

# DANIDA Interventions in Agriculture & Food Security

## DANIDA Introduction

Denmark is one of the long-standing bilateral partners to Uganda in areas of Good Governance, Human Development and Growth. The overall objective of Denmark's development cooperation is contribute to poverty reduction through inclusive and sustainable economic development, promote democracy, good governance and human rights and support Uganda's stabilising role in the region. The Danish Embassy has a new Country Programme (2018-2022) with two thematic programmes: Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE) and Uganda Programme for Governance, Rights, Accountability and Democracy (UPGRADE).

## About aBi:

The Governments of Denmark and Uganda jointly founded the Agricultural Business Initiative in 2010 as a social enterprise that channels development cooperation funding to agribusinesses and agricultural service providers in Uganda. It currently comprises of aBi Development (formerly aBi Trust) and aBi Finance.

## aBi interventions:

aBi interventions are primarily focused on the primary agriculture producers and processors through strengthening linkages between producers and processors as well as with downstream traders and exporters. This is reinforcing the sustainability of aBi's investments and of the partners supported, improving the pro-poor and resilience aspects of its developmental impact.

aBi aims at building a competitive, profitable and sustainable agriculture and agribusiness sector in support of equitable wealth creation in Uganda. It pursues this through environmentally friendly and socially responsible investments; to improve production, processing, trade, ensuring food security, improving markets for smallholders, business development support, innovation in agriculture, agri-insurance and financing.

## Agriculture Financing:

Since inception and especially the period 2014–2018 the aBi channeled development funding as matching grants and Business Development Services to agricultural producers and agribusinesses to enhance their management, production, productivity, value addition, income, profitability and employment. It also supported Financial Services for Agribusiness by providing guarantees and lines of credit and through technical assistance to Financial Institutions. Over the period 2014–2018 aBi Development implemented around 130 matching grant projects with a total value of an estimated UGX 345 billion. aBi Finance provided agricultural loan guarantee cover, lines of credit and technical assistance to 44 Financial Institutions, who disbursed 812,000 new loans worth UGX 1.7 Trillion in Agribusiness lending. These interventions by both aBi Development and aBi Finance reached over 1.1 Million smallholder farmers and agribusinesses and contributed to increased employment, household incomes and profits.

## Innovations in agriculture: JABA success story

One of the major innovations in agriculture is soil fertility management as part of strengthening resilience to natural resource depletion and climate change. aBi has partnered with JABA Engineering Ltd to implement the On-Farm Soil Nutrient Testing for Improved Crop Productivity project in Western Uganda with a regional soil testing laboratory in Kasese to cover Bunyangabu, Rubirizi and Kamwenge districts as well as Rwenzori region. The laboratory has eased access



**Soil testing at the Jabba Engineering Ltd laboratory in Kasese District**

to soil testing services for farming communities in the Mount Rwenzori region. Farmer groups are being trained about the importance of soil nutrient testing, how to apply recommendations and general good agronomic practices to boost maize and coffee output and these are already reaping numerous benefits.

## Value Addition: NUMA Feeds Limited Success Story

aBi has partnered with many different organizations since its inception in 2010. One such company is NUMA Feeds Ltd. aBi partnered with Numa Feeds Limited, a company based in Sheema district, to increase the production of maize and soybean amongst 15,000 farmers. This intervention resulted in production of over 22,500MT and 12,000MT of maize and soybean respectively. NUMA Feeds serves as off-taker for the farmers produce and processes it into flour and animal feeds for the local and regional market.



**Packed NUMA rice ready for the market**



**NUMA Feeds Ltd packaging line at the factory in Sheema District**

## Post-Harvest Handling: Aponye success story

The first partnership between aBi and Aponye was in 2016 through grant support of USh1.56bn for the construction of a 5,000MT grain store. The grant sought to improve grain post-harvest handling, storage, processing and marketing, and ultimately to improve the livelihoods of 10,000 households. Part of the grant funding was directed towards procurement of equipment such as threshers, moisture meters and aflatoxin-testing equipment. Upon completion of the facility in 2016, at least 4,414 MT of maize was purchased, and processed into flour and some into animal feeds. 3,900MT of the processed flour was sold to World Food Program.

In general, with other cereal, partners included, in the year 2018 alone over 11,392 MT of maize was



**Maize being delivered at the Aponye warehouse in Mubende District**



**Aponye storage facility in Mubende District built with support from aBi**

sold on the local market. The cereals farmers mobilized savings to the tune of USh517 Million through their Village Savings and Loan Associations (VSLA). This shows a direct relationship between the production by farmers and improvement in their incomes and livelihoods. In addition, over 4,347 jobs were created during the year.

## Agriculture Insurance: Uganda Insurers Association (UIA) success story

The agricultural sector's growth over the years has largely underperformed due to a number of challenges and varying risks faced by farmers in the country. Agriculture risks ranging from but not limited to input, climatic weather changes, pests, diseases, infrastructure (post-harvest loss) risks, price and market risks, all which make investments into the agriculture sector unattractive. In a bid to de-risk the sector in order to unlock credit and consequently increase investment to the sector aBi partnered with Uganda Insurers Association (UIA) through a grant to support the creating awareness and sensitization of farmers on agriculture insurance as an integral part in farm risk management.

Under this partnership, Ugandan farmers have been largely protected against production risks by introducing measures including offering sufficient indemnity to keep the farmers in business through making agriculture insurance affordable and increasing access of farmers to credit. Owing to the interventions and support from the Government of Uganda and aBi, UIA has registered the following results; insured agriculture grew to USh325.2bn from target of USh100bn, increase in Agriculture Insurance premiums of USh10.4bn, increase in the number of insured farmers to over 68,361 farmers; and reduction of average premium rates by 5%.

## About NURI:

Denmark has supported Northern Uganda for several decades, first through the self-reliance strategy (1999-2003) and later through the successive phases of the DAR/RALNUC programme (2004-2014). Most recently, Denmark has supported the recovery and development in Northern Uganda through her Uganda-Growth Programme II

(2014-2018) which managed to increase on the production of strategic crops by 45%.

Northern Uganda Resilience Initiative (NURI) is a UGX 161 billion successor to Danida's recovery and development programme for northern Uganda. The project logic is based on the important role agriculture plays in Uganda's economy and the potential for agriculture to contribute to equitable economic growth that reaches the poorest segments of Ugandan society. Danida through NURI is responding to five key development challenges facing Northern Uganda, thus: high poverty levels and trends in the face of adverse climate change, high influx of South Sudanese refugees putting pressure on local communities, the lack of adequate rural infrastructure, as well as rapid population growth that contributes to persistence of subsistence farming and low agricultural productivity.

NURI is pursuing enhanced resilience and equitable economic development in the districts of Zombo, Nebbi, Pakwach, Arua, Moyo, Adjumani, Lamwo, Agago and Kitgum. This involves support to refugees and host communities. As a result, NURI will promote climate smart agriculture and marketing, agriculture related rural infrastructure and agriculture oriented water resources management. At least 180,000 households in the nine districts will benefit from NURI and the target is to reach 4,000 farmer groups consisting of 120,000 households with agricultural extension and training and 2000 communities consisting of 60,000 households with rural infrastructure.

## NURI Success Stories (animal traction)

As a result of the animal traction intervention by Development Assistance to Refugee hosting areas program (now NURI), Grace Acayo, 42year old from Nebbi District recounts the benefits. Grace says, "I now have the opportunity to plough up to 2-3 acres of land that I can use to plant the most profitable crop" Before the intervention she used to plough half an acre that would take her several weeks to complete but with animal traction now she only needs one day to plough an acre. In July 2017, she ploughed 1.5 acres using animal traction and planted rice (Nerica 4 variety). From the yield of 18 bags, in January 2018 her group did collective marketing and she sold 13 bags at a price of UGX 1,400 earning UGX 1,800,000. "I did not sleep that night after I earned a million plus for the first time in my life. I told my family members quietly that if other people do not realize the importance of animal traction and the hidden treasure in this crop, we have found ours", she narrated. With this money, Grace spent UGX 600,000 to purchase land (0.75 acres) making her a land owner which is not common for women in her community. She used the remaining balance for paying school fees, medical bills, bought 2 goats that have now produced and buying materials for constructing a permanent house. "My house is at plastering stage" she says with excitement. She plans to continue with the crop and plough 3 acres with a target of earning UGX 4,000,000, and she is happy that through NURI she has left the lower rug of poverty and is somebody with dignity.



**Community Based Trainer (CBT) training ox handlers and the two pair of oxen in Lamwo District**



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