

A new approach in fragile areas

The north of Uganda has seen havoc and terror for more than two decades. More than ninety per cent of the inhabitants of the Pader district have lived in camps for refugees for ten years or more. Only since 2005 have people dared to return to their land, where they are gradually rebuilding their lives. For most, the only means to survive outside the refugee camps was to start growing their own food again. This has not been easy. But agriculture is not only possible: farming is also becoming a profitable activity.

Theo Groot and Hans Joesse

In 2007, the MWH Foundation took the initiative to support the inhabitants of Pader in their efforts to rebuild their lives and to invest in the economic development of the region. Investing in the economic development of fragile areas is a risky decision: the war meant that there was no technical infrastructure in place, the social fabric was broken, and much knowledge had been lost. Considering the enormous difficulties, we decided to follow a “U-process”: a specific approach for complex situations in which long-term strategic development plans with clearly described outputs, outcomes and activities, will simply not work. Complex situations need decision makers and investors who are able to seize the ever-changing opportunities, to quickly prototype possible solutions and to constantly re-adjust their course of action, following a patient step-by-step approach.

Discussing the possible ways forward with all participants, we learned that the group of farmers we

had started working with was not as homogeneous as most other development actors tend to think, and realised that this could have serious consequences. At the same time, we saw that farm labour is a serious bottleneck. Labour is scarce; not everybody is interested in agriculture or willing to participate in it, so hired labour is expensive. Since labour is scarce, it takes farmers a long time to get their crops planted once the rains have started; as a consequence most farmers only grow one crop per year. It also became clear that farmers who are interested in producing more than their immediate household food security needs (estimated at 800 kg of starch crops and 400 kg of protein rich crops per year) require capital for seeds, equipment and hired labour, but neither the capital nor the inputs are readily available. Finally, and just as importantly, the market was unreliable and did not provide fair prices. Our point of departure was that the work of an “impact investor” such as MWH had to be different

than that of a charity: besides social returns, we also wanted farmers to see a financial return. This seemed to be a huge challenge.

During the first years we worked with approximately 3,000 farmers, following the Farmer Field School approach: forming groups in which farmers could learn from field observation and their own experimentation, improve their household food security and generate some income. This approach helped farmers to refresh their agricultural knowledge and skills and to learn about new crops. But it soon became obvious that we needed to develop our approach further, and we started working with those who saw themselves as commercial farmers – even if they were only farming a very small plot. We visited farmers’ initiatives in other parts of Uganda and identified and met the key agricultural actors in the region.

A path to follow Development actors rarely stratify the farmers they work with and therefore tend to miss out on what is called the “missing middle”. Many tend to consider that the rural areas are inhabited by a homogeneous group of farmers, and develop programmes and projects to help these “average” farmers enhance food production and reach the market with their (small) surpluses. The socio-economic reality, however, shows an enormous diversity, as soon became clear in Pader. A number of farmers have easier access to land and some of them have a keen interest in developing their farms. For many others, farming is a default activity: with no other jobs available and no state-

organised social security system in place, they have no other option. MWH came to the conclusion that working with the “missing middle” can make social and financial sense.

So in addition to working with the participants of the Farmer Field Schools, we opted for an economic development perspective working with those who have the ambition, attitude and possibilities to turn their agricultural activities into a family-owned commercial farm, be it a large, medium or small enterprise. Our vision was that, through developing a long-term, market-oriented, crop production plan, farmers would be able to generate a sustainable family income, and invest part of these profits in their enterprise for further growth. We also discovered that the development of family-owned commercial farms is still an untrodden path, especially in the very difficult context of areas like northern Uganda. However, our “U-process” is showing that some of our key decisions are having a positive effect.

(a) Long-term Most development programmes run for three and sometimes five years at most. These programmes intend to make a substantial difference in the lives of the rural poor during this short period of time, and also to develop conditions under which these initiatives can continue and prosper after the funding runs out. We soon saw that this is a rather naïve way of developing enterprises and promoting rural economic growth. We have committed ourselves for a minimum of ten years, inviting our business partners (farmers and their enterprises) to commit themselves to a long-term effort.

Developing a long-term, market-oriented, crop production plan. Photo: MWH Foundation





Towards a collaborative and sustainable production system. Photo: MWH Foundation

(b) Holistic Value chain development is another “hot item” in the development world. The development of these chains is based on the assumption that the different actors in the value chain exhibit clear business behaviour (they are reliable, competitive, client oriented, etc.), have a long-term perspective and operate in a conducive environment. None of this is the case in Pader: other actors are either absent or unreliable, the market is incomplete and not transparent, and there is a general lack of infrastructure. An additional handicap is the lack of inputs or services. Inspired by the history of agricultural co-operatives elsewhere we started a one-stop service centre (“the HUB”), inviting all farmers to become members, without necessarily focusing on one product or chain. To access these low-price and high-quality inputs and services, the member is asked to sell his or her harvest to the HUB, which buys it at fair market prices, stores it and then sells it when the prices are higher – redistributing the profits to all members.

(c) A social enterprise The liberalisation of the economy, a low level of government investment in agriculture, or the lack of national legislation (and compliance with it) can all increase the difficulties experienced in rural areas. Coupled with the severe damage to the social tissue resulting from the long years of war, it is no surprise that the group members regularly display opportunistic behaviour. The most common form is side selling, where farmers sell their products to another buyer or use the crop they are growing as a collateral for an additional loan. It is not uncommon for the quality of produce to be compromised, as officials sometimes take bribes to accept produce of a sub-stand-

ard quality. Free-riding, whereby farmers use subsidised inputs and services for crops they do not intend to sell to the HUB, is also common. A substantial part of our work is therefore directed towards building trust: intense personal contacts make it more difficult for opportunistic behaviour to go unnoticed. Membership of the group aims to combine economic and social motives and provide a sense of belonging and trust that the wider society still needs to regain.

There is little doubt that it will take a couple of years before any business in post-conflict Pader can become profitable. This applies to the family farm enterprises as well as to the HUB. For this reason we created a trust that holds all assets. The ultimate aim is for farmers to unite and collectively take ownership of the HUB. In the meantime, the HUB is run as a social enterprise which, in itself, is a new concept in Uganda. In short, it is a business unit that operates according to commercial principles, but where decisions are not only based on financial considerations. The long-term benefits in terms of a collaborative and sustainable production system and the short-term financial benefits are equally important.

Results In 2012, the first full year of the programme, 150 farmers, cultivating close to 1,000 acres in total, became members of the HUB. They got access to credit and marketed 89 tons of maize and 17 tons of soya through the HUB, most of which was sold in Pader and in the nearby districts. The HUB’s mechanisation services ploughed, harrowed and planted 334, 243 and 155 acres respectively. Farmers began to discover the value of high-quality seeds and of paying attention to the fertility of their soils: average maize yields went up from 400 to 800 kg/acre. A number of farmers have understood what commercial farming really means and – more interestingly – are already investing their profits in order to improve their production system and reach more consumers with their products.

A limited focus on relief and rehabilitation, or the relatively short presence of development programmes and projects in areas like Pader, has had a limited impact on local and regional economic development. MWH combines high risk investment, long-term commitment, social enterprise and a focus on the “missing middle” as a viable way of promoting farmer-led economic development in fragile areas.

Theo Groot (theo.groot@mwh-trust.com) has lived and worked in Africa since 1979. Based in the Netherlands, **Hans Joosse** (hans.joosse@mwh-trust.com) started the MWH Foundation.