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Enhancing farmer entrepreneurship in Uganda: Experiences and Challenges



Products from Rural Urban Community In Development (RUCID)

Looking at the current global, regional and local markets, one can clearly notice changes in the form of emerging consumer demands, integration of economies, global standardization processes, market concentration, stricter market requirements and price instability; all of which require different roles and capacities from all participants.

But what do these changes mean to the small-scale farmer wishing to participate in the market?

The changes in the market have brought about a lot of challenges and opportunities that today's small-scale farmer has to wisely deal with in order to benefit from his work.

Organizing small-scale farmers into producer groups has become one of the interventions to increase their bargaining power in relation to other actors in the value chain. Working collectively is a logical strategy

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to achieve the integration of smallholders into today's dynamic markets. Farmer groups offer a possibility by means of organizing and empowering individual small producers through a commonly owned enterprise. But this poses yet another question, how difficult or easy is it for farmer groups in Uganda to develop entrepreneurial skills? Empowerment of small producers (small-scale farmers) is imperative in answering this question. With enough knowledge and skills in managerial capacities, especially in the domain of collective entrepreneurship, farmers will move from waiting for 'big' producers to taking on a more pro-active role in marketing, organization and engaging in value chain integration. Empowerment will equip them to be vigilant for new opportunities, deal adequately with uncertain conditions, develop risk-taking attitudes, build new partnerships and make strategic use of networks with other stakeholders. Not to forget that the private sector prefers working with organized groups rather than with multiple individual small producers because of the lower transaction costs, which include costs of coordination, establishing and monitoring contracts, quality control of products and collection, sorting and grading practices. Groups are in a better position to deliver products in specific volumes, at a good price, on schedule, and meet quality and other specific requirements. In this issue, some of our member organisations share their experiences and challenges met in their walk to achieving farmer entrepreneurship.

Farmer entrepreneurship: NOGAMU's experiences and challenges-

By Derrick K.Tenywa Domestic Marketing Officer



Infrastructural developments of road networks, electricity, information and technology play a big role in increasing trade and marketing opportunities for entrepreneurs

Modern scholars define entrepreneurship as the process by which individuals pursue opportunities without regard to alienable resources they currently control. Entrepreneurship can also be defined as the attempt to create value through recognition of business opportunities. Based on that, we can rightly define entrepreneurship basing on what an entrepreneur does. Thus, an entrepreneur is a person who sees a need and brings together resources to meet that need. Without resources, an entrepreneur might not survive or succeed. His/her success depends a lot on the ability to be competitive and to establish sustainable

market linkages. We can precisely say that, a direct linkage exists between entrepreneurs and markets as each survives because of the other. Whereas small scale farmers/producers could also be referred to as entrepreneurs, it is worth noting that majority of them still face constraints that include lack of appropriate technologies, limited capacity to access credit facilities from financing institutions and lack of market information which limits their ability to access market linkages or negotiate for good prices.

It is important to note that over 80% of NOGAMU's

members are engaged in organic production- producing at subsistence level. The subsistence nature of their production is characterized by growing of many crops on small scale for consumption and the market. In this regard, there is a general lack of focus on what to grow specifically for the market and for home consumption. As a result, farmers end up producing insufficient volumes which do not attract “big” buyers. As a strategy to address this, NOGAMU embarked on approaches regarded as best options to scale up production from small scale organic producers and ensure quality is attained for all organic farmer innovations targeted for the market. The strategy involved building producers’ capacity and supporting them to establish internal quality management systems (IQMs) that address certification against various market standards such as organic certified, fair-trade and HACCP. This has not only led to improvements in quality of production but has also enabled a number of organized groups to be linked to supermarkets and companies engaged in organic exports thus improving their incomes.

Another option was supporting establishment of organic outlets through which organic entrepreneurs get linked to consumers of their products. For almost a decade now NOGAMU, has been working with small holder farmers and many of these have been taken through empowerment sessions including trainings in various areas such as agro-processing and as a result, a number of entrepreneurial innovations have come onto the local markets. Currently, over 20 agro-processed products including juice, wines, dried fruits, honey, health supplements from over 40 farmer groups and individuals are in the local supermarkets and shop organic outlets. The approach has been replicated by other NOGAMU partner organizations which have also opened up small outlets to enable their farmers sell their agro-processed products. As a marketing strategy, NOGAMU opened up an exclusive organic shop through which farmers sell their produce. The shop introduced a scheme whereby a customer



Lack of appropriate technologies limits small-scale farmers’ ability to profit from entrepreneurship. Such technologies are usually too expensive for these farmers

is able to place an order online and get the products delivered at his doorstep. Over 70% of shop organic sales are through this initiative because of its convenience.

Whenever you talk of entrepreneurship, you also have to talk of the market because, that is what entrepreneurs look for. Absence of a market in most cases retards entrepreneurs’ innovations to take off, grow and expand. Like many other farmer entrepreneurs, organic producers’ entrepreneurial innovations were not only challenged by the highlighted issues, but they also lacked easy access to inputs such as food grade packaging materials, processing inputs and simple tools and equipments to support their agro-processing engagements. This further affected their progress in engaging in innovations that required those inputs. NOGAMU addressed this by identifying sources of these items and importing them into the country. Currently, farmer entrepreneurs have easy access to all that they need to engage in processing.

About NOGAMU

NOGAMU is a membership organization which unites farmers, producers, processors, exporters and other key stakeholders in the promotion of organic agriculture in Uganda. In addition the organization represents partner Community Based Organisations (CBOs) and Non Government Organisations (NGOs) throughout the country and abroad to achieve its goals and objectives. NOGAMU’s membership is open to individuals, farmers’ organizations, export companies, NGOs and other institutions which are greatly involved in or support of organic production, processing, marketing and export. To learn more NOGAMU please visit their website at www.nogamu.org.ug



An employee of A2N Uganda explains how the fruit dryer operates works

AFIRD's experience with Farmer entrepreneurship

By Eustace Ssajjabi-Executive Director



Packaged products ready for the market

An entrepreneur is some one who uses money to do business and make business deals. He takes risks for his business and enjoys benefits from profits made. As the world becomes more capitalistic, it has become necessary for farmers to become entrepreneurs in order to survive.

Up and until the 1980s, most of the services like Education, Health and water were provided as public goods. With the advent of the structural adjustment policies of the 90s, services have been privatized and have to be catered for by individuals. Similarly, in the 80s, many farmers in the central region survived by growing food crops and cash crops including bananas, cassava, Maize, beans, sweet potatoes as food crops and coffee and cotton as cash crops marketed by cooperative societies. To-date, cooperatives have collapsed, diseases have invaded major crops which has threatened farmers livelihood.

Due to the new challenges, farmers have been compelled to become more innovative and many have become entrepreneurs. Some of the successful entrepreneurs have shared with AFIRD what works and doesn't work for them.

Implementation of modern technology usually learnt from fellow farmers or promoted by NGOs: One of the farmer entrepreneurs Mr. Edward Sebuwufu attributes most of his success from exposures to new technologies which are being practiced by other farmers. When he applied these technologies, profitability on his farm increased.

Similarly, Mr. Isaiah Kamoga says that practicing modern technologies on his farm has led to an increase of his coffee yields from an average of 1Kg to 8 kg per tree.

Diversification- Mr. Sebuwufu grows a number of crops and also rears poultry and cattle. In the first season of 2010, he harvested 1.2 tonnes of maize which he sold at UGX 200 per Kg. He also has 500 coffee trees and anumber of zero-grazing animals. From his animals he is able to sell 20 litres of milk at UGx 750 per litre which gives him an average of 15,000 per day.

Collective marketing- Mr. Sebuwufu is a member of a farmer group which bulks its milk and delivers it to a nearby processing plant. This has increased his bargaining power and also reduced on the delivery costs.

Efficient management of labor: Mr. Sebuwufu also attributes his success on efficient management of labor. He employees two people on his farm and also utilises family members. He ensures that all employees are efficient and effective in their work through supervision, distribution of roles and training

Giving back to the farm: Many farmers who have succeeded have given back to their farm. This has been in terms of resources like fertilizers (Both organic and inorganic) or scaling up labor.

Processing of products: Mrs. Ewinyu, a farmer from Kakiri has been able to process bitter tomatoes into a powder which she packs in containers and sells at UGX 3,000 per 200 grams. She noted that this increases her profit by up to 4 times. Mr. Sebuwufu who also processes passion fruit and pawpaws into Juice is able to get a profit of UGX 2,000 per bottle sold at Ugx 6,000.

Challenges faced by farmer entrepreneurs

- Poor infrastructure. Poor roads especially in villages forces farmers to sell their produce through middle men hence negatively affecting their profit margin
- Hired labor is very expensive which makes scaling up difficult
- Outbreak of pests and diseases like coffee and Banana Bacterial wilt has wiped out many enterprises
- Land fragmentation has reduced holdings to tiny pieces

which can not be economical
 -Lack of post harvest handling facilities
 - Many farmers are tenants and they feel that most of the land powers are owned by landlords

but currently operates in districts in Central, Northern and Eastern Uganda.

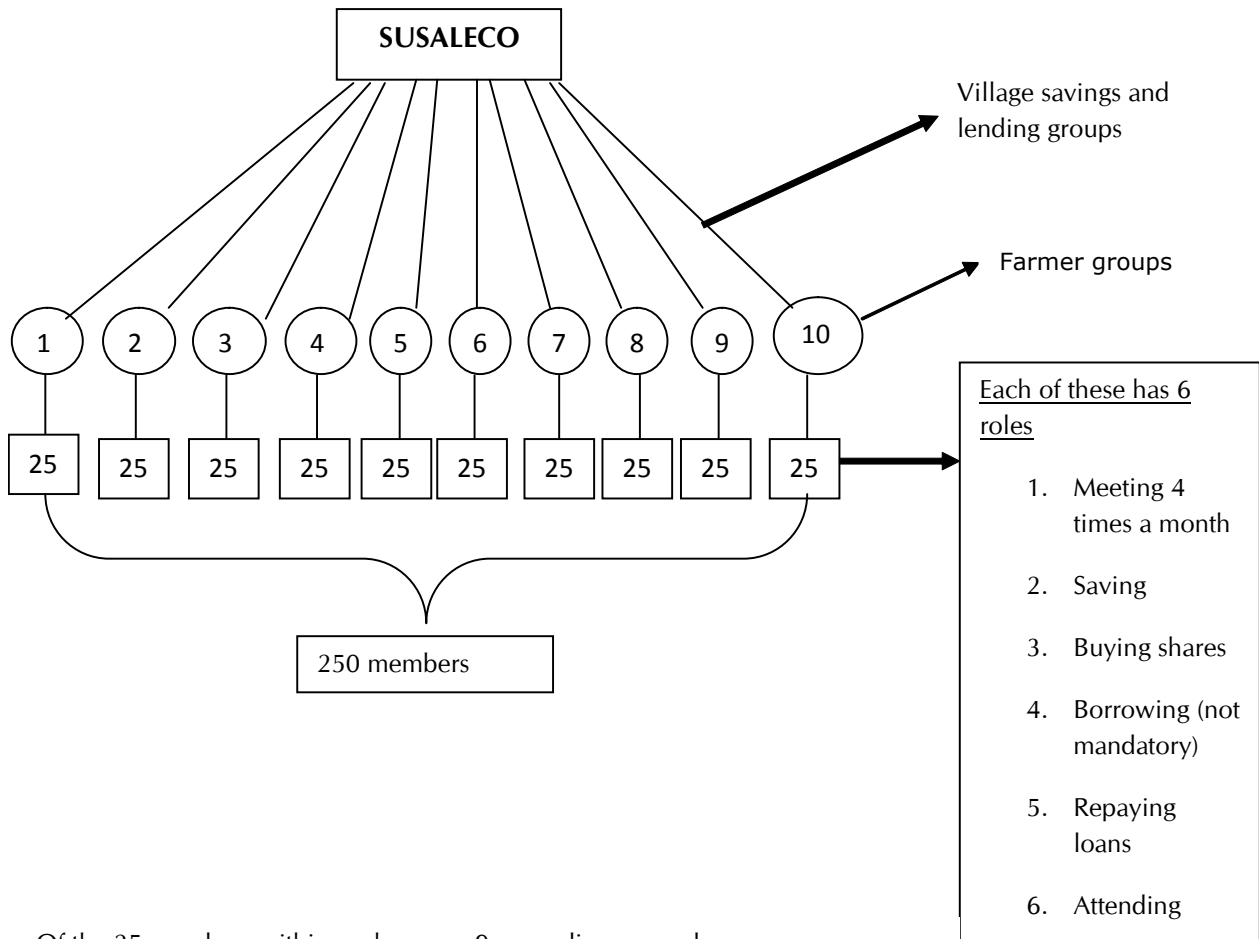
Vision: "A society free from hunger and disease living in a peaceful and green environment"

About AFIRD

Agency For Integrated Rural Development (AFIRD) was founded in 1997 and registered as an NGO in 1998 under registration No: S 5914/2404 on Certificate No: 2222. It has a mandate to operate in all parts of Uganda

Mission: "A national NGO working with vulnerable communities and development partners. We aim at improving the livelihoods of vulnerable communities through capacity building in sustainable natural resources management to increase household income."

ORUDE's savings & credit access model



Of the 25 members within each group, 9 are ordinary members

Organisation of Rural Development (ORUDE) has many programs it extends to its beneficiaries one of which being the sub-county savings and lending cooperative or otherwise known as SUSALECO. SUSALECO is a youth and women's empowerment scheme that provides capacity building and credit access to women and youth. In developing this model, ORUDE aimed at helping the

community get out of poverty using their own resource. The organisation appreciates the fact that most people in rural areas are not able to access bank loans in order to start up businesses or boost their farming but if organised, they can save enough money, however little, to boost each other. A SUSALECO is composed of 250 members (10 farmer groups with 25 members each). These groups are organised in such a way that they are self sufficient and resourceful.

One of the most successful of these groups is the Mafubira Rural Savings and Credit Cooperative (MARUSACO). MARUSACO was founded in 2001 and currently opens from 8:30am-5pm every Monday to Friday. The SACOs offer loans to members based on a person's shares. In the MARUSACO for instance, a loan doesn't exceed thrice the shares of a member. Currently the microfinance has UGX 11 million in shares, UGX 3.5 million in savings and UGX 16million out in loans.

Each SACO is headed by a woman chairperson. This has boosted the women's self-esteem and confidence as well as encouraged them to take up leadership positions both with in the SACO and the community.

SACOs provide agricultural, business, social and emergency loans to their beneficiaries. To encourage autonomy, ORUDE leaves management of each SACO to the members who have to decide among others, interest rates on loans, beneficiaries of loans, members etc. This way, the community own the initiative.

Inorder to curb down on loan defaulters, every MARUSACO member is a permanent resident of the Mafumbira sub-county. That way, members are accountable to each other.

On of the challenge faced by ORUDE in implementing this model has been absenteeism to the mandatory training. To deal with this, the organisation has introduced cards where consistent and hardworking members will be rewarded. this will boost moral and create room for competition.

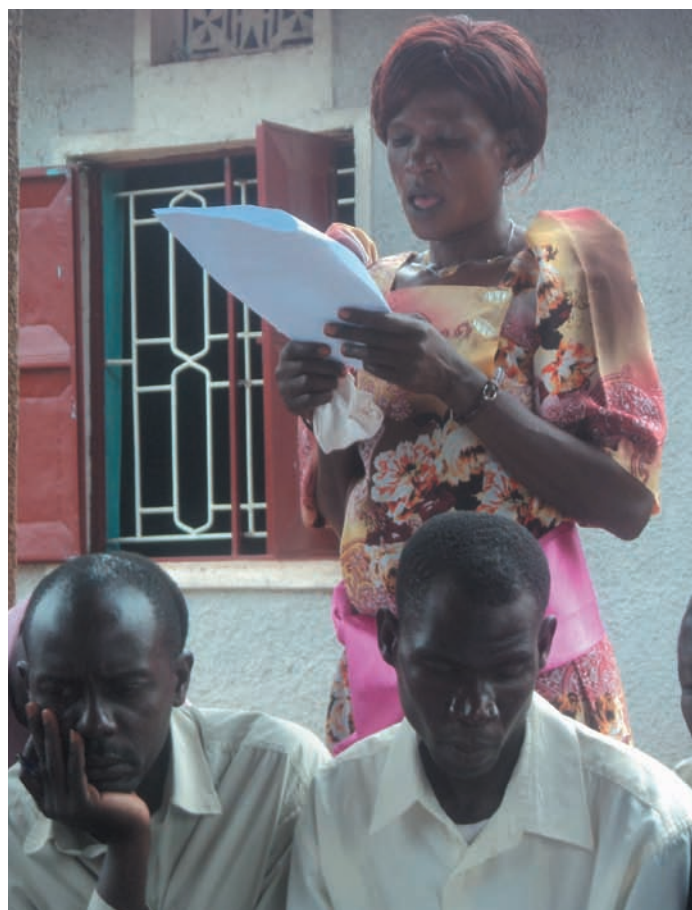
About ORUDE

ORUDE operates in the rural areas of Eastern Uganda in Jinja and Bugiri Districts. The organization's mission is to improve the quality of life of rural communities through financial and social empowerment.

ORUDE has supported over 25 rural community groups of women and youth with a total membership of 750 people. These members have accessed credit from microfinance institutions. The groups have also been able to mobilize their own savings of 15 million Uganda shillings.



Above: MARUSACO members in a meeting
Below: The Chairperson of MARUSACO presenting a report during a visit from PELUM member organisations



About PELUM Uganda

PELUM Uganda is a network of non governmental organizations in Uganda that have chosen to work together to improve the livelihoods of their partners in rural communities. PELUM Uganda builds the capacity of its members so that they are better able to provide relevant and quality services to partners in the community through participatory and gender-responsive training, research and networking. PELUM Uganda promotes food security, natural resources management and use of indigenous knowledge. The network also facilitates experimental learning through exposure visits, topical dialogue and debate at national and regional level. This is in a bid to enhance members' awareness on trends and factors influencing their environment.

Next Issue

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Under The Theme:

Members' Testimonies of PELUM work in 2010

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