO Uganda, APEP-USAID and Nile Agro to leverage our efforts in promoting increased productivity of oilseeds in the region. This caused one of the partners to purchase and distribute 3 MT of seed to farmers at an affordable price given that seed availability was one of the issues cropping up during the MSP discussions
- Facilitated producer group strengthening activities in 3 meso level organisation with an out reach of 10,000 households in group dynamics, collective marketing, record keeping, information management and analysis. This has also enhanced good governance with specific attention to empowerment, voice, participation and rule of law.

## OUTCOME

- Facilitated establishment and strengthening of over five linkages between value chain actors and the various financial service providers/funders, e.g. centenary bank, post bank, USADF, Agriterra, etc, with the Agriterra funding in Oilseed estimated to be 150,000 Euros for three groups with 10,000 households.
- Creation of open space for all the different actors in the oilseed value chain to actively bring out issues of concern and share best practices that can be replicated else where, increasing synergies for improved coordination and collaboration. This has created strong evidence in participation and voice in as far as governance is concerned
- Facilitated the establishment and good use of the rural information system as a tool to accessing market intelligence, sharing best practices, producer group empowerment and linkages with other stakeholders.
- Facilitated stake holders to introduce and manage learning processes in their own organisations.

Using the Market information tool, Clients and secondary stakeholders have collected vital production information and have made critical decisions in as far as production is concerned, which is a critical reflection of the level of transparency along the chain and the knowledge gained through availed information through the MSP and RIS.

It is anticipated that through organised collection, and bulking, the weakness of local networks linking producers and markets as well as lack of access to the international markets will eventually be addressed bridging the gap between producers and buyers. SNV with its partners has so far rolled out three RIS centres in the region and has a total target of 10 centres by 2009 benefiting 10,000 households directly with an estimated 50,000 households as indirect beneficiaries.

Through the Multi-stakeholder process, actors have come together to address different topical issues which creates easy, affordable and sustainable linkages; within the eastern region outstanding issues that have been addressed include the non viability of seed, low seed multiplication and poor distribution. Solutions are being worked out by the different actors and more exciting is the involvement of the District Local Government in the seed issue. This is bound to induce a self propelling oilseed value chain within the region that triggers other value chains through its outstanding performance.

*" I don't need to shop around stockist, I have just managed to link up with one of the national seed stockists UNADA, all I need is to give them a call then I will know where to get the right seed, my problem has been solved"*  
(A farmer's comment at the end of a multi-stakeholder platform in Soroti)

One of the major issues affecting the oilseed value chain has been lack of input finance, on many occasions farmers can not open up land, can not buy sufficient inputs and can't afford labour. Using value chain finance, SNV brought stakeholders and clients to a table and exposed them to the various options that can be used for input and trade finance.

Using Consultants and LCBs research was carried out to verify the available options, the results were shared out through platforms and in different forums. As a result funding institutions are part and parcel of the ongoing activities trying to sell their products competitively. The options for financing are very latent at each segment of the value chain.

*"Centenary bank has tried to sell its products to us but when you calculate the interest rate, it is not worth borrowing money at the planting season, it is more prudent to borrow during the harvesting, then you can pay back in a relatively short period"*  
(A comment form a farmer in Busiu)

**This assignment has led to:**

- linkages in which we see financial institution coming to initiate talks with some of our clients and offered opportunities to our clients
- Clients appreciate the need to co-exist alongside another and participation c
- Actors are now focusing on the use of personal savings for onward investments as opposed to borrowing
- Actors can now make decisions on where to sell and when to say no to buyers(holding ability)
- Focused production depending on the demand out there.

**Critical success moments**

- The critical success moment has been facilitation of linkages to financing/funding.
- Implementation of the Rural information systems with three running centres in the region
- Information sharing among the different actors, especially private sector
- The actual businesses/deals that has been brokered during MSPs. E.g., Farmers placing orders for inputs during an MSP session
- Active involvement of private sector in the MSP and the entire value chain development initiatives
- Liberalising hybrid seed importation and distribution achieved as a result of an MSP collection lobbying action.
- Getting the big players in the oilseed value chain like; UOSPA, MUKWANO, Nile Agro, financial service providers, etc to agree to work together.
- Oilseed value chain pro poor development action research program.

Using multiple interventions, chances of opening up a value chain are relatively high as evidenced through:

- Expression spaces using the MSP, issues are addressed, questions are raised and possible solutions found. The MSP intervention appreciates that most complex challenges will never be resolved by one actor or similar group of actors single handedly. Although it's hard, it may be the only option, i.e. bringing scientist, community, farmer, environmentalist, economic, policy and political perspectives together. The different perspectives are presented and debated, scenarios and options to be evaluated, decisions taken and action implemented.
- The open space of the various stake holders' key linkages can be created ranging from value chain finance to input supplies. Processing possibilities and international linkages.
- exposure to the different funding options, Farmers are able to make informed decisions in as far as trade and input finance is concerned
- The availability of Market information, the farmers are now a pivotal point in passing on information and creating resonance in the region. The rural information system creates the very much needed back up information that should have otherwise been provided by the DLGs.
- Producer group strengthening using the LCB approach helps to prepare the clients for the challenges of the collective approach and helps them to clearly articulate issues at the platform level , gives them a negotiating edge when dealing with both competitors and funder

**Recommendations for learning and follow-up:**

*The Multiple intervention approach has been tested since the beginning of the year and still has a few loose ends that need to be tightened. These would include:*

- *The capturing, packaging, disseminating and managing the learning's that emerge out of the MSPs.*
- *The data collection, packaging and dissemination approach needs to be critically addressed to avoid incorrect data reaching the actors*
- *Reaching out to the right people when carrying out PGS, so that the results can trickle down effectively, otherwise the risk of hanging results.*
- *Using the Partnership/LCB approach is a good one but also needs to be articulately laid down to avoid losing own direction.*