

Market systems development application in the pig value chain in Uganda: Lessons learned

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1. Introduction

Since 2012, the International Livestock Research Institute (ILRI) has been pilot-testing and validating productivity-enhancing best-bet technological interventions singly to address specific value chain constraints, in the framework of the CGIAR Research Program Livestock and Fish, and since 2017, through the CGIAR Research Program on

Livestock (CRP Livestock). Results from these interventions show limited uptake of the best-bet practices by farmers mainly due to financial constraints (Ouma et al. 2018). Such constraints are further exacerbated by market inefficiencies in the value chain that limit farmers access to benefits from technology adoption, thereby disincentivizing uptake.

Therefore, the Livestock CRP pig value chain project aims to improve livelihoods of women and men farmers through a market systems approach, by supporting stronger and more profitable market linkages between pig aggregators (buyers) and pig producers through market arrangements that also strengthen backward linkages with inputs and service suppliers. Such a

model is hypothesized to incentivize adoption of an integrated package tested through the Livestock CRP comprising best-bet practices and technologies to improve pig productivity.

In order to achieve the above objective, the project contracted Ultimate Business Strategies Limited (UBS), a market systems development firm based in Uganda. UBS was to catalyse and facilitate engagements and profitable linkages between pig aggregators (buyers), who are either pork joint owners or middlemen and pig producers. It was to also facilitate linkages between pig farmers and input and service providers.

2. Methodology

UBS implemented several activities as part of operationalization of the Market Systems Development (MSD) approach. It started with introductory engagements with the pig aggregators of Masaka and Mukono districts. These included pre-engagement assessment to establish knowledge about the value chain (VC), experiential sharing, consultation of the pig aggregators since they are the experts of the VC, and an informative approach where UBS unveiled what the pilot project is about and use of group discussions. The choice of mixed approaches enabled ample participation of all attendees.

2.1 Market Systems Development a

A market system is made up of the many 'supporting functions' and 'rules' shaping how well a market works for poor women and men (Ripley 2016). A market systems approach, in turn, seeks to identify, address and remove system-level constraints inhibiting the growth of more inclusive markets as illustrated in Figure 1.

The Market Systems Development (MSD) approach has emerged in the past two decades as a way to better deliver large scale, sustainable development impact to poor and disadvantaged people (Ruffer et al. 2018).

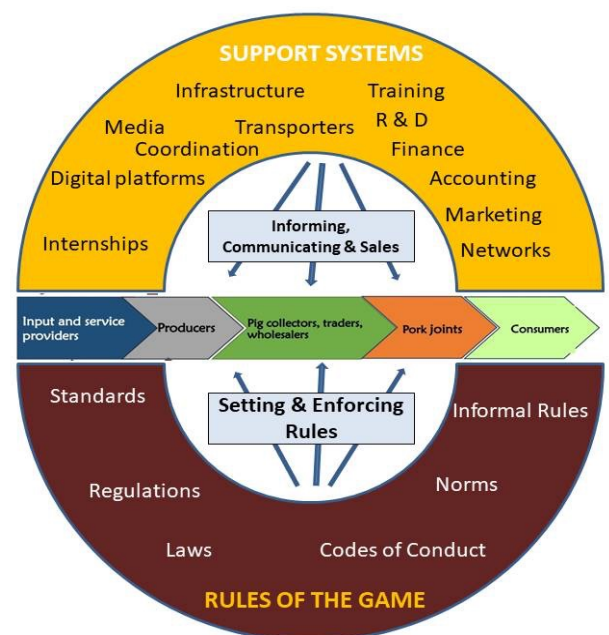
The approach is based on the premise that even the poorest and most remote communities are reliant on markets – as producers (smallholder farmers, micro-entrepreneurs), consumers (buyers and users of goods and services) – but that these markets fail to function effectively for poor people. External

interventions are required to help make these markets function more inclusively. This often involves working to transform the behaviours and practices of market actors, such as shop sellers, service providers, national companies and government institutions that influence how markets work. These actors have a critical role to play in creating demand for, supplying, and facilitating access to, the products, services and employment opportunities poor people need (People in Need, 2018).

The Market Systems Development approach is facilitative, market systems-centric and adaptive compared to the traditional development approach (Ruffer et al. 2018). Facilitation in the MSD approach is about stimulating other actors, rather than becoming a player in the market system. It is market system-centric because the approach aims to change market systems in ways that benefit poor people.

The goal of the MSD approach is impact that is sustained and scaled (Ripley 2016). The impact where projects achieve lasting behaviour change in public and private actors by playing on both their incentive and capacity to adopt new ways of working, so impact continues long after interventions end. Also, since constraints to industry growth are removed, change is replicated and mainstreamed across the sector, rather than being confined to just the actors that the project directly works with. The practice of results measurement is central to MSD approach in projects.

Figure 1: The market system approach.



Source: Ultimate Business Strategies (UBS).

3. Findings/learnings

During implementation of the project, the key leverage points were established, and the project ensured that strategic relationships are built between actors with special focus on quality, more investments and better service.

3.1 Outcome 1: Strengthened intra-actor and inter-actor relationships

A series of meetings were conducted by UBS with respective aggregator clusters. UBS also carried out coaching and mentoring for individual actors in Masaka and Mukono. The introductory meetings introduced the value chain actors to the MSD concept. This activity enabled mapping out actors within the pig value chain and examining of existing relationships. The farmer-aggregator meetings aimed to build trust between the aggregators and farmers thereby building opportunities of strengthening the relationships between them. Farmer-aggregator – input-service providers (ISP) meetings mushroomed from the farmer-aggregator meetings, which presented the need for aggregators to offer some technical support/advice in pig production to other farmers. Local experts (feed producers and veterinary officers) within the sub-county who had received professional training in various aspects of pig production were invited to these meetings.

From the farmer-aggregator meetings, the aggregators informed the farmers that the price offered to them is determined by the pig weight and pork quality expected. The aggregators also communicated the option of slaughtering the pigs on-farm so that they can buy the pork per kilogram to satisfy the farmers. They encouraged the farmers to concentrate on growing pig quality and weight rather than focusing on effort and duration it took to grow the pig.

Aggregators recognized that they have to support farmers to raise better-quality pigs with the expected weight requirements of the market in order to earn reasonable income from their pig sales so that both farmers and aggregators both benefit. In Masaka, through the Greater Masaka Pig Growers Union and the primary cooperatives meetings with pig aggregators, the farmers expressed interest in establishing stronger relationships with the aggregators to be assured of market and a good price.

From the farmer-aggregator-ISP meetings, farmers appreciated the initiative by the respective aggregators to bring services closer to them and expressed interest to continue with such engagements. These engagements addressed the information gap about other needed services like animal feeds and veterinary services for the farmers.



Initial engagement meeting with pig/pork aggregators in Mukono.

Kizza Steven (not real name) an aggregator in Mukono gave an example of some farmers who keep local breed of pigs on ropes for a period of over a year and such a pig normally weighs between 6–8 kg because it has entirely been fed on potato vines and cassava. Such a farmer will expect over UGX200,000 (UGX3,522= USD 1.00 at 28 Dec 2021) for such pig, considering the time and effort in raising the pig for over a year, yet an aggregator will offer between UGX40,000 and UGX60,000 for a pig of such weight. Another farmer raises a pig for six months but because it is a better breed, that is fed correctly and housed comfortably, it will weigh between 50 to 80 kg. Such a farmer may then receive between UGX450,000 to UGX700,000.

3.2 Outcome 2: Improved market linkages

UBS supported pig farmers to establish mutually beneficial long-term relationships with aggregators through engagements between the farmers and aggregators; fostered emergence of relationships between aggregators, inputs dealers and pig farmers for uptake of good-quality inputs through the farmer-aggregator-ISP meetings and conducted business coaching and mentorship to improve market linkages.

Four scalable business models have been developed which aim at strengthening the market linkages amongst the value chain actors. However, these models were not pretested because of limited time.

In Masaka, once the association of aggregators is fully registered and there are plans to encourage the members to use the abattoir as a central slaughterhouse. This will ensure that farmers are paid what is due to them by adopting a payment system based on pig weight. It will also build transparency in all transactions and ensure that farmers are not disadvantaged lest they get out of pig production completely. Farmers attend the slaughtering and weighing of their animals.

Kimbugwe Sam (not real name) a feeds producer in Kasawo, Mukono District is working with aggregators in Kasawo to offer pig feeding knowledge to farmers but also inform them of the availability of the feed within the locality.

3.3 Outcome 3: Increased uptake of improved business management practices

Aggregators and feed producers were coached and mentored by the UBS team. These individual aggregator business sessions were intended to improve the value chain actors' business management practices. This challenged them to grow their businesses by being more customer-centric but also to discuss possibilities of managing agent retail networks.

Pig aggregators are now able to manage customer expectations and feedback through the customer registry books they adopted. An improvement in managing the suppliers of the pork and pigs by the aggregators has been realized because they now keep records of every supplier even those that give them on credit. Improved record-keeping by the aggregators through recording the sales made daily has also been noted.

However, aggregators in Mukono municipality are more comfortable capturing customers being given pork on credit, and information on debts, than doing the gross margin calculations. This is because the common model of the aggregator is based on buying pork and bringing it to the pork joint and the profit is captured based on how many kilos are sold. Additional expenses incurred (vegetables, firewood, labour, etc.) are not costed. These costs are not captured because the value addition to the pork e.g. frying and roasting, are provided by someone else.

Ssenfuka John (not real name), an aggregator in Masaka, adopted a visitors' book where he collects customer feedback and contact details. He has made great strides. He even bought t-shirts for the waitresses. He has reported a 15% increase in sales.

3.4 Outcome 4: Strengthened capacity of industry associations

UBS supported the Institutionalization of Industry Association to develop and enforce a code of conduct. A total of five (5) associations have been supported to emerge. Mukono has two associations one each for aggregators and feed producers. Masaka has one association that is morphing into a cooperative for the pig/pork aggregators and another for feed producers. The fourth and fifth associations are for the feeds producers based in Kampala and Wakiso districts.



Aggregator-farmer engagement meeting organized by a pig aggregator in Mukono.

Working with the local governments and the interim leaderships that the project found in place, the aggregators and the feed producers were mobilized to work towards revamping their associations and to build them into strong, well-structured and sustainable entities with the capacity to offer commercially viable services to members. From the meetings, it was agreed that apart from the pig aggregators association in Masaka, which seemed to have made significant progress towards self-organization, the other associations needed to be reconstituted under a new mandate. These associations have embarked on a formalization process.

In Mukono, the pig aggregators wanted to register a cooperative, however, an association is being registered with the District Community Development Officer (DCDO) at the district level. The association is already loosely formed as the Mukono Pork Operators Association (MUPOA). Buy-in from members is still low because of an earlier try to register as a cooperative that frustrated them. They would rather begin as associations they can later upgrade to cooperatives.

This process of formalization is ongoing and it is hoped that by the end of the first quarter of 2022, all the associations will be fully-fledged legal entities.

3.5. Outcome 5: Improved access to business development services

UBS engaged with two local financing institutions in Mukono that provided affordable and easy to access credit solutions. UBS worked to interest Ultra Finance and Jenis Microfinance institutions based in Nakifuma town to include the pig value chain actors in the Greater Mukono areas. Three meetings were organized and discussions were held. However, the institutions did not create time to approach the value chain actors.

Another area of improvement for the pig value chain actors was in the area of information and customer management systems. Intentional efforts were made to create linkages between the value chain actors and providers of these services.

One feed miller in Mukono Municipality purchased and installed a computerized customer and financial management system at his business premises to support building a robust customer database, managing financial transactions and marketing channels for their products.

4. Key learnings

- Frequent engagements between aggregators and farmers play a key role in bridging the information gap. Aggregators have realized their importance in supporting farmers in order to get quality and weight they want from the pigs.
- There are strong indications that the smallholder farmers and the aggregators are interested in working together to ensure that there are more better-quality pigs available for market.
- With the associations being registered, business information gained by individual members from the project will enable the businesses to prove their business case with the financial institutions.
- Most of the businesses have adopted the practice of keeping records.
- The time was not enough for the scalable business models to be tested.

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