

Mercy Corps: Economic Prosperity and Food Security in Northern Uganda

Background to Mercy Corps:

Mercy Corps is a global organization that helps people survive and get back on their feet when economies collapse, natural disaster strikes, or conflict erupts. And where there are chronic threats to peace and progress, we partner with communities to overcome obstacles and thrive. We live and work in more than 40 countries facing the world's toughest challenges. We believe in the intrinsic value of dignity of human life and are awed by human resilience. We are confident in the ability of all people to thrive, not just exist. And we operate with the assumption that people have the right to live in peaceful communities in which they participate fully in the decisions that affect their lives. A better world is possible through partnerships with communities, civil society, governments and the private sector.

Challenges:

Over 1.8 million people across northern Uganda were forced to leave their homes as conflict inflicted 20 years of civil war on the region. Since 2009, families have returned and begun rebuilding their lives. In the aftermath of a generation-long civil war that claimed thousands of lives and displaced millions more, Uganda is finally healing. However, population growth is straining resources and services in a country that still has a long way to go. With farmland not producing at capacity, food is in short supply and malnutrition is common. Good quality seeds are scarce in local markets, keeping yields low. Recurrent climate shocks, including erratic rainfall and flooding, have further reduced harvests. The war and repeated resettlement resulted in a pronounced skills gap in the current generation. Farmers do not have the skills, knowledge, or financial capacity to recover from shocks and stresses, such as pests, post-harvest losses and low crop prices.

Role of Mercy Corps:

In order to address meaningful change in northern Uganda, Mercy Corps understood the need to focus broadly on the market system. While short-term gains can be realized by addressing a narrow set of elements within the system, long-term sustainable change comes from tackling those market elements that interact and have the potential to reinforce and sustain gains. With generous support from the United States Department of Agriculture, Mercy Corps' Revitalizing Agricultural Incomes and New markets (RAIN) initiative is generating economic prosperity and improving food security in northern Uganda by enhancing farmers' profitability and productivity, catalyzing local business and expanding access to financial services. Globally, the Mercy Corps' market systems approach addresses the underlying systemic constraints that hinder participation in targeted markets. We engage farmers, agri-businesses and financial institutions while fostering collaborative partnerships with government, major agricultural companies, local media, associations and other relevant players. We have seen that catalyzing market actors and interactions in the most promising agricultural sectors contributes to an overall boost in market vibrancy that leads to better opportunities for farmers, entrepreneurs, agricultural companies and financial service providers.

Ultimately, the initiative design that was chosen brought together a suite of activities addressing improved tillage, through access to equipment; higher quality inputs, through improved business models, local agent networks, and embedded services; as well as access to commodity markets, information and reduced transaction costs. Further, the approach improves post-harvest handling through better farmer education and enhanced storage facilities as well as improved access to post-harvest handling inputs; adds value through agro-processing, by facilitating access to technology by networking suppliers, financial institutions and buyers; reduces risk through contract farming by guaranteeing markets with better quality products and competitive prices; increases access to new markets through cross-border trade by partnering with government and businesses associations to overcome barriers to market access in South Sudan; and improves access to financial services through better access to local branches and tailored products.

One illustrative example of this design in action is our work in enhancing the productivity and profitability of major staple crops, enabling access and uptake of formal and informal financial services, and improvements in the performance of key input and buyer markets. Sesame was initially chosen as a focus crop due to its potential to increase poor smallholder farm incomes. The major bottlenecks identified in the sesame value chain included low quality product, due to poor post-harvest handling practices and low production, due to limited market outlets and few buyers.

Through market analysis, Mercy Corps recognized the need to develop a buyer-led structure for the provision of farmers' trainings and information services, with the ultimate end goal of obtaining quality produce at competitive prices. However, no large Ugandan agriculture buyers were active in the region as they were not aware of the amount of acreage under cultivation and thus the potential market. Mercy Corps persuaded one Ugandan company, Gulu Agricultural Development Company (GADC), to expand its services and buying operations to Lamwo district, bordering South Sudan, where it could focus on sesame. GADC established an agent model for extension services and produce aggregation. GADC has developed contract farming arrangements with local farmers and has spurred a local sesame boom. Over 17,000 farmers have registered with GADC, representing a third of all farmers in the target area. In the 2014-2015 season, GADC purchased 3,168 tons of sesame, valued at about US\$3.1 million. GADC has invested significant resources in developing its base in the region and it now expanded out to cover more of northern Uganda.

Another element used to invigorate the economy is the work that we are doing to develop warehouses. In addition to working with farmer groups to construct new facilities and improve the management structure of existing and new farmer groups, the initiative helps these groups to expand crop yields and diversify revenue streams through investments such as maize millers and hullers to help the groups boost the value of crops. The extensive network of agents that have interacted with the RAIN initiative – from tillage aggregators to input dealers and output buyers -- have begun viewing these warehouses and the groups that operate them as customers. Agents and other local businesses promote relevant products to the groups, during key points in the season or during the groups' weekly meetings. They have also attracted large buyers to the region by providing a high quality product in large quantities and a stable group structure. This year, after observing the quality of produce, marketing successes, and improved sesame market infrastructure, new buyers, such as Yield Uganda and Musof Company Limited, from other regions approached these groups.

A further example of working to expand market access is the work that has been done to foster cross-border market opportunities for smallholder farmers and traders in Lamwo district, bordering South Sudan. The physical space where trade occurs --- the cross border market -- is unique, in that it does not belong to any one person or organization. The traders that come to the market give it purpose, the local government grants the market legitimacy and the Cross Border Trader's Association (CBTA) protects and promotes the market. Each of these actors is like a piece in a complicated moving puzzle; they must be unified by a shared vision in order to succeed. Tangible investments by the local government like market stalls indicate a belief and interest in the future success of the cross-border market. With the anticipated economic opportunity that the cross-border market brings to the border area, individuals and families are building homes, rustic inns, and shops. A tarmac road construction project by the government will reach them within the next year, linking them to major towns in Uganda bordering South Sudan with a wide new road. The future is bright.

Results and Social Impact:

By taking a systems approach, working to remove business hurdles, addressing skills gaps, and strengthening market linkages, the initiative has, to date, improved the business performance of 61,520 smallholder farmers, 151 agri-businesses, 3 financial institutions, 660 Village Savings and Loan Associations, and 4 radio stations operating in or servicing the cassava, millet, sesame, bean, groundnut, and rice and other value chains while building the capacity of the Lamwo District Ministry of Agriculture office to support on-going development and commercial sustainability. By 2014 more than three-quarters of the targeted smallholder farmers reported an average increase income of 63%. Over time, efforts like this will help transform northern Uganda into a more stable and blossoming economy.

Keywords: capacity-building, food security, market access, Uganda

Sector: Agriculture, food & beverage