



## The piggery business: Strengthening the financial and management capacities of pig producers in Uganda

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Pig production is a major livelihood source for over 1.1 million households in Uganda. Pigs are revered by many smallholder farmers because of their high productivity and lower capital and labour intensity requirements as compared to other livestock species; most pig farmers highlight the ease with which pigs can be converted to cash to meet urgent domestic financial needs, such as school fees and inputs for crop production.

The pig value chain work in Uganda of the CGIAR Research Program on Livestock and Fish, undertaken as part of the Irish Aid-funded MorePORK project, piloted a pig business hub model to enhance access of pig farmers to business development services, as well as technical support. At the centre of the hub is collective marketing by farmers, designed to enable them to negotiate better prices for their pigs, and an array of auxiliary farm input and service enterprises to help them access services on a check-off (i.e. on credit) arrangement.

To be able to optimize the benefit of this hub though, there needs to be a shift in the smallholder farmer knowledge, attitudes and practices regarding pig production to embrace this enterprise as a profitable business. Several business capacity gaps have been identified, such as poor record keeping, financial planning and management.

In July 2015, the project engaged Enterprise Uganda<sup>1</sup>, a specialist in capacity building for small and medium

enterprises (SMEs) to conduct a series of business management training workshops of 150 pig farmers in Kabonera and Kyanamukaaka sub-counties of Masaka district, targeting leaders and members of nine pig producer groups. The training comprised the following packages:

1. Sensitization and awareness of target beneficiaries;
2. Business diagnostics
3. Entrepreneurship training and attitudinal reorientation
4. Farming as a business
5. Savings and investment
6. Mentoring and counselling for group leaders and individual members
7. Business leadership and governance
8. Business linkage development between the Kyanamukaaka–Kabonera hub and any other interested pig processors and/or bulk buyers.

This brief attempts to assess the changes in knowledge, attitudes and practices as a result of the intervention.

Using a structured pre-tested questionnaire, an initial survey of the business and entrepreneurship knowledge, attitudes and practices (KAP) of the members of Kyanamukaaka Kabonera pig cooperative, as well as two other cooperatives and farmer groups, was carried out. A final survey was carried out, focusing on selected members of the cooperatives, as well as farmer groups/associations that were trained. The findings of the study are reported below:

<sup>1</sup>Enterprise Uganda. 2015. *Capacity development of Kyanamukaaka-Kabonera Pig Cooperative: Report of the business and enterprise management training course*, Masaka, Uganda, 26–28 August 2015. Kampala, Uganda: Enterprise Uganda. <http://hdl.handle.net/10568/78382>

## Knowledge and skills

More than 60% of respondents in the final survey had received business skills training within the past six months. This is an indication that there was lack of business and entrepreneurial skills. The fact that a big proportion of farmers had attended training on animal production may indicate that there is still a high demand for livestock production technologies. If this gap were filled, increases in the level of agri-entrepreneurial skills could help enhance productivity and incomes from agricultural enterprises.

## Agri-entrepreneurial skills

Following the intervention, there was an increase in the number of farmers with the specified skills, particularly in the areas of business management, utilization of improved technologies and establishment and maintenance of linkages. Furthermore, the proportion of participants who rated their agribusiness skills as good increased after the intervention (from approx. 21–34%), while the proportion who rated their skills as poor decreased (from approx. 23–11%).

### Change in acquisition of agri-entrepreneurial skills

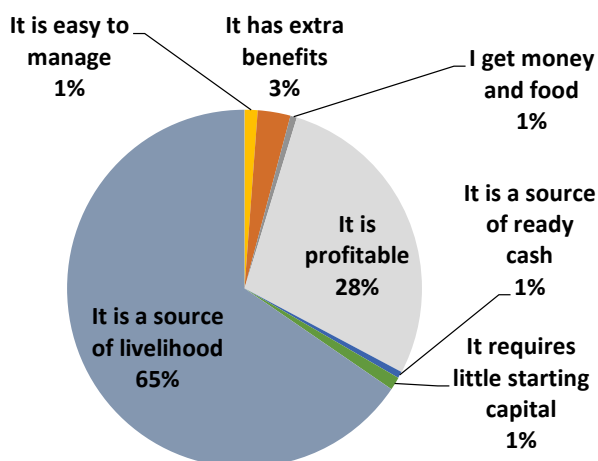
Prior to the intervention, most of the farmers possessed only one skill in any of the categories primary, medium or enterprise level agri-entrepreneurial skills. After the intervention, most had acquired at least three skills in all the categories. The intervention may have had a two-pronged effect, actually imparting skills to the farmers and also creating awareness of the need for skills, hence causing them to seek more knowledge and skills.

## Attitude towards the business

### View of agri-entrepreneurship

Generally, the respondents had a positive view of agri-entrepreneurship before and after the intervention. This was not surprising, owing to the fact that agriculture is a major livelihood source for most rural households. This signifies that there is potential for positive livelihood outcomes due to investment in agricultural innovations and building entrepreneurial skills around such innovations.

Figure 1 - Reasons why agri-entrepreneurship is viewed positively by farmers in the Kyanamukaaka- Kabonera hub



## Awareness of agri-entrepreneurship services and opportunities

Before the training, a majority of farmers were not aware of opportunities in agri-entrepreneurship, but this proportion significantly reduced after the training. The change may have resulted from interactions the farmers had with the trainers and/or among themselves. Apart from group training, the farmers also undertook a study tour. These activities may not only have increased their exposure to new ways of working, it may also have stimulated exchange of ideas.

## Business practices

### Livelihood steps

A substantial proportion of farmers, both before and after training, had expanded their agribusinesses during the previous year. However, training had resulted in a marked difference in acquisition of skills and saving with or enrollment in cooperatives. There was also a marked reduction in the proportion of farmers who did not take any steps towards improving their livelihoods. The fact that farmers were continually expanding their agribusiness operations is an indication of the dire need for knowledge and skills that would help them to make informed decisions and take steps that are sustainable.

## Change in business management practices

### Budgeting

In the Kyanamukaaka–Kabonera hub, there was a significant change after the training in the proportion of farmers who calculated the costs and revenue before engaging in an agribusiness enterprise (Table 1). This may be an indication that developing the capacity of farmers to make business management decisions can go a long way in enabling them to manage sustainable agribusinesses.

### Saving

Savings from agri-business provide the means for expansion and/or diversification through investment in other enterprises. Saving was a common practice in the Kyanamukaaka–Kabonera hub before and after the training, with over 70% of the respondents saving weekly or monthly. Surprisingly after the training, the proportion of respondents saving monthly reduced, while those saving weekly increased. But the overall proportion increased slightly. This flexibility may probably be associated with the high preference for savings and credit cooperatives and village saving associations.

Table 1 - No. of farmers in the Kyanamukaaka–Kabonera hub who calculated the costs and revenues before engaging in agribusiness

Cost calculation	No. of respondents			
	After intervention	% of total respondents	Before intervention	% of total respondents
Yes	143	79.9	113	50
No	36	20.1	113	50
p	5.85253E-10			
n	179		226	

### Cooperative membership and financial support

Cooperative membership was remarkably high (slightly over 80%) both before and after the training and most of the farmers saved their earnings through cooperatives. Furthermore, the proportion of farmers with good access to financial support increased after training. However, even though about 60% of the farmers had good or fair access to financial support, the proportion of farmers who had received agribusiness financing in the previous year was much lower due to the high costs of borrowing and stringent conditions.

### Earnings

A majority (about 60%) of the respondents interviewed after the training noted a remarkable increase in earnings of about 20%. The increase in earnings may have been as a result of improved managerial skills and market linkages. However, it will be important to investigate the changes after a substantial period of at least two years to assess the actual impact.

Notably, about 80% of the respondents viewed their earnings as insufficient and despite the fact that over 30% earned over UGX 200,000 per month, less than 15% viewed their earning as sufficient. This is also an indication that there is high potential for adoption of business improvement interventions.

### Changes in knowledge, attitudes and practices

The study reveals that the training created awareness of the need for more skills; hence the farmers strived to acquire more. After the training, there was correlation

between the skills respondents possessed, their view of how sufficient their monthly earnings were and saving frequency. This may suggest that farmers used the skills and knowledge to make managerial decisions which led to increases in earnings and hence savings. Saving frequency was correlated with the respondents' view of their level of access to finance. This may not be surprising because the cooperative may be more likely to favour members with large amount of savings when it comes to issuing loans or any other financial support since the savings can act as collateral.

### Conclusions

The capacity development intervention resulted in an increase in the number of entrepreneurial skills possessed by individual farmers and this led to changes in business management practices, such as budgeting, business planning and saving. These changes were also reflected by livelihood steps taken, particularly business expansion and diversification. There was also increased awareness of agri-entrepreneurship opportunities, which may have prompted the step towards diversification. There was also a correlation between knowledge, attitude and practice after the training, which suggests that farmers may have utilized entrepreneurial skills in managing their enterprises. However, it will take time for the changes in knowledge, attitude and practice to translate into long-term livelihood impacts; hence it will be important to measure the variables after a time lapse in order to assess the impact of the intervention on livelihoods.

Table 2 - Correlation between knowledge, attitude and practice among the farmers in the Kyanamukaaka–Kabonera hub

a. After intervention										
	Primary skills	Medium skills	Ent. level skills	Total skills	Coop membership	Finance access level	Monthly earning	Earning sufficiency	Monthly saving	Saving frequency
Primary skills	1.0									
Medium skills	0.5	1.0								
Entrepreneurship level skills	0.4	0.7	1.0							
Total Skills	0.7	0.9	0.9	1.0						
Coop membership	0.1	0.0	0.0	0.0	1.0					
Monthly earning	0.3	0.4	0.5	0.5	-0.1	-0.3	1.0			
Earning sufficiency	0.1	0.3	0.3	0.3	0.0	-0.3	0.3	1.0		
Monthly saving	0.1	0.2	0.3	0.3	-0.1	0.1	0.2	0.3	1.0	
Saving frequency	-0.3	-0.3	-0.2	-0.3	-0.4	0.3	0.0	-0.2	0.1	1.0
b. Before intervention										
Primary skills	1.0									
Medium skills	1.0	1.0								
Entrepreneurship level skills	1.0	1.0	1.0							
Total skills	0.9	1.0	1.0	1.0						
Coop membership	-0.1	-0.1	-0.1	0.0	1.0					
Monthly earning	0.0	0.0	0.0	0.0	0.0	-0.3	1.0			
Earning sufficiency	-0.1	-0.1	-0.1	0.0	-0.1	-0.2	0.2	1.0		
Monthly saving	0.1	0.1	0.1	0.1	0.2	0.3	-0.1	0.0	1.0	
Saving frequency	0.2	0.2	0.2	0.1	-0.1	0.1	0.0	0.1	0.6	1.0

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Page 1 (left): ILRI/Martin Heilmann, Freie Universitaet Berlin

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