



EVALUATION OF DANIDA SUPPORT TO VALUE CHAIN DEVELOPMENT

Uganda Country Study

EVALUATION

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List of Abbreviations

ABDC	Agri-Business Development Component
aBi Trust	The Agribusiness Initiative Trust
ASPS	Agricultural Sector Programme Support
CDI	Centre for Development Interventions
CoE	Centres of Excellence
Eco-Agric Uganda	Environmental Conservation and Agricultural Enhancement Uganda
FGD	Focus Group Discussion
FO	Farmer Organisation
FSD	Financial Service Development
G4G	Gender for Growth
GoU	Government of Uganda
IPs	Implementing Partners
KDFA	Kiboga District Farmers Association
KK Fresh	KK Fresh Produce Exporters Limited
MDFA	Mayuge District Farmers Association
NASECO	Nalweyo Seed Company
NGOs	non-government Organisations
QMS	Quality Management Systems
SMEs	Small and Medium scale Enterprises
UCDA	Uganda Coffee Development Authority
VCD	Value Chain Development
VSLAs	Village Saving and Loan Associations

1 Background/Introduction

1.1 The evaluation

Danida has supported Value Chain Development (VCD) in different forms since 2002. In order to assess Danida VCD support in this period and to provide recommendations for the future, Danida's evaluation department (EVAL) has commissioned Orbicon A/S and the Centre for Development Innovation (CDI), Wageningen UR to undertake an external evaluation¹.

The purpose of the evaluation is to contribute to improving the design and implementation of Danida's bilateral program cooperation under inclusive green growth and employment by documenting results and experience and providing recommendations for future support to value chain development. The evaluation will hence primarily focus on the learning aspects, thereby providing an opportunity to enhance Danida's capability in the area of VCD support. The evaluation will aim at the following outcomes:

- An enhanced understanding in Danida in regard to what value chain approach can contribute with and how VCD interventions should be designed in order to contribute to inclusive economic development and green growth,
- A better understanding of the context in which a value chain approach would be most appropriate in future Danida programs,
- Guidance to Danida with respect to future policy and program implementation in this area.

The evaluation focuses on Danida VCD interventions within 11 countries: Burkina Faso, Ghana, Kenya, Mozambique, Tanzania, Uganda, Zimbabwe, Central America (Regional Program, covering Honduras and Nicaragua), Albania, Serbia and Ukraine. These countries have been selected from originally 24 identified countries with VCD interventions in order to include a more limited and diversified portfolio which reflects the geographic balance of the overall portfolio. The evaluation involves desk work in relation to the VCD interventions in all these 11 countries as well as fieldwork in selected case countries.

Three countries have been selected as primary case countries (Serbia, Uganda and Burkina Faso) and two countries have been selected as secondary case countries for the evaluation (Kenya and Ukraine). The primary case countries have included two-weeks fieldwork missions while the secondary case countries have included three-four days visits.

This report contains the evaluation country study for **Uganda**.

1 The evaluation team from Orbicon-Wageningen comprises: Mr. Carsten Schwensen (Team Leader), Mrs. Monika Sopov and Mr. Bo van Elzakker.

It should be emphasized that this evaluation is not carried out as a traditional programme evaluation but is particularly focusing on the value chain development perspective. The country study will fit into the larger context of the “Evaluation of Danida support to Value Chain Development”.

1.2 Context for the Danida-supported VCD interventions in Uganda

The agricultural sector in Uganda is key to economic growth in the country. The sector accounts for around 20% of the country’s GDP and 60% of the export. The sector employs 2/3 of the country’s labour force; 75% of the employees in the sector are women and 70% are youth. The agricultural sector is mainly dominated by smallholder farmers, most of them engaged in food and cash crop farming, horticulture and livestock production.

Uganda’s population is currently estimated at 37 million but projected to reach more than 100 million people by 2050. As the majority of the population lives in rural areas, this means that the rural population will each year increase by more than 1 million people. This will dramatically increase demand for food in the country. Currently, the national food production doesn’t keep pace with the population growth, which means that Uganda is increasingly becoming a net importer of food. The population forecast therefore strongly underlines the urgent need for investment in commercialization and modernization of the agricultural sector in the country. The ambition of the Government of Uganda (GoU) is by 2040 to have transformed the agriculture sector from subsistence farming to a profitable, competitive and sustainable commercial agriculture, which can provide food, jobs and income security to the Ugandan people.

The agribusiness investment climate is currently negatively affected by low returns on investments in the agricultural sector combined with high risks and limited involvement of the financial sector in agriculture financing. The agribusiness sector in Uganda is characterized by having rather few large companies. Within some chains, 1-2 companies are fully dominating the export market. This is leading to monopolistic tendencies and fragmentation within the sectors.

The productivity within the crop sector has showed only minor increases over the last 5-10 years. This is due to a number of factors such as poor quality of inputs, expensive transport services, poor production techniques, poor extension services and limited development of markets.

1.3 VCD interventions covered by the Uganda Country Study

The Agricultural Business Initiative Trust (aBi Trust) is a multi-stakeholder corporate body founded jointly by the Governments of Uganda and Denmark in 2010, as one of three components of the U-Growth programme². aBi Trust is a leading VCD partner in Uganda and has been able to attract substantial donor funding (USAID: EUR 15.5

2 The other two components are Public Sector Agricultural Support (PSAS) and Rural Transport Infrastructure Support (RTIS).

million; EU: EUR 2 million; DGDC: EUR 1.5 million). Within aBi Trust, three inter-related sub-components were implemented:

1. Value Chain Development (VCD)
2. Financial Service Development (FSD)
3. Gender for Growth (G4G)

This evaluation focuses mainly on the **VCD sub-component**. However, aspects from FSD and G4G will be included in the analysis and discussions in this report³. For the VCD sub-component, the following three high-level outputs have been formulated in the programme documents:

- Increased demand and matching availability of appropriate agribusiness services leading to increased farmer and enterprise performance in selected value chains
- Value chain actors access and develop new markets through market information
- Trade-related sanitary and phyto-sanitary standards and quality management systems (SPS & QMS)

In order to achieve these outputs, aBi Trust 2010 undertook in the period from 2010-2013 various initiatives aimed at creating and supporting partnerships with Farmer Organizations (FOs), NGOs, and SMEs (Implementing Partners (IPs)) engaged in selected enterprises within maize, pulses, coffee, oilseeds and horticulture. The IPs have been supported with grants for providing technical support to farmers engaged in the supported value chains. Through these interventions, aBi Trust has aimed at increasing market competitiveness and land and labour productivity; and by so doing contribute to poverty reduction through economic growth, wealth and employment creation.

3 An independent evaluation was recently carried out of G4G, "Gender for Growth Evaluation Study, Final Evaluation Report" (2015) and of FSD "Evaluation of the aBi Finance Line of Credit and Guarantee Programs" (2014).

2 Evaluation Methodology and Framework

2.1 Overall evaluation framework

The 5Capitals approach

The “5Capitals – A Tool for Assessing the Poverty Impacts of Value Chain Development”⁴ (in the following just referred to as “5Capitals”) provides a useful approach for assessment of outcomes and impact from VCD interventions. 5Capitals is an impact assessment tool developed by the Tropical Agricultural Research and Higher Education Center (CATIE) to facilitate learning from VCD interventions.

The core of 5Capitals is an *asset-based approach*, where observed *changes* in household and business assets resulting from VCD interventions are used as indicators for poverty reduction and improved business performance. Changes in the stocks and flows of critical household and linked-enterprise assets (human, social, natural, physical and financial capitals) will provide a more complete picture of livelihood resilience and business viability than if focus would only be on impact indicators related to e.g. employment and income.

In addition, the 5Capitals approach provides a useful framework for understanding the role of market, political and institutional factors in facilitating or hindering favourable outcomes. The methodological framework underlying 5Capitals thereby helps to separate changes caused by interactions and interventions in value chains from those induced by the overall context.

5Capitals’ strong focus on farmers and farmer-linked enterprises together with its broader development and context perspective makes it a particular useful approach for outcome/ impact assessment of VCD interventions. 5Capitals provide a practical framework for selecting indicators related to asset building by farmers and their enterprises together with multi-scale and multi-dimensional analysis that considers the effects of multiple-source interventions on asset building at household and enterprise levels. The overall feature of the 5Capital approach and the related asset indicator framework is presented in Table 2.1 below.

Table 2.1: Key household and business asset indicators for VCD impact assessment

	Household asset indicators	Business asset indicators
Natural Capital	Stock of environmentally provided assets, including soil health, forest cover and diversity, minerals, water, stock of plants or animals	Only applies if the enterprise has its own land for sourcing its raw materials
Human Capital	Capacities and skills, formal education, nutritional and health status	Business management and technical capacities and skills

⁴ Tropical Agricultural Research and Higher Education Center, CATIE, 2012.

Social Capital	Rules, norms, obligations and trust embedded in social relations, structures or arrangements that enable those who share it to achieve goals they could not achieve individually
Physical Capital	Tools, equipment, machinery, buildings, or productive resources
Financial capital	Cash, savings, equity, credit and other financial resources

The evaluation team have been using the 5Capitals Approach as an overall framework for this value chain development evaluation to assess changes at the farming enterprise level as a consequence of the VCD supported interventions.

2.2 Evaluation approach and methodology

The evaluation fieldwork in Uganda consisted of three main activities:

- 1. Key Stakeholder Interviews.** This involved interviews with representatives from selected Development Partners, sector platforms, business associations, private companies and others.
- 2. Focus Group Discussions (FGDs).** A total of 24 FGDs each of eight participants/producers were conducted in Uganda across the three selected value chains (Table 2.2).

Table 2.2: Focus Group Discussions

Location	Implementing Partner	Value chain	Number of participants per FGD				Number of FGDS held		
			Beneficiaries		Non-beneficiaries		Beneficiaries	Non-beneficiaries	Total
			Male	Female	Male	Female			
Kiboga	KDFA*	Dry bean	8	8	8	8	4	2	6
Hoima	ECO-Agric Uganda*	Dry bean	8	8	8	8	4	4	8
Luwero	KK Fresh	Hot pepper	-	-	6	2	0	2	2
Mbarara	KK Fresh	Hot pepper	5	3	-	-	2	0	2
Ibanda	KK Fresh	Hot pepper	-	-	6	2	0	2	2
Mayuge	MDFA	Soy bean	4	4	4	4	2	2	4

For the beneficiary FGDs, participants were randomly selected from the list of beneficiaries for the respective IPs. A non-beneficiary FGD corresponding to each value chain was also conducted. The selection of the participants for the non-beneficiary group (that acted as a control group) was based primarily on the similarity of socio-economic characteristics with the beneficiary group under the specified value chain and had not received

any direct project support. Among the most important socio-economic characteristics that guided the selection of the participants were: the sex and age cohort of the farmers, the value chain and the level at which the farmers are engaged in the value chain. The non-beneficiary groups were selected from the area of operation of the selected IP.

The main criteria used for selecting of value chains for the evaluation were that the chains would i) have a high potential for upscaling and ii) still be facing challenges that could be addressed at sector level. Based on these criteria cereal, oil crops, export horticulture and pulses were selected.

The IPs for the evaluation were selected mainly based on their potential for outreach and impact. The selected IP's included a strategic important SME like KK Fresh. Some larger companies were visited separately to discuss their view of sector issues, bottlenecks and possible removal of them. The purpose of these interviews was to assess how aBi Trust could best intervene to uplift sector performance. In addition, organisation like Horticulture Promotion Organisation of Uganda; Uganda National Bureau of Standards; Uganda Export Promotion Board; Uganda oil Seeds Processors and Producers Organisation active in different sectors were interviewed for similar reasons.

The findings of this report can be generalized across the evaluated value chains, but they are not necessarily valid for the dairy, coffee and input VCs.

The beneficiary FGD's were carried out with beneficiaries from the following IP's:

Kiboga District Farmers Association (KDFA) supported the development of dry bean value chain in Kiboga District from 2011. Farmer groups received support in 2012. Besides dry beans, the beneficiary farmers also grow coffee, soy bean, maize and Irish Potatoes. The project support received by beneficiaries through KDFA included: (i) trainings, (ii) bean seeds i.e. Nambale short, (iii) pesticides such as cyper, (iv) market information boards, (v) bicycles, (vi) saving box, (vii) tarpaulins, (viii) access to market, and (ix)) fertilizers. The fertilizers such as super grow and di-ammonium phosphate were given to individual farmers. The trainings that were provided focused on: (i) gender balance, (ii) improved bean agronomic practices, (iii) seed recycling, (iv) collective marketing, (v) record keeping, and (vi) post-harvest handling.

Eco-Agric Uganda supported the development of dry bean value chain in Hoima District from 2012. Besides dry beans, the beneficiary farmers grow other crops such as maize, rice, ground nut, sweet potatoes and millet, among others. The project support received by beneficiaries in Hoima District included: (i) bean seeds, (ii) fertilizers, (iii) pesticides, (iv) weighing scale, (v) tarpaulins, (vi) tables, (vii) chairs, (viii) trainings, (ix) market information board, (x) tree seedlings, (xi) sun drier, and (xii) store. The evaluation team found that Eco-Agric Uganda provided rhizobia fertilizers to the farmers. The trainings that were provided included: (i) better agronomic practices like row planting, (ii) pest and disease control, (iii) saving and credit, (iv) record keeping, (v) collective marketing, (vi) gender, (vii) post-harvest handling, and (viii) group dynamics.

KK Fresh supported the development of hot pepper value chain since 2012. The only support provided to beneficiaries through KK Fresh were trainings in agronomic practices like spraying using a pesticide, irrigation, and harvesting. These trainings were also received by the non-beneficiaries such as those in Luwero and Ibanda Districts. There-

fore, in terms of trainings, there is no difference between beneficiary and non-beneficiary farmers in the hot pepper value chain.

Mayuge District Farmers Association (MDFA) supported the development of soy bean value chain from 2011, while some other farmer groups receive support in 2012. Other than soy bean, the beneficiary farmers grow maize, cassava, beans and sweet potatoes, among others. The beneficiary farmers received improved soy bean seeds, pesticides, knapsack sprayers, tarpaulins and trainings. The training that was provided included agronomics, farming as a business, food security, management practices and gender. MDFA provided about 10-20 kg of soy bean seeds on credit to beneficiary farmers and was payable after sale of produce.

3. Document review. A number of documents have been reviewed and used for this country study, in particular:

- Impact Assessment of aBi Trust Supported Interventions, Final Study Report (2014)
- Evaluation of the aBi Finance Line of Credit and Guarantee Program, Final Study Report
- Gender for Growth Evaluation Study, Final Evaluation Report (2015)
- Evaluation of Capacity Development in Danish development Assistance – Uganda Country Study (2015)
- aBi Semi-annual report (January-June 2014)
- aBi Annual Report (2013)
- RAM's
- Programme Documents

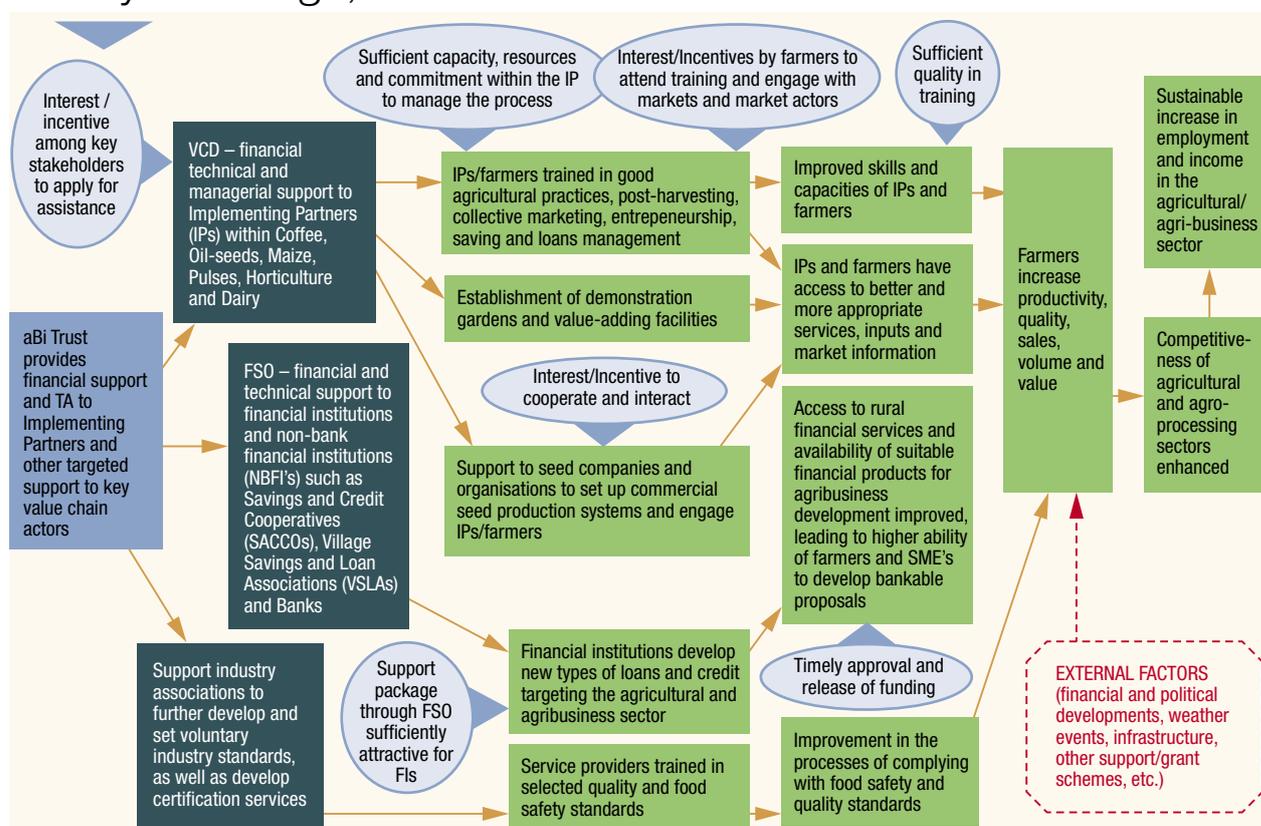
3 Theory of Change and Value Chain Analysis

3.1 Theory of change

The development objective of the aBi Trust is “building a self-sustaining export led economy in which the benefits are shared by all Ugandans” While the immediate objective is “to strengthen the competitiveness of Uganda’s agricultural and agro-processing sector”. aBi Trust supports the private sector to enhance its contribution to the agricultural sector by increasing land and labour productivity hence contributing to poverty reduction through economic growth, wealth, and employment creation.

Figure 3.1: Theory of Change

Theory of Change, UGANDA



The aBi Trust has three interrelated sub-components, each with its immediate objective:

1. **Value Chain Development (VCD)** leading to improved performance efficiency of actors and value chains (*with focus on value chain actors and non-financial service providers*) and including trade-related Sanitary and Phyto-sanitary (SPS) and Quality Management Systems (QMS) (*with focus on value chain and specific service providers*)
2. **Financial Services Development (FSD)** supporting agribusiness development (*with focus on the relation between financial service providers and value chain actors*)

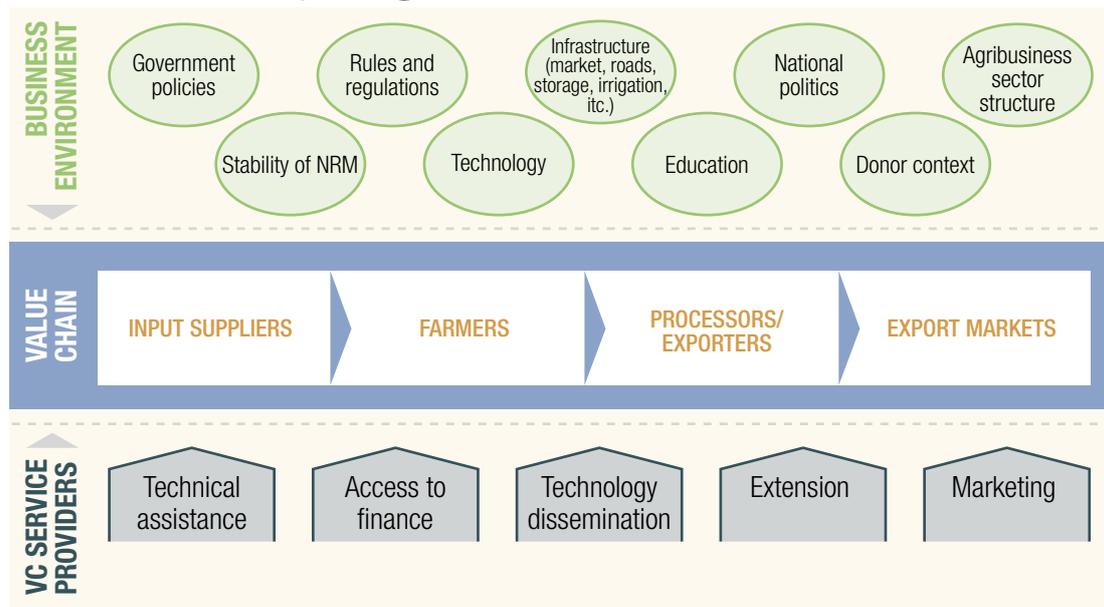
3. Cross-cutting **Gender for Growth** (G4G) that fully integrates gender equality in each of the sub-components and manages a fund piloting innovative gender equality approaches in agriculture (*to ensure that value chain development interventions are gender sensitive in order to increase the sector's competitiveness, leading to more income at household levels*).

The overall thinking of the VCD sub-component has been to provide support to all three layers of the wider value chain (three-pronged approach; see Figure 3.2 below):

1. Business environment: support industry associations to further develop and set voluntary industry standards and develop certification services.
2. Value chain: provide financial, technical and managerial support to implementing partners in the maize, coffee, oilseeds, maize, pulses, horticulture and dairy value chains.
3. Value chain service providers: provide financial and technical support to financial institutions and non-bank financial institutions.

Figure 3.2: Three layers of the wider value chain

Value Chain map – Uganda



The combination of these interventions were expected to result in improved skills and capacities of value chain actors (farmers, processors) and of service providers (landing institutions, industry associations) leading to increased production quantity and quality, enhanced market linkages thus overall competitiveness of the selected sectors.

Expected outputs for the VCD component were defined as:

1. *Increased demand for and matching availability of appropriate inputs for both conventional and organic primary production and processing in selected value chains.* As far as VCD is concerned, aBi has does a good job with analysis of value chains, raising stakeholder awareness on bottlenecks in the value chains, linking smallholders to

lead firms and tackling sector-wide issues, such as e.g. developing standards. A question is whether the value chain approach is enough on its own. If aBi wants to support smallholders in their endeavour to become real entrepreneurs, the value chain approach will have its limitations as it focuses on one-two value chains in a certain area, while smallholders would prefer to reduce risk by having a portfolio of produce.

2. *Increased demand and matching availability of appropriate agribusiness services leading to increased farmer and enterprise performance in selected value chains.* While aBi has put a lot of effort into building capacity of business service providers in selected value chains, there is still a lot to do to make up for the lack of capacity of the government extension service and to provide financially sustainable models for service provisions. Likewise, technical assistance has focused much on enhancing knowledge of value chain actors on technical aspects of production, but to less extent on increasing entrepreneurial and business knowledge of VC actors.
3. *Value chain actors access and develop new markets based on thorough market information.* aBi has supported analysis of existing and new markets in each subsector. Where aBi might be lagging behind is assisting small-holders, farmers' organisations and SMEs to develop strategies and systems that translate market information & requirements to upstream suppliers. There are many potentials for market development within the value chains where aBi is active (e.g. pulses for export market), however these opportunities have not been sufficiently pursued yet. Both the Uganda Export Promotion Board and NASECO (company providing market information) expressed a certain degree of frustration seeing these opportunities left untouched by aBi.

3.2 Assessment of the value chain design, approach and implementation

Value chain analysis

During the formulation of U-Growth I, it was found that VCD studies had already been carried out within the selected chains. Instead of doing new VCD studies at that time, a consultant was contracted to carry out a desk review of the available studies and come up with a proposal for chains selection. These value chain studies that were commissioned by aBi Trust⁵, and others, were the guiding tools to develop strategy through prioritizing areas of intervention, and high impact entry points in the respective value chains.

5 Mugisha, Johnny. *Desk Study: Assessment of Potential aBi Interventions in Priority Value Chains [Maize, Coffee, Oilseed Crops (Groundnuts, Sesame, Soybean, Sunflower), Beans, Cowpeas]*, November, 2011.
Development Management and Training Consultants. *Value Chain Analysis for the Soya Beans Sub Sector in Uganda*. September, 2011.
Agribusiness Management Associates. *Value Chain Analysis of the Fruits [Pineapple] and Horticulture [Hot Pepper] Value Chains*. October, 2011.

Although aBi's support from 2010-2013 therefore has been based on VCD studies, it is not clear how these studies were used to decide what links in the chains to be supported or how to obtain synergies between the supported chains. Consequently, *the aBi supported VCD interventions in the period from 2010-2013 (Phase 1) did not in any systematic way address the "weak links" or make "strong links" even stronger* within the supported chains to more fundamentally change the conditions for the agribusiness sector. The calls were open for all actors and the proposal selection was not based on strategic sector-wide thinking, but rather on a case-by-case assessment of the proposals. Even though these elements have got more attention in the second phase (U-Growth II), *the current VCD supported interventions do not build on a re-visit of the value chain studies, which could have provided a more thorough and systemic basis for deciding on future interventions and support to development of the chains.*

Value chain selection

Value chain selection also worked well as it prioritized certain chains and contributed to developing a more focused program. As result of an internal process and an extensive list of criteria for value chain analysis combined with scoring and weights, aBi has gained more focus by identifying the following chains to be supported: coffee, horticulture, pulses, maize and oil seeds. Previously in the Agricultural Sector Programme Support (ASPS) II in the Agri-Business Development Component (ABDC) the focus was on enhancing competitiveness of the agribusiness sector.

Table 3.1 List of criteria for value chain selection

Economic impact	Geographic coverage	Value chain governance/ industry platforms
Track record of past intervention impacts	Export earnings/import substitution	aBi comparative advantage
Market potential/market absorption	Post-intervention sustainability/exit/bankability Supply response potential/ timeframe	Collaborator comparative advantage Value addition/agro-processing
Increase in household income	aBi donor partner priority	Food security/dietary diversity
No. of rural household beneficiaries	aBi VCD integration – FSD	Potential for Farmer Organisation (FO) development
Employment generated	aBi VCD integration – G4G	CICS/DSIP priority
Firms/SMEs supported	Innovation/upgrading opportunities	

Product-push vs. market-pull VCD strategy

Introduction of the market-pull strategy was less successful in Phase I. More focus has been needed on identifying key stakeholders downstream in the value chain, who could drive change and who would be well-connected to the end-market creating demand for produce of small-holders ensuring that products are "pulled through the chain" (market-pull). This focus has been strengthened in the new strategy of aBi Trust. Instead of trying to push the products through the value chain, a strategy is pursued where demand is identified and in the follow up steps it is satisfied.

Bottlenecks and opportunities including sector-wide challenges in the wider value chain

One of the key success factors of the VC approach implemented by aBi Trust between 2010 and 2013 was its packaged support: a combination of advisory services, financial services, and market access opportunities, including implementing standards/certification systems. Through this overall approach, aBi Trust is in the position to enhance the performance of the sectors of its operations and not only that of the farmers by increasing production. Below, the value chain approach is evaluated more in details based on the three-layers of the wider value chain framework (Figure 3.2).

Business environment

A number of critical context factors have provided serious obstacles for developing of the agribusiness sector in Uganda: bad/lack of infrastructure; climate changes, insufficient government support, control, inspections and enforcement by the GoU; low level of business orientation in the chains; and high degree of informality in trading (lack of documentation, licensing, regulation)

Within this context, there has been reluctance by the private sector to invest without additional incentives and support. The evaluation found that in those sectors that were more explicitly covered during the fieldwork (oilseeds, horticulture and beans), the target group of agribusinesses and exporters is relatively limited. This provides challenges to aBi Trust in terms of avoiding monopolistic market development while at the same time encouraging new business entrees into these sectors.

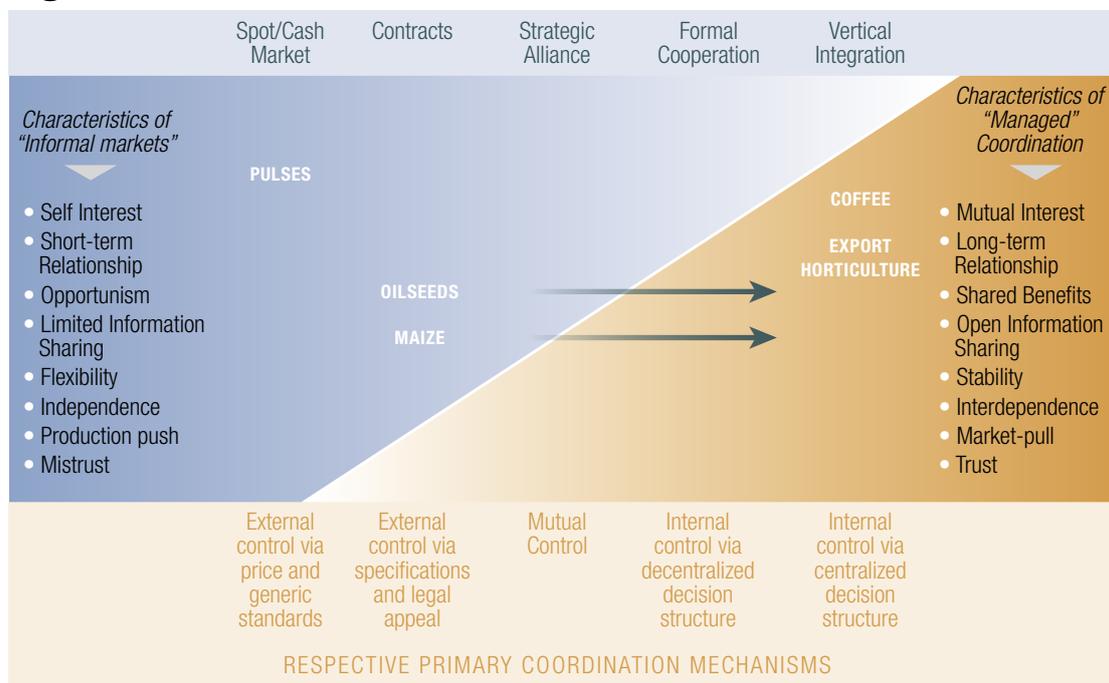
In the FGDs, the farmers emphasised the following factors as being limiting for their ability to increase production in the dry bean, hot pepper and soy bean value chains:

- Most of the farmers argued that the most important factor was the gradually more **unpredictable weather changes**. These changes have gradually happened over the past 10 years and are characterized by a postponing and shortening of the rainy season but with more heavy rainfall during this period.
- Some political leaders have **campaignned against the use of pesticides** in agricultural production. This has affected the adoption rates of pesticide in dry bean, hot pepper and soy bean production.
- The **condition of most feeder roads** in the villages where the beneficiaries practice their agricultural production has deteriorated since 2010. This results in low profit margins due to increased transport costs. These have further limited the success of the supported farmers who are participating in collective marketing.
- Increased prevalence of **pests and diseases** for dry beans, hot pepper and soy bean have resulted in increased production costs as well as increased pre and post-harvest losses for the supported farmers.
- The **limited and seasonal market** for hot pepper and soy bean has restricted the benefits for the supported farmers in these chains. This is exacerbated in the hot pepper value chain by the strong market position of KK Fresh, where the farmers to a large extent have become price takers.

Fragmentation of certain value chains (sectors) has prohibited systemic development. aBi Trust has, so far, played a limited role (supporter) in removing bottlenecks to systemic change in the studied value chains, though this strategy will be pursued stronger in the next phase. The evaluation found that with the exception of the coffee and export horticulture, the other supported sectors suffer from a large degree of fragmentation, where there is no systematic linking of market demand to production strategies within the sectors. On the figure below, pulses can be found on the left side, meaning very high fragmentation in that sub-sector, oilseeds and maize is a bit more to the direction of vertical integration, showing that there is some kind of organization on sector level, such as Uganda Oil Seeds Processors and Producers Organisation (UOSPA), but there is a long way to go to achieve a more organized, vertical integration stage.

Figure 3.3: Agribusiness sector structure in Uganda for the different value chains

Agribusiness Sector Structure



During Phase I, aBi Trust had not played a very prominent role in supporting the organising of the sectors and those sector level issues that are still lagging behind (see also above on VC studies). Since others (e.g. other development partners) did not step in, it has been hard to achieve required systemic changes within the chains / subsectors⁶. Transaction costs have made it prohibitively expensive for the GoU to set up sector platforms and private sector actors have not been interested to step in, at a time when primary production was low, and utilization of processing industry was mediocre at the most⁷.

6 Within the oil crops and within the soy subsector, there are four chains: feed, nutritious food, edible oil and soy milk. The biggest chain is feed. Systemic change could be achieved there without having impact on the soy milk chain.

7 Recently, USAID has supported establishing of a sector platform for beans and maize. GoU supported the establishment of a central platform in the export horticulture to replace the many the currently exist.

While efforts have been made by aBi Trust to provide solutions to some of the sector-wide challenges⁸, a clear and robust strategy with aBi Trust in a convening role was still missing in Phase I. However, this is now considered in the new strategy for aBi.

Value chain

The evaluation found that with the exception of the coffee and export horticulture sector, the supported sectors suffer from a large degree of fragmentation, where there is no systematic linking of market demand to production strategies within the sectors. There is also a critical lack of dissemination of generated knowledge in the different sectors.

As mentioned above, the focus of aBi Trust during Phase 1 (except for coffee and export horticulture) has been more on the production-side than on the market development side. The scope for regional market development and for business cooperation across countries in the region (e.g. Kenya and Tanzania) was therefore not well-developed during Phase 1 within the supported chains. aBi Trust also lacked a clear strategy on how to support exporting companies within the chains. The experience from other VC interventions shows that these efforts often only become sustainable through a “hand-holding” approach with a two-three years perspective.

Value chain service providers

The approach applied by aBi Trust built on an assumption that IPs, selected through a competitive application process, would have sufficient capacity to implement farmer training as well as a number of other activities related to market and business development within the chains. From the farmer FGDs, key stakeholder interviews and document review, the evaluation found however that the quality and performance of the IP’s varied considerably and that many of them also had difficulties in fulfilling expectations and requirements from aBi Trust to performance measurement. It became a challenge for aBi Trust during Phase I to manage a relatively large number of IPs (more than 100), some of them rather small entities with rather weak capacities.

Secondly, the process for selection of IPs was based on a demand-based approach, assuming that this would lead to developments throughout the VCs. However, a large number of the supported IPs have primarily had a production-oriented focus⁹ (including a number of District Farmer Organisations that were also supported through previous phases of Danida ASPS) and have been less experienced/focused on developing of relevant marketing, formalized trading and control systems to streamline the VC processes. The extent to which grant proposals would have an impact on other businesses in the chains (e.g. through demonstration or replication effects) was not positively rewarded in the grant appraisal process.

The result of this has been that *the production level has received substantive support during Phase I while related market development has not been supported to the same extent*. This is partly a consequence of the IP selection and partly due to the selected performance indicators.

8 E.g. aBi Trust commissioned a study to identify within the priority value chains commodity organizations which could host centers of excellence to act as focal points for knowledge development, linkage, networking, dissemination of best practices, promoting quality standards, in SPS/QMS measures.

9 In the value chains selected by the evaluation team for in-depth assessment, there are according to aBi fewer actors in processing and other more value-added activities of the value chains.

4 Achievements

The performance targets (outputs) for Phase I (2010-2013) were largely achieved. Likewise, short-term increases in production levels, employment and income within the targeted value chains have been significant and food security has improved. Commercialisation and linkages to markets have been introduced to a large number of small-holders who previously had no intention to sell or bulk their produce.

4.1 VCD output performance indicators

As seen from Table 4.1 below, the main output performance targets have largely been achieved. The exceptions are the number of IPs/farmers reached and the implementation of quality standards which are slightly below the targets. In case of the IPs/farmers, the main reason for below-target is that some of the IPs did not perform or closed operations during the period.

Table 4.1: VCD performance indicators - key results indicators¹⁰

	Target (2010-2013)	Cumulative (by end of 2013)	Level of achievement (%)
No. of farmers that benefited from aBi supported activities	250,000	214,000	86%
No. of SMEs/ FOs (IPs) reached (cumulative)	300	259	86%
Percentage of participating farmers adopting improved technologies	40%	51%	127%
% reduction in post-harvest losses with targeted SMES/FOs	15%	15%	100%
No. of SMEs/FOs implementing quality standards	20%	15%	75%

Source: aBi Annual Report 2013.

A large number of IPs and farmers were supported during Phase I. However, the process for supporting these IPs/farmers has been highly demand-driven, based on received applications through calls for proposals. In this process, the selection of IPs has not been guided by any thorough strategic consideration or criteria that could ensure that a critical mass of key stakeholders would be selected for support within a given sector/area to allow for systemic changes that would go beyond development of the narrow definition of the value chains.

10 The indicators are mainly based on reporting from the IP's.

Lower-level outputs

In support of the above-mentioned high-level outputs, aBi Trust aimed at achieving some supporting outputs during Phase I.

Increased Demand and Availability of Inputs

In order to increase availability of inputs, aBi supported four seed companies and organisations to set up commercial seed production systems, which should engage farmers and other value chain actors. More than 5,000 outgrowers were trained and 1,400 outgrowers of Pearl and FICA seed companies produced more than 5,000 MT of seed. More than 1,000 agro dealers have been trained since 2010 by UOSPA, CEDO, Pearl Seeds, FICA and NASECO seed companies as part of the strategy of increasing availability of quality seeds to farmers.

In addition, in order to increase the demand for and uptake of inputs, UNADA (an industry leader association for agro inputs) was supported to improve the agro inputs business environment through developing policies to defend against counterfeit; licensing agro-input dealers; and provide training on product knowledge and practice, which supports agro-dealers to deliver quality products and services to farmers in a competitive, profitable and sustainable manner.

Despite these efforts by aBi to improve inputs and seed quality, the evaluation found that seed quality remain a very critical issues by many farmers in the areas visited by the evaluation team. The bean producing farmers visited in Kiboga and Hoima, as well as the horticulture farmers visited in Luwero and Mbarara all asked for new quality seeds, since as the seeds they could get from input dealers and farmer shops were either fake or of bad quality.

Increased enterprise performance and access to new markets

Approximately 90% of the IPs and farmers were in principle supposed to be supported to improve commercial relationships that would enable farmers to deliver their products to the end markets. Market linkages, collective marketing, primary value addition, business advisory services, and quality promotion, were some of the commercial activities supported. A few IPs were also supported to develop strategic plans and/or diagnostic studies that would help them to define strategic directions of their interventions in a sustainable manner. In these plans, new markets were identified and plans to reach markets defined.

The evaluation found that this support has only had limited effects at the IP and farmer level. The biggest challenge seems to have been the IPs lack of business and entrepreneurial skills and “mindset”, which have made them focus primarily on the production side of the support. The indicator reporting system has also encouraged the IPs to focus more on the production side.

Development of Market Information Systems (MIS)

With the support from aBi Trust, market information was provided through the IPs to approximately 30,000 farmers during Phase I (aBi Annual Report 2013). In addition, radio station staff in four regions of Uganda were trained by FIT Uganda and eight radio stations agreed to analyze and broadcast market information.

The Technological Innovations in Market Information FIT Uganda conducted a pilot for the technological innovations in Market Information using voice messaging on mobile phones with four IPs namely; Kiboga, Mayuge, Iganga and Masindi DFAs. The messages

included information on the weather, advice on agricultural activities for the specific period and price information for the local area and Kampala market. The IPs were supposed to use the innovation to inform farmers of buyers identified, desired volumes to supply as well as price offered.

During the field visits, the evaluation team was able to confirm that aBi support to market information systems has provided some changes at IP and farmer level (see also discussion under “Social Capital” section). However, the effectiveness of this support seemed still to be low. Most of the producing farmers in the visited chains (beans, horticulture and soy) were still left with only a few traditional buyers in their area and lack of storage facilities, which basically only left them with the opportunity to sell at the offered price. There seems to be a need to combine this with other type of support.

Trade-related Sanitary and Phyto-sanitary Standards & Quality Management Systems (SPS & QMS)

The SPS and QMS elements worked directly and indirectly with 20 IPs by supporting activities that aimed at capacity building to improve compliance to food safety and quality standards, application of post-harvest handling techniques, processing, value addition and quality control. Collaborative partnerships with regulatory and standards promotion bodies were initiated in Phase I.

As part of the support, aBi provided small scale post-harvest and value addition equipment to IPs. During the evaluation team’s visit to Kiboga DFA and the farmer FGDs, positive results from this support were presented by some stakeholders who had managed to achieve a dry bean moisture content of less than 10% prior to storage. This had resulted in a 50% higher selling price in the market.

Support to Development and Dissemination of Standards and Codes of Practices

ABi has collaborated with UNBS and private sector producers and exporters, to prepare standards and codes within the sectors. During Phase I, three standards and codes of practice for compliance for horticulture and coffee sectors were finalized, approved by the National Standards Council and launched by the Minister of Trade, Industry & Cooperatives.

Centres of Excellence (CoEs) in Selected Value Chains

During Phase I, the Uganda Coffee Development Authority (UCDA) as lead IP secured locations to host the regional centers of excellence for the coffee sector. In Phase II, the coffee CoE is expected to support more than 30 coffee export companies to reach over 500,000 farmers with services related to productivity enhancement, quality improvement, marketing and export promotion.

4.2 Outcomes (5Capitals)

Below is presented the evaluation team’s assessment of the extent to which the aBi Trust supported interventions have contributed to strengthening/improvement of the asset base for farming households/SME’s within five key outcome areas of key importance for VCD (as defined by the 5Capitals approach).

Changes in Natural Capital

Soil fertility

The findings from the FGDs was that farmer uptake of GAPs was mixed and that soil fertility has been decreasing – or at least not improving – during the aBi intervention period.

Despite the fact that strategies and principles of GAPs have been introduced by aBi to IP's and to farmers (through the IPs) over the period 2010-2013, this has not resulted in clearly improved environmental practices among the farmers.

In *Mbarara District*, the FGD participating farmers agreed that soil fertility in the area had been decreasing and that this should be attributed to an increased growing of hot pepper. The farmers argued that it was mainly a constant spraying using pesticides that was spoiling the soil. The farmers did not use fertilizer in the hot pepper production. Currently, there is scarcity of fuelwood for cooking due to the massive destruction of forests that occurred before the aBi support, to expand on land for cultivation of other crops. Wetland lands have been encroached.

In *Mayuge District*, the FGD farmers also complained that soil was less fertile than it used to be. These farmers also did not use fertilizers as they could not afford purchasing it. In addition, trees had been cut and as such the firewood is more scarce and there is less access to water as springs have dried up.

These evaluation findings are in line with the findings from the “Impact Assessment of aBi Trust Supported Interventions, Final Study Report (2014)”. In this study, farmers were asked to give their opinion on the impact of the adopted GAPs on the performance of their enterprises. The majority of those farmers who applied GAPs said that overall this had a large and positive impact on the performance of their enterprises. *The exception was the use of soil fertility management practices (chemical fertilizer and manure), which were used only by a few and, thus, fewer farmers report positive and large impacts from their use.*

The FGDs with grain producing farmers (beans and maize) in Kiboga and Hoima provided a more mixed picture of the environmental impacts. The farmers confirmed that environmental conservation practices had been promoted through the IP's. Based on this, some of the farmers had adopted better agronomic practices such as: (i) ploughing across the contour; (ii) planting of trees; (iii) planting in rows; (iv) application of organic manure to poor soils; and (v) growing of improved bean seed varieties; among others. Other farmers however, found that more trees had been cut down to expand the area for crop cultivation and – in particular – cattle.

Other Green Growth initiatives

In addition to the GAP training, aBi Trust has done some efforts to encourage IPs to promote particular green growth initiatives. Particular results from these efforts include e.g. installation of an air cleaning systems in the grain processing facility under Savannah Commodities Ltd, an environmentally friendly coffee eco-pulper used in wet processing, commodity drying using solar drying sheets, as well as hermetic storage cocoons that control grain pests from GrainPro Inc.

From the field visits and interviews, the evaluation team found however, that the “green” incentives and encouragement towards the industry are not yet done from a clear strategic perspective by aBi. Green elements are still fragmented and have mostly been “added on” to existing VC activities (e.g. an additional scoring in the matching grant scheme). aBi has not yet defined an approach that will integrate green growth into the supported market development interventions in a holistic and coherent way.

As an example, although a clear message from the industry (buyers, processors, distributors etc.) to the evaluation team was that a large energy consumption and high energy costs constitute a major concern for the sustainability of their business operations, these companies do not currently have the incentive to convert to green energy. This is mainly because they find the pay-back time of such investments to be too long and risky and the administrative issues with relevant public sector institutions to be time and resource consuming. In this context, there seems to be a role for aBi to play to support a sector-wide green growth within the supported chains.

Changes in Human Capital

In all districts where the FGDs were implemented, it was found that the farming households supported through aBi were more food secure than before the interventions. This finding is in line with the findings on increased production and income within these households (see above).

In particular, the beneficiary farmers in Kiboga and Hoima District attributed the improved food security to collective efforts in dry bean production, which enables the farmers to save dry beans for household consumption as well as to buy in the market if needed. Before the support, the farming households used to consume less beans because they were very expensive and yet they did not have enough disposable income to buy beans in the market, when their own production ran out. Now they sell collectively at higher prices and they leave some for home consumption. The last time these farmers remembered food insecurity in their households was in 2009 before the aBi support.

This experience was in contrast to the FGDs with hot pepper farmers (non-beneficiaries) who had been convinced by KK Fresh to sell their food crops such as cooking bananas (“matooke”) to buy pesticide for the hot pepper production. However, because of imperfections in the hot pepper market and the lack of a sufficiently diversified production strategy, this situation resulted into food insecurity among these households.

The training provided to the farmers has been more effective on production issues than on marketing. The aBi Trust-supported training activities have included use of improved seed and fertilizers; use of correct spacing and seed rate; and use of pest and disease control methods. The FGD’s revealed that a large number of the farmers do apply improved agricultural production practices on their land. This was also the findings from the Impact Assessment (2014). It should be noted however, that besides the aBi Trust-supported IPs, other NGOs and government agencies such as NAADS and NARO have been training farmers on GAPs before and after aBi Trust intervention, which complicate the attributable impact of aBi Trust in prevalence of training on GAPs.

It became very clear from the farmer FGDs in the soy chain, that if Danida had pulled out from supporting the farmers in producing for local traders, farmers would have no idea to whom they could sell their products at a favourable price. In addition, farmers did express their need to receive support in developing their “strategic” thinking. One of the

key elements of enhancing smallholder performance in a rapidly changing market is to increase their entrepreneurial attitude. It is not entirely clear to what extent aBi support did deliver results in this respect during Phase I.

Changes in Social Capital

Many of the supported farmers and SME's have increased their level of commercialisation and market linkages during Phase I, however starting from a very low level. And, in general, contracting arrangements have not changed over the period (most farmers are still paid "on receipt") and there is a low understanding of market requirements (inputs, standards, qualities etc.) among many supported farmers and SME's.

The FGD's also revealed that the commercial orientation and business incentives vary considerably across the rural households and that "all do not fit one size". A large amount of the farmers that participated in the FGDs still did not see a way forward without continued donor support. *There is therefore little indication that aBi's continuation of support to farmer groups and cooperatives (a number of those supported also previously through ASPs) will become sustainable.* A notable share of farmers within these farmer groups and cooperatives are still highly dependent on donor support (e.g. waiting for donors to come back with new seeds again) and are not "driven" by market opportunities.

The FGD's revealed that farmers in the supported value chains have increased their commercial production and linkages to markets for inputs and their produce. With the exception of the horticulture (hot pepper) value chain, clear differences were found between the beneficiary and non-beneficiary groups, the latter had not changed over the period. The support provided by aBi through the IPs had helped the beneficiary farmers to establish these linkages.

In Kiboga, the farmers were linked to bulk buyers, schools and non-government organisations/community based organisations. Through these linkages, the farmers benefitted by selling their dry beans at higher and more stable prices. The KDFFA farmers accessed most of their inputs from KDFFA on cash basis. On the other hand, beneficiaries supported through Eco-Agric Uganda were linked to individual produce dealers, schools, Tradelinks and Nalweyo Seed Company (NASECO) and accessed only some of their inputs from Eco-Agric Uganda on cash basis.

KK Fresh and MDFA are the sole buyers of hot pepper and soy beans respectively. These IPs dominate the hot pepper and soy bean markets respectively, with very few middlemen in these value chains. KK Fresh did not provide input to the farmers. The majority of the hot pepper farmers bought pesticides from agro-input dealers around their areas of operation. For the case of soy bean value chain, beneficiary farmers from Mayuge District access soy bean seeds from MDFA. On the other hand, a few non-beneficiaries accessed soy bean seed from fellow farmers. Both the soy bean beneficiaries and a few non-beneficiaries purchased pesticides individually from agro-input dealers in Iganga Town. These farmers have never accessed any fertilizers for soy bean production.

The FGDs with farmers from the bean, horticulture and soy chains revealed some challenges for the farmers to participate in the different networks. First, it was found that the majority of those farmers who participated in collective marketing faced challenges of delay in selling of their produce amidst the income constraints they face in their households. This in one way reduces their welfare as they are forced to seek loans or credit in order to meet household demands such as school fees. Second, some of the beneficiaries

such as those supported through Eco-Agric Uganda face a challenge of high transport costs when delivering their produce to the market such as Kitara Institute of Commerce. Third, the beneficiaries such as those who are engaged in the dry bean value chain find a problem of delayed payment when they deliver their produce to bulk buyers such as NASECO or Tradelinks. Lastly, because of monopolistic tendency in the horticulture and soy value chains, the farmers are more exposed to exploitation (low prices and rejection of production). In the case of KK Fresh (horticulture), the farmers complained that no documentation was provided to them to prove that they supplied hot pepper to KK Fresh. The farmers don't even know the price at which they supply until they receive a payment, which is often delayed for 1-2 weeks. Sometimes the farmers don't receive payment for some of the deliveries, when the company claims that their produce was of poor quality, however the rejected produce is never returned to the farmers.

The FGD participants complained that most of the inputs they access from agro-input dealers are fake and do not perform to expectation. This creates a serious problem of trust.

The FGDs established the extent to which supported farmers accessed market information. The results showed a difference between beneficiary and non-beneficiary farmers in the dry bean and soy bean value chains only. Before the aBi support was provided, most of the farmers in Kiboga District used to access market information from fellow farmers and by visiting the markets. Currently, the supported farmers access market information using mobile phones, radio, KDFA office and market information board, among others while the non-beneficiaries continue with the old sources. In Hoima District, the current sources of market information for the beneficiaries and the non-beneficiaries are similar to those used by their counterparts in Kiboga District. However, in addition, the beneficiary farmers supported by Eco-Agric Uganda also rely on marketing committees and the District Commercial Officer. Before the support, these farmers relied more on market information provided by the middlemen and fellow farmers. The beneficiary farmers who were supported through MDFA access market information through this IP, and before the intervention, they also used to rely on middlemen. To differ from the rest of the value chains, the hot pepper value chain relies on the market information that is provided only by KK Fresh. The hot pepper value chain is unique in a sense that the price of hot pepper is not ascertained until the farmer has been paid in about one to two weeks from the date of sale (see also above).

Changes in Physical Capital

The evaluation team found that access to post harvest handling facilities such as storage, cooling and drying facilities, continue to be a critical issue for farmers in the aBi supported chains.

Some small-scale improvements were found in the bean production, where farmers supported through KDFA who used to store their produce on the floor of their main houses could now store the dried produce at selected group storage facilities. The situation among the beneficiary farmers from Eco-Agric Uganda were almost similar to those of KDFA. In addition, these farmers accessed weighing scales and wooden plates at the stores. The non-beneficiaries in Kiboga and Hoima Districts did not have access to these storage and drying facilities, they continued with drying on the bare ground and storing their bean produce in the main houses.

The farmers that were supported through KK Fresh and MDFA had no access to storage facilities. Moreover, those who were supported through MDFA dried their soy bean on bare ground because they do not have access to tarpaulins as those provided wore out.

Changes in Financial Capital

Access to finance continues to be a major obstacle for many of the poor farmers in the supported chains in Uganda. Financial institutes in Uganda do in general not find agricultural lending to be attractive for a number of reasons: unstable weather conditions: pest and disease outbreak: fluctuation of agricultural prices on local, national and international markets; need for specialized understanding and training in order to appraise proposals for agribusinesses lending/credit. In addition, the high risk of these loans leads to the need for increased supervision, which becomes more costly to the bank. Therefore, it is often easier for the banks to work on alternative investment opportunities, which require less administrative effort.

Despite these continuous challenges, *the findings from the farmer FGDs indicated some improvements in the access to finance among the aBi-supported farmers.* The farmer FGDs revealed that while many of the beneficiary farmers could access loan/credit more frequently than before the aBi support, this was not the case for the non-beneficiary farmers.

Agriculture financing to the rural farming households was identified by aBi Trust as a necessary mean to increase farmers' production and the household income. Through the VCD sub-component, the VSLA methodology was adopted as a simplified approach to address the financing gap to agriculture in the supported value chains and to build a loan and savings culture within the communities.

In the FGDs, farmers from the farmer associations referred to improved access to loans/credit from Village Saving and Loan Associations (VSLAs), mainly for purposes of paying school fees for their children or for buying pesticide. The farmer FGDs showed that the VSLA contributed to building of resilience and introduced behavioural changes in subsistence farming households who started to understand that the benefits from savings and investments could enable higher standards of living.

The functioning of the VSLAs required a good cooperation and trust among the farmers in the farmer groups. The FGDs showed that it was often a challenge to establish a sufficient level of cooperation and trust within the farmer groups, in particular when the groups were left without frequent supervision from the IP. Likewise, the savings accumulated in the VSLAs were not sufficient to support more substantial investments needed within the value chains.

The farmer FGDs showed that the links established to Microfinance and SACCOs remained weak and that these institutions still had a quite bad reputation among the farmers. Only a minority of the farmers noted that the distance from their homes to the nearest banking institution had decreased since 2010 and that this had encouraged them to visit the banks for obtaining of loan/credit. Of those farmers that had approached the banks, only a few had been successful and there was a feeling that the bankers did not fully understand their situation. This indicates that the complementary activities implemented through aBi Finance, which aimed at bringing financial services closer to the farmers, only had been partly successful. The "Evaluation of the aBi Finance Line of Credit and Guarantee Programs" (2014) also came to the conclusion that some of the

branch level seemed to be lacking knowledge on how the Agribusiness loan guarantee programs operate.

The FGD findings clearly showed that profit from dry bean, hot pepper and soy bean were very important to both beneficiary and non-beneficiary farmers. Most of the beneficiaries used their profits to invest in other businesses like livestock rearing, saving, constructing houses, paying school fees, buying and renting-in land for bean production and repayment of loan/credit, among others.

4.3 Impacts (short-term)

*At farmer level, **spill-over effects** had resulted from the VCD interventions in Kiboga, Hoima, Mbarara and Mayuge District according to the concrete examples received during the of FGD's.*

At the sector level, spill-over effects from the aBi Trust supported interventions (Phase I) could not be documented to the same extent.

In particular, the non-beneficiaries from the Kiboga area benefited by marketing their produce through the beneficiaries, being advised by beneficiaries on better agronomic practices, planting improved bean varieties and accessing the prices for dry beans from the market information board. In Hoima, non-beneficiaries were found to have benefited through learning to plant bean seeds in rows from beneficiaries and accessing the prices of beans from the market information boards. In Mbarara District, the non-beneficiaries have benefited by growing hot pepper on a small scale and selling it through the beneficiaries. The non-beneficiaries from Mayuge District accessed improved soybean seeds from the beneficiaries but not agricultural advice.

The findings from the FGDs showed that in general **the beneficiary households had progressed better than non-beneficiaries during the period from 2010 to 2013**. The evaluation has assessed short-term impact from VC program interventions within three different areas:

1. Production
2. Income
3. Employment.

Production

The support from aBi Trust through the IPs has led to significant short-term production increases for the farming households. However, the sustainability of these production increases is questionable and there are still huge challenges with post-harvest losses due to lack of basic storage (cooling) facilities.

The farmer FGDs revealed that there had been a significant increase in agricultural production among the beneficiaries in all of the supported value chains. These increases were reported above the level of non-beneficiaries. In particular, the farmers that were supported by either KDFA or Eco-Agric Uganda were found to have experienced a significant increase in dry bean production compared to the past. These indications of production increases are fully in line with the findings from the Impact Assessment (2014).

4 ACHIEVEMENTS

The farmer FGDs revealed however that the sustainability of these production increases is questionable. The supported farmers emphasized the seed quality issue. From the IP's (through the support from aBi Trust) they had received high quality seeds at the beginning of the support period. After having re-used the same seed over several production cycles, the quality has now gradually decreased. However, the seeds they can buy in the farmer shops are either of low quality or fake, and this creates a problem with trust among these chain actors.

The bean farmers also complained about significant post-harvest losses (25-40%) due to lack of basic storage facilities. This relates to a problem with the large informality of trade (no regulation, no licensing of buyers). The buyers in the bean sector are not licensed (e.g. minimum of storage facility) like the buyers in the coffee sector. This becomes a challenge also for marketing/export of the products.

Income

The support from aBi Trust through the IPs has led to significant short-term income increases for the farming households.

The indication from the farmer FGDs was that income had increased significantly more among benefitting farmers than among non-benefitting farmers within the period from 2010 to 2013. According to the farmers, the comparatively larger increase among benefitting farmers was due to a mix of higher (selling) prices and larger production quantities.

This qualitative finding from the FGDs is supported by the results from the Impact Assessment (2014), which shows that average income per farmer increased significantly more among treatment farmers than among control farmers. The FGDs with soy producers did not confirm this particular finding for this value chain.

According to the Impact Assessment study (2014), the proportion of farmers showing income growth following support from aBi Trust was 52.5% for sesame farmers; 57.1% for coffee; 58.3% for beans; 65.4% for maize; and 66.7% for both sunflower and soybeans. When this number is extrapolated, a total of 58,000 adopting farmers will have gained additional income by the end of 2013. The corresponding average income growth was US\$ 528,000 for sesame; US\$ 590,000 for coffee; US\$ 157,000 for beans; US\$ 491,000 for maize; US\$ 372,000 for sunflower and US\$ 162,000 for Soybeans. (aBi Annual Report 2013).

In the FGD's, the farmers emphasised the importance of a relatively short production cycle for bean production, which means more immediate payment (compared to e.g. coffee which may take up to 5 years and hot peppers, which are not paid on delivery).

Employment

The short-term employment effect from the aBi supported interventions has been significant.

The FGDs provided strong indications that more jobs had been created within the beneficiary farmer groups than among the non-beneficiary farmers. Few farming households employed permanent workers. Most of the employment was short-term, un-skilled, non-family (seasonal) employment.

This qualitative finding is strongly supported by the findings from the Impact Assessment (2014). In the sample used by the study, it was found that the total number of Full-Time Equivalent (FTE) jobs created were 289 jobs for the treatment group and 117 jobs for the control group. Based on the total number of farmers reached through the aBi supported VCD interventions, an extrapolation of this figure would result in a total of 54,000 FTE jobs created among the adopting farmers.

5 Public Services and Governmental Institutions

Before the support, farmers in the dry bean and soy bean value chains used to access extension services from government extension agents such as National Agriculture Advisory Services, National Agriculture Research Organisation and other non-government Organisations (NGOs). Currently the non-beneficiary farmers rely on other NGOs, while the beneficiaries rely mainly on their respective IPs. In addition, all these farmers rely on fellow farmers. Non-beneficiary farmers in the dry bean and soy bean value chains do not access extension service from IPs. Government extension service delivery has been observed to reduce over time. In the past, there was no agent to provide hot pepper extension services to farmers. Currently, hot pepper farmers access extension services from KK Fresh extension staff in Mbarara. This evaluation team found no difference in access to extension service between beneficiary and non-beneficiary hot pepper farmers.

Even though standards are developed for the domestic market (with support from aBi Trust through the Uganda National Bureau of Standards), the inspection services are too weak to enforce the standards.

Governmental extension services are very weak; capacities lack not only numbers, but also in competencies. Extension service officers are often not specialized according to products and chains, therefore are not able to provide the needed services to farmers.

Although the evaluation observed an increasing tendency that input suppliers and buyers would provide certain advice and services to farmers and farmer groups, the potential for using such alternative extension service approaches was not addressed strategically by aBi Trust during Phase 1.

6 Gender and Human Rights Based Issues

The farmer FGDs indicated that the aBi Trust support to IPs had led to positive changes in gender roles mainly among the bean producers and to less extent among the soy and hot pepper producers. It was found that women from the households that were working in the bean production participated more actively in decision-making at household and farmer group level. The division of roles and responsibilities in the production and household activities had become more equal.

The evaluation also found that there had been a reduction in the workload for women. This was explained mainly from the increased commercialization of the production, which had attracted the men to take more active part in production activities (“the smell of money”). The FGDs did not find any indication that the gender roles had changed notably in terms of financial management. It was still the men that were main responsible for commercial activities and transactions within most households.

“The Gender for Growth Evaluation Study” (2015) found that integrating of gender with GAP and value chains had been successful and contributed to improved livelihoods for the farming households. “Farming as a Business” (FAB) was a key concept and for many of the farmers in the areas where G4G was implemented it became an eye-opener to see farming as a business making revenue for the family. The focus of G4G was on the local level and there is not (yet) evidence of any changes of gender issues at national or policy level as a direct consequence of the G4G interventions. In view of the limited progress on gender equality in the commercialization process within the aBi Trust supported interventions in general, these positive experiences from the districts where the G4G activities have been implemented could possibly be used for wider dissemination and uptake also in other aBi Trust intervention areas.

The farmer FGDs did not point to any groups in the society or communities that had been excluded from participating in the aBi supported interventions. In fact, the farming households supported through the IPs were selected from all parts and social levels of the communities.

7 Key Evaluation Findings

The Uganda Country Study leads to the following overall evaluation findings:

1. **Overall, aBi Trust provides a strong platform and concept for continued support to agribusiness development in Uganda, through its combined (and now in U-Growth II also more integrated) financial and technical assistance supporting mechanisms and multi-donor set-up.**
2. **Even though aBi has managed to support more than 200,000 farmers in the period from 2010 to 2013, this is still less than 20% of the annual increase in the rural population in the country. This clearly illustrates the need for more systemic solutions to the food deficiency in the country within the donor community. During Phase I, the aBi Trust supported VC interventions did not in a systematic way address “weak links” or make “strong links” even stronger within the supported chains to more fundamentally change the conditions for agribusiness sector development. Likewise, the potentials for generating of synergies across the supported chains were not explicitly addressed.**
3. **The performance targets (outputs) of Phase I were largely achieved. Likewise, short-term increases in production levels, employment and income within the targeted value chains have been significant and food security has improved. Commercialisation and linkages to markets have been introduced at small scale to a large number of small holders.**
4. **There are strong indications of negative impact on agricultural production from climate changes (rain patterns and intensity) and from a declining natural resource base (soil quality, forest, water). Together with currently insufficient incentives for investment in renewable energy sources and energy efficiency measures by the larger processing and storage companies, this underlines the urgency for developing of systemic “green growth” solutions to the agricultural value chains.**
5. **The use of a highly demand-driven approach by aBi Trust for the grant application process in Phase I led to a focus on production-oriented activities and fragmented support to chain development. The approach made it difficult for aBi to keep a strategic focus on market development (incl. of regional markets), spill-overs (to other businesses in the chains) and on generation of a critical mass (selecting of businesses within same geographical area, chain or cluster) that could contribute to a larger medium to long-term impact on sector development.**
6. **The support provided through aBi Trust, and the complementary support from aBi Finance, has contributed to an improved access to finance for small farmers and SME’s. However, access to finance remains a critical issue for the agribusiness sector, including for larger business operators that would need to expand their businesses to create “space” for the smaller farmers and SME’s.**

7. **There is little indication that aBi's continuation of support to farmer groups and cooperatives (a number of those supported also previously through ASPs) will become sustainable. Many farmers within these farmer groups and cooperatives lack managerial skill and entrepreneurial attitude. They are still highly dependent on donor support (e.g. waiting for donors to provide new seeds again) and are not "driven" by market opportunities.**
8. **The VC approach applied by aBi during Phase I did not include any particular consideration on the usefulness of segmentation/prioritisation of farmer households to distinguish incentives between commercial farmers and smallholders and to diversify approaches and strategies accordingly.**
9. **The current GoU system for extension services does not support VC development efforts. The services are rarely available to the farmers, come too late, are mainly technical with little VC focus, and often farmers are requested to pay a service fee (e.g. for fuel costs). Alternative and innovative models for extension systems, e.g. building on mutual incentives among farmers and input suppliers/buyers in the chains, have not yet been systematically tested and supported by aBi Trust.**
10. **aBi Trust has contributed positively to improving gender relations. More women participate now more equally in decision-making at household and farmer group level. Likewise, women's workload has been reduced as men are taking more active part in production work at the farms (mainly because of the increased commercialisation of the production as men are still dominant in income generating activities within the households). In G4G, "Farming as a Family Business" was one of the most important and successful elements of these interventions and an upscaling of this concept could potentially lead to more equal distribution of responsibilities between men and women in commercial farm management within the supported chains.**
11. **The possibility for sharing of learning and replication of good business practices within and across the supported chains was not well-defined in Phase 1 of the aBi Trust supported interventions. Likewise, exchange of experiences and possibilities for implementation of joint VC activities with other countries in the region (e.g. Kenya and Tanzania) have only been practiced and investigated in an informal way.**
12. **aBi Trust has not yet developed an effective risk management system (but is having this as a priority in the new phase of the programme support). Considering the important role and volume of aBi Trust as a vehicle for support to value chain development in Uganda, the willingness of aBi Trust to take risks and pilot innovative and structural investments/activities that could have strategic importance for other key players in the chains has been low. Likewise, in relation to the VC approach, a holistic approach to farm and risk management has not been developed to support the farmers in spreading risk on more than one single commercial commodity.**

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