Designing a hub model around Kyanamukaaka-Kabonera Pig Farmers Cooperative

Consultancy Report documenting best practices for the hub and training needs for farmers and service providers

DRAFT

Mable Kabagabu

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Contents

Acronyms .......................................................................................................................... 1
Introduction .......................................................................................................................... 2
Business hubs ...................................................................................................................... 2
The consultancy .................................................................................................................... 3
Best practices for pig business hubs .................................................................................. 4
Key success factors for implementing business hub model ............................................. 8
Conclusions for pig business hub best practices .............................................................. 9
Recommendations for pig business hub best practices ...................................................... 9
Training needs assessment for pig farmers and service providers .................................. 11
Methodology .................................................................................................................... 11
Findings on training needs ............................................................................................... 12
Needs of pig producers ...................................................................................................... 14
Category 1: Collective Engagement Needs ........................................................................ 14
Category 2: Marketing Needs ............................................................................................ 14
Category 3: Governance Needs ........................................................................................ 15
Category 4: Financial Services Needs ............................................................................. 15
Category 5: Farmers’ Business and Enterprise Management (BEM) Needs ..................... 15
Service Providers’ Needs .................................................................................................. 16
Feeds Service Providers ................................................................................................... 16
Traders/Transporters ......................................................................................................... 16
Training and Advisory Service Providers ......................................................................... 16
Recommendations for business hub training needs .......................................................... 17
Pig Business Hub Structure .............................................................................................. 17
Forming smallholder pig farmer groups .......................................................................... 19
The Need for Pig Farmer Groups ...................................................................................... 19
Pilot Training of Groups on Business Hub Model ............................................................ 20
Appendix 1: Consultancy achievements to pilot pig business hubs ................................. 21
Appendix 2: Data collection tool ..................................................................................... 22
Appendix 3: Outline training manual on BDS for pig farmer groups ............................... 24
Appendix 4: Certificate of registration ............................................................................. 29
<table>
<thead>
<tr>
<th>Acronyms</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BDS</td>
<td>Business development services</td>
</tr>
<tr>
<td>SACCO</td>
<td>Saving and credit cooperative</td>
</tr>
<tr>
<td>EADD</td>
<td>East Africa Dairy Development Project</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>ILRI</td>
<td>International Livestock Research Institute</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation of the UN</td>
</tr>
<tr>
<td>BOD</td>
<td>Board of directors</td>
</tr>
<tr>
<td>SME</td>
<td>Small and medium-sized enterprises</td>
</tr>
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</table>
Introduction
In Uganda, the smallholder pig value chain has been identified by the Livestock and Fish CGIAR Program as one of the livestock options where research investments are most likely to make a major difference to the livelihoods and diets of poor people.

In 2013, ILRI with the support of IFAD/EU, conducted research on the pig value chain, trying to identify the challenges and opportunities for improving the pig/pork sector in the country. The assessment report highlighted constraints that affect pig farmers like accessing quality and affordable inputs, trainings, lack of coordination among value chain actors, access to market information that affect the pig small holder farmers and suggested potential interventions (Ouma et al, 2014) to;

One of the object of the study was identifying and selecting potential interventions for pilot testing a model that would address some of the challenges the pig farmers face thus business hub approach. The business hub model approach attempts to address issues within the framework of the value chain, analysing the inter-organisational linkages between the producers and the immediate buyer. Similar to the value chain approach, the analysis helps to understand where value can be added, cost reduced and efficiency improved, however, the model approach focuses on two specific players one of which is less endowed and weaker members of the value chain. The analysis also identifies a number of critical gaps in terms of capacities, infrastructure, finance, services, innovation that need to be put in place in order for smallholder groups to be viable chain partners.

Business hubs
Physical distance, obstructing infrastructure and lack of information prevent farmers from attaining most of the key business development services required to increase their production and to operate as a viable business, in most cases business support services that are accessible are typically of high cost and poor quality. Business hub model has been a successful market systems in providing and accessing critical business development services for smallholder farmers in rural dairy sector, spurring increase in; farmer participation, farmer access to input services competitively and on check off systems, number of active suppliers, provision of sustainable extension and farmer advisory services, and value proposition to the markets (EADD, 2012).

Business Hub model enables providing for and accessing critical business development services within the framework of the value chain through inter-organizational linkages between the producers, buyers and service providers. The business approach supports farmer organizations define how they do business with their customers based on the understanding of buyers’ needs and market requirements so that they can prioritize activities and guide smallholder members in responding to those requirements. The business model also supports cooperatives to improve business related aspects particularly:- strategic business management of operations, better business to business coordination between farmers groups and immediate buyers, and responding to customer and value chain needs and priorities. The value chain analysis is applied in business model approach to help understand where; value can be added, costs reduced, and efficiency improved; by focusing on less endowed and weaker members. The analysis also identifies a number of critical gaps in terms of; organizational capacities, infrastructure, finance, access to input and output services, and innovations needed for smallholder groups to be viable chain partners (etal., 2008).
The consultancy
ILRI, through the SPVCD project, supported this initiative, by hiring a consultant who assessed the feasibility of the interventions through creation of the hub of services to address the challenges faced by pig farmers in the cooperative. The report hereafter is the result of in-depth interaction of the consultant with smallholder pig farmers, stakeholders and her experience with similar experience in value chains like dairy in western and central Uganda. Based on the constraints outlined above, there was a need to develop a model that would help to farmers to access inputs and services collectively so as to enjoy the economies of scale.

The overall objective of the assignment is to design a business hub model around Kyanamukaaka-Kabonera Pig Farmers Cooperative.

Consultancy deliverables
1. Meeting reports between Nyanamuka- Kabonero pig farmers’ cooperative society and pig value chain hub service providers.
2. Consultancy report documenting the best practices for the hub, the training needs for farmers and service providers.
3. Achieve

During the consultancy the following was achieved
- Facilitating meetings between the cooperative and the pig buyers to agree on the contractual arrangements and mode of operation of the hub.
- Identifying relevant business development services and their providers in the area to meet the pig cooperative members demands/needs.
- Assessing service providers’ incentives to provide services and be part of the hub, including willingness to provide services to cooperative members on credit.
- Facilitate discussions with willing service providers and the cooperative leaders to develop MOUs for service provision to member farmers on credit.
- Assess business and financial related capacity strengthening needs of the cooperative and service providers.
Best practices for pig business hubs

Commodity hubs generally exhibit values beyond achieving financial goals. These values fundamentally affect how a hub operates and vary widely among commodity or product hubs. They may include, for example, sourcing products from within a defined area or commodities that are produced in ways that conform to the business hub standards and best practices. Business hubs commonly aim to sell products at a price that ensures a fair return to producers, although other hubs also operate with specific commitments to their members and communities such as providing access to healthy food in underserved areas.

Assessment of best practices for the pig business hub provides a useful look into the operations of existing business hubs and a basis for the exploration of factors that may make for successful pig business hub in Kabonera and Kyanamukaka sub counties.

Value propositions

Value proposition for farmers engaged with hubs: The business hub model posits that, stable fair prices and reliable market access enhances a hub’s value proposition to the farmer and service providers. Lesson learnt for EADD business hub model (TANGO, 2013) reveal that value proposition for farmers in hub engagement are access to inputs and services on credit, and market in addition to timely and convenient payments. Identify lead suppliers or service providers from existing market assessments and similar initiatives, implement calls and expressions of interest to select pilot service providers and involve them in planning and implementation.

Value proposition to the market: Share information about market gaps and opportunities and offer technical capacity building to take advantage of such opportunities. Reliable market access is the key driver for the hub engagement to be functional here we consider the hub consistently meeting minimum volume required by the buyers and contracts specifying minimum daily/ weekly / monthly volume. The lesson learnt from EADD model, reveal that value proposition to the market in hub engagement is reliable market access.

Implementing a check-off system

For the hub to operative effectively, a check-off system should be in place. A check-off system is a credit provision system for business development services that assures the farmer accesses services and the service provider receives payment for the goods or services delivered to the farmer on credit.

Check-off is the ultimate benefit for all collaborators in the business hub. The system links various actors together around a business facility, where they play different roles such providing business development services, sell of produce, payment for services, and banking services (Charles, 2010). By its nature, the check-off system assures the service provider will receive payment for the goods or services he has delivered to the farmer on credit. Pigs supplied by farmer serve as guarantee for the future payment.
Table 1: Outline of roles of actors in check-off system (TechnoServe, 2008)

<table>
<thead>
<tr>
<th>1. Farmer</th>
<th>2. Service provider</th>
<th>3. Hub Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receives goods and services. Ensures goods and services from suppliers are right quality. Agrees to pay for the goods and services received at the agreed terms such as price, duration, mode of payment.</td>
<td>Offers quality services to farmers in the agreed area. Offers the agreed goods and services on credit Makes receipts/ invoices for goods received and presents them to Business Facility (i.e. Slaughter Slab/ collection center) for future payment</td>
<td>Collects, bulks and markets the farmers’ pigs. Keeps transaction records. Receives and compiles invoices and amounts owed by each farmer for goods and services. Deducts all money owed by the farmers. Pays the service providers the money deducted from the farmers.</td>
</tr>
</tbody>
</table>

Lessons learnt from the farmer-oriented Business Hub models inform that success of the check-off system depends on the following pillars (TechnoServe, 2010). Success of this system is depends on the following pillars.

**Group dynamics:** For any business organisation, there are leaders and followers, the diversity should be observed and accommodated along the way as the business progresses. Buy-in of key players is critical for starting to operate the system. The check-off system can start to function even if few farmers are ready to take on the services, the rest are expected to adopt later. There success of the check-off system is achieved through persistence and patience among the actors.
Publicity: Unless the benefits of the system are known by everybody adoption rate will remain low. It is important to publicize and flag any achievements, however minimal they may be.

Commitment: There must be willingness to adopt the practices of the check-off system by each of the actors so as to comply with the undertakings, roles and responsibilities as specified in the memorandum of understanding (MOU). Each of the players must buy into the system and be committed to the practices.

Documentation: Documentation is a critical component of the system. The system can only be built on a firm record keeping and documentation base. As more farmers join the system, data processing also becomes critical. Ability to read and write proficiently by both the service providers and farmers is critical for accurate documentation. Information asymmetry should be avoided, as this risks fuelling corruption, embezzlement of funds, and irregularities in system receipts and payments.

Timely and convenient Payments: Payments for the farmer’s sales must be made on time and in full amounts. If payments are made in instalments or less than expected it will affect smooth operations of the system. Bad payment terms will gradually deter both farmers from selling to the slaughter slab as well as service providers from giving their goods and services on credit. The price at which the pig trader buys farmers’ pigs must be attractive and competitive; otherwise farmers will sell their pig elsewhere.

Provision of financial services
Financial services are important to farmers’ productivity and the sustainability of pig farming as a business, and thus influence a farmer’s loyalty to the cooperative society. Farmers appreciate advances on their pig income that reduce the strain of waiting until the end of the month for payment. Loans are described as beneficial and have largely helped farmers to pay for their requirements. By providing financial option, facilities encourage existing producers to scale up and help aspiring farmers to increase pig production.

Governance systems in place
Governance strongly influences farmers’ decisions to engage in collective marketing and impacts supplier retention, both of which are critical to sustaining a hub. Transparent system for election of leadership, financial reporting system, human resource performance management plan of the board members and growth strategy for the hub should be put in place.

There must be trust, honesty and integrity between pig traders, the farmers and the cooperative management. In the current hub model, the co-operatives are used to pool farmers. It is worth nothing however, that in the past, co-operatives cheated farmers and the memories are still fresh in the memories of many. Therefore, the co-operative executives and the slab managers need to exercise maximum caution. Transparency and accountability of the cooperative leaders and hub management is key for suitability of the hub.

Good management practices: Good management practices of the pig business hub help the hub realize a competitive advantage in input and output markets, when negotiating for supply contracts with bulk buyers, suppliers, meat processors, and other industry players as this has become a standard for market access requirements that consider supply chain best practices. This ensures the financial viability of the hubs by boosting farmers’ sales and access to input and output services such as improved breeds, veterinary care, and improved feeds and feeding practices.
Structuring of the system: In structuring of business system, visibility of the farmers is vital, as farmers must be recognized to own the pigs business hub and that the slaughter facility as well as the selling of the pigs. If the structure does not recognize the farmer as the owner, then and credit facilities (check-off benefits) cannot reach him. Right from the onset, the farmer organizations/co-operatives must adhere to the constitution to set a good precedence to the future co-operative that is expected to be bigger and more complex. It is important to understand the unique prevailing structures, environment and mode of operation of the co-operative before introducing the check-off system. With these in mind, introduction of the system should be done gradually rather than imposing it. Otherwise, the system may be resisted.

Farmer mobilization and sensitization
In order to have a functional hub, the farmers who are the primary users and beneficiaries must buy into and be willing to participate in operations of the hub. Clearly demonstrating to potential partners the benefits of involvement and engage them to buy into a broad vision of market change. Sensitization on how the hub will operate is equally important. The farmers could be organized into co-operatives with well defined structures. Organise farmers in well defined structures smaller to be able to access hub services collectively.

During mobilization and sensitization the following should be noted:
- Proximity is important factor for successful operations aggregation centres. Farmers may be mobilised within radius of few miles. Preferably not more than 100 miles to enable access to business hub services local farmers usually are in the radius of 100 miles but sometimes within less than 100 miles.
- Rural farmers and can easily be derailed if misinformed, therefore be clear on all issues from the on-set.
- Have as many opinion leaders on board as possible.
- Mobilization and sensitization is a continuous process and not a one-off event

Establish pig collection centre or a slaughter slab
The business facility should be established with proper management system in place. Important aspects to note in establishing the facility include;
- Ensuring that the slab once established, can start operating immediately with minimum snags. Delays may slow down the farmer momentum that was already built.
- Ensuring that a well negotiated sales agreement with an identified bulk buyer is already in place.
- Ensuring that there is a management structure in place to receive pigs from the farmers, measure, and record as appropriate.
- The hub management should also be competent to suitably compile records on individual farmer’s deliveries to the market.

Mentor partners to develop and test viable business models, strategies and approaches
There is need for continuous nurturing, mentoring and hand holding of the business hubs since the model is a new concept in the value chain frame work. Introduction and adoption of the model is a gradual process and not an event.
Facilitate business linkages through contract/ MOU signing between farmer organisation and business Development Service providers and partnerships
By promoting more efficient business practices that lead to higher profits for all stakeholders. Business linkages also address suppliers’ lack of knowledge about SMEs. The aim is to create or expand BDS embedded within business relationships between SMEs and other firms.

Stimulate and capacitate service providers to improve market performance
Drive market change and respond to shifts in the market such as market demand, competition and changing technology.

Facilitate technical advice and assistance to BDS providers
Through profiling and maintaining a data base of reliable and appropriate service providers to continuously support the pig business hub and farmer groups. This will address suppliers’ lack of technical or managerial skills. The aim is to address a range of supply-side constraints and build the capacity of new or existing BDS suppliers to profitably serve the business. Business Development Service Providers will be engaged to ensure continued provision of support services at a fee. To ensure efficient delivery of services, ILRI should support to build the capacity of service providers so that they in turn offer quality services at a competitively prices.

Facilitate the building of management capacity of the board of directors as well as business managers
Ensure the hub/farmer owned enterprise is managed as a business and driven to make profits for its shareholders. This therefore requires that the enterprise is run by a qualified manager who must have a strong business background and clearly separate the functions and roles of farmers (shareholders), the management committee or board and the business managers and staff.

Replicate and scale up successful interventions

Key success factors for implementing business hub model
For the business hub to be functional and sustainable, the following factors should be put into consideration. (etal., 2008)

- Significant number of organised and empowered farmers willing and capable of supplying the target market or buyer: The model needs an existing group of organised farmers that have experience supplying markets. The group needs to already have functioning governance structures within a significant number of capable members relative to the needs of the buyers. The group leaders and staff need to have a clear understanding of members’ profile and their capacity to serve the targeted market.

- Receptive business sector willing to engage in dealing with smallholder suppliers: Supplying a specific and pre-identified buyer is a cornerstone of the approach as it provides the farmers organisation with a defined target market with specific deliverables to respond to and promise of real business partnership. This is as opposed to trying to respond to the general demands of the broader market.

- Local enabling environment that promotes/ supports or at a minimum does not impede small-business initiative: Despite the numerous challenges of doing business locally, whether they involved complex or unclear local contract law or paying regular bribes, the benefits and economic value of the business partnership needs to be worth the effort of having to deal with the daily obstacles to business.
• Experienced and marketed –oriented service local providers and NGOs to facilitate the business partnership and oversee the implementation of technical activities: the existence of local market- oriented service providers that has experience linking smallholder to markets and that guide the farmer organisation, without unduly taking over activities that should be carried out by the farmer group itself. The intermediary organisation is also an important third party in trying to consolidate the relationship between the suppliers group and the buyer and can act as neutral mediator when disputes arise.

**Conclusions for pig business hub best practices**

Business hub model for improving livestock related income among small-scale producers has proven innovative and effective in many respects. By combining technical support to farmers for improved management practices with business development services in a central hub, the model has paved the way for many poor farmers to profitably engage in the livestock value chain. Also, by forging direct linkages with the private sector (private dairy processors, financial institutions, and input suppliers) the model has enabled several hubs to achieve financial stability and increased the likelihood of long-term sustainability.

**Recommendations for pig business hub best practices**

*Facilitate long-term linkages to ensure consistent support to hubs/ Business Pig groups:* To ensure sustainable change toward profitable engagement of smallholders, ILRI must commit to establishing and implementing deliberate exit strategies that enable graduation to shared responsibility and formal handover of various activities based on demonstrated capacity. Development and implementation of the Stage Gate tool borrowed EADD project is a positive step in monitoring and supporting the sustainability of individual hubs, the tool can be made more efficient and applicable. In revising and improving the tool, particular attention should be given to involving the project staff, hub representatives, and Cooperative members to ensure that Stage Gate is user-friendly and accurately portrays evolution of the dairy business at the hub level. EADD should provide specific guidance on pathways for transitioning from one stage to the next. (TANGO TEAM, 2013)

*Support mobilization efforts by prioritizing efforts to strengthen farmer loyalty:* The profitability of member farmers’ engagement in the pig value chain could be greatly enhanced through provision of basic training in financial literacy and business management. Such training is rarely available through the informal market.

*Prioritize learning from M&E systems:* ILRI must prioritize the establishment of simple, cohesive M&E structures that allow evidence collected at the hub level to more directly influence the strategic decisions. It is important that this capability inform appropriate targeting of beneficiaries and flexible allocation of project resources to individual components (e.g. Business Development Services) based on project performance.

Pig hubs should be required to develop and implement mechanisms to ensure greater accountability to member farmers. This should include greater frequency and notification of meetings between BODs and member farmers, and institution of minimal reporting requirements related to member shareholdings.

ILRI should bring on board government Authorities in charge of quality control like Uganda Drugs Authority and Uganda National Bureau of Standards to ensure quality of drugs and animal feeds supplied on the markets are of right standards otherwise during the business hub model piloting phase, it was difficult to link feed Service providers to the Cooperative Society.
ILRI should support development of business management capacity among Hub Board of Directors. This may be facilitated by greater support for exchange visits, mentoring arrangements and other learning opportunities between BODs of successful hubs like the dairy sector and their counterparts in less successful hubs.
Training needs assessment for pig farmers and service providers

Methodology
One of the project objectives is building the capacity of pig farmers and service providers’ value chain actors to benefit in the hub model development. The initial activity to achieve this objective was to identify the capacity building needs of pig farmers and service providers. Two survey methods were used to identify capacity building needs of farmers and service providers of the pig business hub. These were:

1. Participatory needs assessment using focus group discussion, and observations of farmers, accessed by invitation to group meeting
2. Individual interviews with service providers accessed by snowballing

Focus group discussions: The data was collected during a focus group discussions held with the Executive and groups members of Kyanamukaka- Kabonera cooperative where the hub is being piloted. The group focus discussions were purposely held to:

1. Identify and prioritize capacity building needs
2. Identify capacity building thematic areas and interventions

Interactive and participatory methods were used during the interviews. This was intended to allow participants to actively get involved in the interviews and discussions, express their opinions, ideas and views freely, and share information openly as well as to generate a wealth of information and make participants to value the workshop. The steps included:

- Brief from the interviewer
- Small group discussion and presentation
- Plenary discussion
- Question and answer
- Closing remark

In the groups we identified the capacity building thematic areas, priority actions for capacity building, and persons or institutions to spearhead the capacity building and interventions. Group discussion guidelines were given to each group and after the discussions they made presentation. Each group presentation was followed by a plenary discussion. The plenary discussions enabled members and the facilitator to simulate the groups’ presentation putting them in a position to either complement or supplement thus, enriching the group’s submission.

The questions and answers method was used by the facilitator to gauge the participants’ understanding of the areas of discussion. This method was also used to clarify points which the participants may have found ambiguous. In the group discussions the participants used this method to enhance their understanding.

Individual interviews: Snowballing method was also used on the side of service providers (input, agro vet and pig traders) within Masaka municipality. Six (6) groups’ participated in needs assessment and prioritization discussions and seven service providers were interviewed using snowballing method.
The dates and groups for the interviews are shown in table 2.

**Table 2: Workshop dates and groups where participants were drawn**

<table>
<thead>
<tr>
<th>Date of the interviews</th>
<th>Group</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/3/2015</td>
<td>Busagala group</td>
<td>21</td>
</tr>
<tr>
<td>14/3/2015</td>
<td>Kyajjubira afayo</td>
<td>29</td>
</tr>
<tr>
<td>13/3/2015</td>
<td>Kyobimba</td>
<td>12</td>
</tr>
<tr>
<td>14/3/2015</td>
<td>Kyamuhimba</td>
<td>8</td>
</tr>
<tr>
<td>12/3/2015</td>
<td>A kwatampola</td>
<td>8</td>
</tr>
<tr>
<td>10/3/2015</td>
<td>Kyanamukaka Executive members</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total Respondents</strong></td>
<td></td>
<td><strong>83</strong></td>
</tr>
</tbody>
</table>

A total of 83 participants comprising of farmers, Executive leaders and service providers were engaged in the interviews and participatory discussions to elicit information pertinent to the pig business hub in Kyanamukaka and Kabonera sub counties. The participants included; Executive leaders, service providers and farmers and Table 2 gives the number of participants by value chain actor categories.

**Table 3: Number of the participants by value chain actor categories**

<table>
<thead>
<tr>
<th>Category of value chain</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service providers</td>
<td>7</td>
</tr>
<tr>
<td>Feed suppliers</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>777</td>
</tr>
<tr>
<td>Transporters</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>21</td>
</tr>
<tr>
<td>Extension worker</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Findings on training needs**

*Profile of the Kyanamuka-Kabanera pig farmers Cooperative Society*

The Executive Board is the highest organ of Kyanamuka- Kabanera pig farmers Cooperative Society. It comprises of seven (7) members in various leadership positions indicated in Table 4.

**Table 4: Board Members of Kyanamuka- Kabanera pig farmers Cooperative Society**

<table>
<thead>
<tr>
<th>Name of Board Member</th>
<th>Leadership Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ponsiano Nyombi</td>
<td>Chairperson</td>
</tr>
<tr>
<td>Kato Muwonge</td>
<td>Vice Chairperson</td>
</tr>
<tr>
<td>Barbra Kasujja</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Sam Ssekyondwa</td>
<td>Secretary</td>
</tr>
<tr>
<td>Ssetuba Bruno</td>
<td>Committee Member</td>
</tr>
<tr>
<td>Kaweesi mike</td>
<td>Committee Member</td>
</tr>
<tr>
<td>Madrine Nabayindo</td>
<td>Committee Member</td>
</tr>
</tbody>
</table>

Kyanamukaka-Kabanera pig farmers Cooperative Society is a pig farmers cooperative with its members drawn from Kyanamukaka and Kabonera sub counties, Masaka District. It was formed in 2009, registered under the co-operative societies, CAP.112 in Uganda on 16th January 2013 with
certificate number 10120/RCS. The society currently has 85 members. It has a Board of executive Committee comprising of seven (7) members headed by the Chair-person in place to supervise the activities of the cooperative society.

In October 2012, the International Livestock Research Institute officially started working with cooperative Society on the value chain assessment.

The Cooperative Society was founded with the objective of harnessing a collective voice to advocate for challenges faced by pig farmers. Additionally, it was envisaged that through collective action farmers would access pig markets and inputs such as agro vet supplies, extension services and funding for the cooperative at better terms.

Despite the set objectives of the Cooperative, the current business model of the cooperative, lacks well defined structures that would enable the group to have a streamlined system for farmers to access Business Development Services in the hub. The cooperative farmers are scattered overall the two sub counties i.e Kabonara and Kyanamukaka, coordination among the cooperative and individual farmers is made more difficult for members to collective access, bargain, sell their products and enjoy economies of scale.

For many years the cooperative has been in existence, the financial position has been weak because it does not operative any other business apart from farmers’ equity inform of membership and shares.

Leadership of Kyanamukaka-Kabonera Cooperative Society comprises of 7 members, four men and three women respectively. The leaders are not actively involved in the development of the Kyanamukaka-Kabonero business hub, in terms of mobilising more farmers to join it, following up on the agreed activities as planned like coordinating purchase of brewery waste, Service Providers and site for proposed slaughter slab.
**Needs of pig producers**

Through the group discussions each category identified their capacity building needs which they later prioritised through a priority setting exercise.

<table>
<thead>
<tr>
<th>Category of Farmer Group Needs</th>
<th>Individual score</th>
<th>Category Score (Average/20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collective engagement Needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobilization skills</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
</tr>
<tr>
<td>Group formation</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Marketing Needs</td>
<td></td>
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<tr>
<td>Collective Marketing</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
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<tr>
<td>Marketing skills</td>
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<tr>
<td>Governance Needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roles and responsibility of the board members</td>
<td>7&lt;sup&gt;th&lt;/sup&gt;</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
</tr>
<tr>
<td>Leadership skills</td>
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<tr>
<td>Work planning</td>
<td>9&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Staff management</td>
<td>18&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
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<tr>
<td>Financial Services Needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recording keeping</td>
<td>5&lt;sup&gt;th&lt;/sup&gt;</td>
<td>4&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Rural Saving and credit skills</td>
<td>6&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Business planning</td>
<td>10&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Business and Enterprise Management (BEM)</td>
<td>11&lt;sup&gt;th&lt;/sup&gt;</td>
<td>5&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Preparation of Simple financial statements</td>
<td>12&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Business negotiations</td>
<td>13&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Book keeping</td>
<td>14&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship skills</td>
<td>15&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Customer service</td>
<td>16&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Quality assurance</td>
<td>17&lt;sup&gt;th&lt;/sup&gt;</td>
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</tbody>
</table>

**Category 1: Collective Engagement Needs**

The farmers in Kyanamukaka-Kabonera cooperative identified collective engagement as the first (1<sup>st</sup>) category of needs to improve the performance of their collective production and marketing initiatives for group marketing, business management and as meetings, mobilisation of funds, and information representativeness. This calls for strengthening the mobilisation skills of the leadership and members at large so as to recruit more and enhance member participation for collective activities such sharing.

**Category 2: Marketing Needs**

Collective Marketing and Marketing Currently the cooperative members sell their pigs individually, rather than in collective form due to lack of one stop collection centre or a slaughter slab. A collection centre or slaughter slab would work for the farmers as market space and show room at which the farmers bring the pigs to the cooperative hub for slaughter and sale. Findings from the group discussions revealed that the pigs are sold and slaughtered individually at various facilities such as; backyard, in the bushes, at homes, at the farms which majority of the participants considered as being unhygienic and unfavourable practice that is affecting their ability to negotiate for better business offers.

Marketing needs pertain to services needed to enable farmers in the pig business hub to identify or establish markets for their products. Such services facilitate the creation of linkages between all the actors in a given market and enable buyers to expand their outreach to, and purchases from,
the SMEs. Marketing needs identified included skills, knowledge and information for collective marketing and Hub Management. Collective marketing was considered as the collective action of organizing smallholder pig farmers around activities for marketing of their pigs. During the group discussions, collective pig marketing together with good governance of the business hub was anticipated to create incentives for cooperation around the management of the hub and attract the associated business development services for cost-effectiveness and sustainability of the business hub. This is in line with the provision that three broad categories of factors are important for effective formation and functioning of collective marketing by farmer groups, namely; types of products and markets, characteristics of the user groups, and institutional arrangements (Markelova, 2014). The Marketing skills highlighted included; identification of pig markets particularly the pig buyers/customers, bargaining for better prices, mobilizing farmers for supply of pigs to achieve economies of scale, quality and quantity assurance, access to market information, and promotion of hub services/infrastructure.

**Category 3: Governance Needs**
Governance is important in all its aspects, as it results in a reduction of the societal and managerial problems associated with farmer groups to avoid chaos as this would ensure the members to set up a leadership/governance and management structure which would enable their farmer groups to operate efficiently and effectively in their best interest. From the group discussions and observation, the pig farmer groups were in place but lacked well defined structures of leadership, roles and responsibility definition, and commitment of members. The Governance needs identified include: formation of groups and collective marketing associations, networking, group dynamics, roles and responsibilities of board, and constitution of laws for governing the pig farmer groups.

**Category 4: Financial Services Needs**
Financial services help SMEs identify and access funds through formal and alternative channels that include supplier or buyer credits, factoring companies, equity financing, venture capital, credit unions, banks, and the like. The financial service also assist buyers in establishing links with commercial banks (letters of credit, etc.) to help them directly finance SME business activities. From the needs assessment discussions, it was established that there is no village bank or SACCO linked or owned by the Kyanamukaka- Kabonera cooperative society. The pig farmers face challenges to access finances to support their pig business or production activities, forcing the farmers to end up selling their pigs at premature age or at giveaway prices due to the need for money to cater for their immediate household needs.

The Kyanamukaka- Kabonera cooperative society, however, has put in place an initiative for mobilisation of farmer saving currently (by the time of the assessment) amounting to UGX. 3,000,000 (Three million, Uganda Shillings; eqv to approx. US$ 1,034), collected from its members in form of membership and shares to start a saving and credit scheme. Findings from the group discussions revealed that the cooperative society and small pig groups need financial skills training in; negotiation skills to access credit, record keeping, cooperative management, laws that govern saving and credit scheme, managing business finances, book keeping, preparation of simple financial statements, customer care, and risk management.

**Category 5: Farmers’ Business and Enterprise Management (BEM) Needs**
The pig business hub model and Check-off system. Financial services are important to farmers’ productivity and the sustainability of pig farming as a business, and thus influence a farmer’s loyalty to the cooperative society. Farmers appreciate advances on their pig income, which helps them to reduce the strain of waiting until the the stipulated period by the cooperative or service provider arrangement. The check-off system has been proved a best-practice in ensuring farmer acquisition of BDS services including finances and inputs without cash payment, and later being
checked off from their sales by the cooperative. The business and enterprise management needs identified associated with pig business hub model and check-off system for Kyanamukaka-Kabenéra cooperative society include; record keeping, basic bookkeeping, negotiation skills, quality management, managing business finances, preparing financial statements, entrepreneurship skills, and customer care.

**Service Providers’ Needs**

*Feeds Service Providers*
These services help SMEs improve their access to production inputs and output markets. They facilitate the creation of links between SMEs and suppliers and enable the suppliers to both expand their outreach to SMEs and develop their capacity to offer better, less expensive inputs.

There are linkages between Kabonera-Kyanamukaka cooperative society and service providers in the area, built on; supply relationship for pig feed in form of brewery waste by Victoria Company in Kampala, access to extension services, and pig trade with the butchers and slaughter slabs in urban Masaka. The training needs identified included; quality training, Storage management, Customer care and training on how to make favourable memorandum of understanding with farmer groups.

Sustainable feed production and distribution system is important for the pig business hub. Capacity building for the cooperative members and extension workers on feed plan development using the FEAST tool (ILRI, 2013) would help the members gain more skills in conducting feed resources assessment and reporting, facilitating cooperative to actually develop site feed plans and also provided feedback to refine the FEAST tool.

*Traders/Transporters*
These services establish sustainable infrastructures that enable SMEs to increase sales and income. Examples include transport systems refrigeration, storage, processing facilities, loading equipment, communication centres, and improved roads and market places. Currently pig buyers provide transport for themselves from the farmers to their butchers/slaughter slabs on their bicycles. Training needs identified include; Record keeping, Transport management, record keeping and simple financial statements.

*Training and Advisory Service Providers*
Capacity of the service provider to provide sustainable extension and farmer advisory services would entrench extension function into the cooperative business planning and the extension services units linked to the cooperatives. The key focus is streamlining extension service delivery through a business model that incorporates value proportion in extension services as well as revenue streams from the sale of pigs through a collective approach. The service providers should be working towards creating sustainable extension departments managed by cooperatives. To guide the process, an eligibility checklist and data form should be developed and used for development of work plans/budgets and extension service provision plans.
Recommendations for business hub training needs

*Pig Business Hub Structure*

The survey for best practices and needs assessment found three business functions around Nyanamukakaka-Kobonera Cooperative Society that construct the functioning of a Pig Business Hub. For the purpose of this report, and based on preliminary ILRI research on pig value chain in the community, the pig business hub is described as having the following actors and their primary functions:

i) Farmers’ Cooperative whose primary function is to aggregate pigs from member farmers and manage the business hub

ii) Farmers whose primary function is to produce and supply pigs to the cooperative/hub

iii) Business Development Service providers whose primary function is to provide services to the farmers through the cooperative/business hub.

![Figure 2: Proposed Structure of Pig Business Hub](image)

The operations and management of the business hub should ensure that the farmers are better positioned to take advantage of the market opportunities and become engaged in emerging democratic processes.

Marketing needs training should be addressed by taking a market led approach that promotes private sector participation in service provision to ensure long term provision of services beyond initial support by Pig business hub promoters, currently ILRI and the local government.

Training for provision of business services should ensure that services are developed and offered at a fee to guarantee that the created value for the business services is sustained through repeat usage by the farmers and efficient delivery of services. ILRI should build capacity of service providers so that they in turn offer quality services at a competitively prices.
Mobilization and sensitization training for collective engagement is very important in order to have a functional hub, led by the farmers who are the primary users and beneficiaries, and must be organised for buy in and willingness to participate in operations of the hub. Sensitization on how the hub will operate is equally important. The need to organise farmers into smaller pig groups at the village level and linking them to the cooperative, and service providers is eminent and the initial works of organization and linkages started under this assignment should be strengthened.

Training on all aspects of the pig business hub model should be done by engaging strategic partners with different expertise such as training, private sector engagement, facilitating collective farmer initiatives, financing and market linkages.

Facilitate building of management capacity of the board of directors as well as business managers. Training of Business Hub management staff and Executives should be frequently done for monitoring and enforcement to ensure transparency in activities of pig business hub and business service provider
Forming smallholder pig farmer groups

The Need for Pig Farmer Groups

For smallholder based on supply chain, the difficulty of coordination is made difficult by lack of organisation among individual members given those farmers generally supply the market in an adhoc and reactive way and access Business Development Services on individual basis. However, in additional to the benefit of farmer business organisation linked with collective bargaining power and economies of scale, it is a requirement for farmers’ organisations or Cooperatives to be organised into small manageable groups.

The pig business hub model needs an existing group of organised farmers that have experience in supplying markets with their products. The group needs to be already having a functioning governance structure involving a significant number of members relative to the needs of the target buyers. The group leader and the supporting staff need to have a clear understanding of the members profile and their capacity to serve the targeted market.

In a bid to strengthen linkage between the cooperative and the pig small groups, the Board executives should have representation from pig small groups during election of board members. To effect this, cooperative must regularly hold annual general meetings and to ensure that the composition of the cooperative Board allows for wide small pig groups representation.

Table 6: Pig Farmer Groups identified and profiled in Kabonera

<table>
<thead>
<tr>
<th>VILLAGE</th>
<th>GROUP NAME</th>
<th>NAME AND CONTACT</th>
<th>No. OF FARMERS</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSAGALA</td>
<td>MIREMBE</td>
<td>NANTOGO JANE 0784095501/0702728930</td>
<td>20</td>
<td>SAVING &amp; CREDIT, REARING PIGS</td>
</tr>
<tr>
<td>AKWATA EMPOLA</td>
<td>MRS LUWEREKERA 0758552757</td>
<td>25</td>
<td>SAVING &amp; CREDIT, COLLECTIVE PIG KEEPING.</td>
<td></td>
</tr>
<tr>
<td>BULUNGI BWAKYALO</td>
<td>NAMAGANDA ASUMPTA 0758261215</td>
<td>28</td>
<td>SAVING &amp; CREDIT, REARING PIGS</td>
<td></td>
</tr>
<tr>
<td>KISA KYAMUKAMA</td>
<td>NAMAGANDA ASUMPTA 0758261215</td>
<td>25</td>
<td>SAVING &amp; CREDIT, REARING PIGS</td>
<td></td>
</tr>
<tr>
<td>KWEWAYO</td>
<td>NAMAGANDA ASUMPTA 0758261215</td>
<td>37</td>
<td>REARING PIGS</td>
<td></td>
</tr>
<tr>
<td>BUSAGALA</td>
<td>NAMAGANDA ASUMPTA 0758261215</td>
<td>20</td>
<td>SAVING &amp; CREDIT, COLLECTIVE PIG KEEPING.</td>
<td></td>
</tr>
<tr>
<td>ZINUNULA</td>
<td>NAMAGANDA ASUMPTA 0758261215</td>
<td>35</td>
<td>SAVING &amp; CREDIT, REARING PIGS</td>
<td></td>
</tr>
<tr>
<td>TWEKEMBE</td>
<td>NAKALANZI 0757478147</td>
<td>30</td>
<td>SAVING &amp; CREDIT, COLLECTIVE PIG KEEPING.</td>
<td></td>
</tr>
<tr>
<td>KIZIBA</td>
<td>AKWAATA EMPLA FARMERS</td>
<td>MRS. KAKEETO</td>
<td>19 (Only 9 have pigs)</td>
<td></td>
</tr>
<tr>
<td>MWOYO GWA</td>
<td>SSEREMBA GEORGE</td>
<td>25 (Only 15 have pigs)</td>
<td></td>
<td>SAVING &amp; CREDIT</td>
</tr>
<tr>
<td>Name</td>
<td>Phone Number</td>
<td>Pigs</td>
<td></td>
<td></td>
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<tr>
<td>------------------</td>
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<td>------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GWANGA</td>
<td>0703033234</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWEKUULE ELIGWA</td>
<td>KIGOZI CHARLES 0777342094</td>
<td>18 (Only 15 have pigs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KANONI KYOIBIMBA ONANYA</td>
<td>ANNEN KAEESA 0703065098</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SELF HELP KANONI</td>
<td>MORJORIENE MAYANJA 0704285168</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALIYIKIRA</td>
<td>NAKYAZI MARGET 0702085823</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BALIBASEKA</td>
<td>NANYONDO BERNA</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KAMUZINDA LIVESTOCK</td>
<td>KASUJJA BARBARA</td>
<td>27 (15 with pigs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KYANUHIMBWA KYANUHIMBWA FARMERS</td>
<td>SETUMBE 0701836778</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KISENYI F.G</td>
<td>SEYOGA 0751590522</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KISAKYA MARIA</td>
<td>NANDAWULA 0754947398</td>
<td>42 (20 with pigs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AKWATAMPOLA</td>
<td>KAWESI MIKE 0701053311</td>
<td>15 (13 with pigs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KYOSIMBA ONAANYA</td>
<td>NAMUGENYI NORAHO 0754617896</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BAKYALO TWEMEKE</td>
<td>NAMPJIIKA BERNAA 0702680882</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EKIKOZA ALIMA</td>
<td>SSANSA KIZITO 0703060995</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ST. KIZITO</td>
<td>WABUZE LEOTINA 0758038441</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KATONDA AKOLA EBIRUNGI</td>
<td>NAMUSOKO PIRAGIA 0785007524</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kisenyi Wonabaana</td>
<td>SSEKYOYA 0751390522</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bisanje West</td>
<td>NAMUGGA GERTUDE 07023313360</td>
<td>15</td>
<td></td>
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</tbody>
</table>

**Pilot Training of Groups on Business Hub Model**

The 28 pig small groups were sensitive and trained on the business hub model and the check off system as illustrated in appendix 2. Farmers appreciated the model and agreed to pay group membership and shares. Group members suggested that Kyanamukaka-Kabonera cooperative leaders to call for Special Annual General Meeting to pass the resolution therein.
Appendix 1: Consultancy achievements to pilot pig business hubs

In line with component one of my terms of reference the following were achieved:

i) Supported Nyanamukakaka-Kobonera Cooperative Society to mobilise UGX. 3,000,000 (Three million shillings, eqv to US$ 1,034) and started purchasing feeds (brewery waste) from Victoria Company and saving and credit scheme.

ii) Identified and profiled 30 already existing pig small groups within Kyanamukaka and Kabonera sub counties and linked them to the cooperative this will enhance proper communication of information between the farmers and the cooperative. Without well-defined structures at the grass root, the hub cannot be sustainable.

iii) Created linkages between farmers and service providers through conducting Business Opportunity Seminars and trained members business hub model concept and use of the check-off system in the pig business hubs.

iv) Within 2 months of piloting the concept, two Business Development Services (BDS) have been established; feed (brewery waste and saving and credit schemes both at the cooperative and group levels.

v) Because of our intervention of working with small pig small under the Cooperative Society, Extension service providers are now more interested in providing their services to kyanamukaka and Kabonera farmers because of structures at the grass root.

vi) Linked Kyanamukaka-Kabonera Cooperative Society to feeds Company (Victoria in Kampala). The cooperative has undertaken collective purchase of pig feeds as part of its interventions at the hub; local knowledge about the availability of brewer’s waste in Kampala encouraged the farmers here to collectively purchase this feed to supplement their pigs’ diets. So far 10 tones have been purchased each tone at 60,000 and have made another order of 30 tonnes.

vii) Supported other pig cooperative societies like Kimanya-Kyabakuza and Katwe kitego to access feed (brewery waste) form Victoria Company in Kampala. Kimanya-kyabakuza has so far purchased 11 and Katwe-kitego 10 tonnes of brewery waste respectively.

viii) Facilitated the signing of the feeds contract between the Kyanamukaka- Kabonera cooperative society and Victoria Company.

ix) Supported ILRI team to create working relationship with private sector foundation Uganda to build capacity for Kyanamukaka-Kabonera cooperative members.
Appendix 2: Data collection tool

ADDRESS AND BACKGROUND INFORMATION OF THE PIGGERY BUSINESS

Name of the Executive member: __________________________________________________________

Tel. No.______________________________________________________________________________

Name of the executive Committee members:

Name: Contact: Title
1._________________________  2._________________________  3._________________________  
4._________________________  5._________________________  

_____________________________________________________

Sub County: ________________________________________________________

Village: ________________________________________________________________

Sex of the respondent: [ _______ ] 1=Male 0=Female

How long have you been in the cooperative? ________________________________
Operations start date_____________________________________________________
Date of Assessment ____________________________________________

SECTION I: GENERAL BUSINESS INFORMATION

1.1 How many do you own? ________________________________
1.2 How many people do you employ?
1.3 How many members are in your group?
1.4 Do you participate in the mobilisation of the cooperative resources?[ ___
1.5 What strategies used to mobilise or recruit members to join ?
1.6 Are there any members who left the group? ___________________________
1.7 If yes, please state why? (Give at least two reasons)?_____________________
1.8 How many members have joined the group in the last 3 months?
1.9 How often does the board meetings?[ __ Quarterly [ _____ ] 1=Weekly [ _____ ] 2=Monthly
[ _____ ] other specify

1.10 What are the objectives of your association?
1.11 How many of you belong to any marketing association? 
If yes have you ever been trained in marketing skills?
1.12 How have you benefited from this marketing group?
1.13 What marketing challenges does the association face?
1.14 What strategies do you think can be putting place to solve these challenges?
1.15 How do you find buyers for your products and how do you negotiate with them
1.16 Does your group have leaders?
   If not why?
   If yes how do you elect them?
1.17 Have you ever been trained in leaderships?
   If yes, what are the roles and responsibilities of each leader?
1.18 Have you ever been trained in business skills?
   If yes, what topics?
1.19 Do you keep any records for your business?
1.19 What type of records do you keep?
1.20 We know that the association have been operating for some time, how do you manage the
   association’s funds?
1.21 What systems have you put in place?
1.22 Are you attached to any Village saving loans association (VSLA)
1.23 How much do you save per month?
1.24 What challenges do you face in your business?
1.25 What is your monthly income and expenses? 
Appendix 3: Outline training manual on BDS for pig farmer groups

BDS notes – working concepts ideas and tools

Compiled by FIT Resources for Technoserve as part of the East Africa Dairy Development Project.

These technical notes have been compiled and copied from various papers and presentations placed in the public domain by BDS practitioners around the world. Much of the content of this manual has been sourced from the following website: www.mmw4p.org

Other informative sites that have been used to directly source information for this manual include:

- www.value-chain.org
- www.BDSknowledge.org
- www.BusinessEnvironment.org
- www.seepnetwork.org
- www.springfieldcentre.com
- www.ilo.org/seed
- www.sedonors.org

The concepts, ideas and tools defined in this manual are directly based on or quoted from the work of key BDS organisations and practitioners and particular acknowledgment goes to the following:

- Alexandra Miehlbradt
- Alan Gibson
- Marshall Bear
- Jim Tanburn
- Mary McVay
- Peter Tomlinson

These notes accompany a 2 day formal training programme for Technoserve staff and partners to:

- Deepen current knowledge and experience in BDS market development and current approaches to implementing sustainable private sector development
- Capacitate project staff to engage in market diagnostics and programming

The BDS field focuses on promoting access to and use of these services by micro, small and mediumscale enterprises. Formerly known as “non-financial services,” the field originally concentrated on providing training, consulting, and other services that addressed the internal constraints of enterprises — their lack of education and technical capacity. It has grown to include marketing services and information resources that help firms gain access to services usually enjoyed only by larger firms. Infrastructure development and policy reform, which address external constraints on firms in these critical areas, are also included under the BDS umbrella. Some definitions include:

- Business development services are marketing information, access to technology and business know-how, infrastructure development and advocacy
- Any non financial service provided to businesses on either a formal or informal basis.
- BDS refers to the wide range of services used by entrepreneurs to help them operate efficiently and grow their businesses with the broader purpose of contributing to economic growth, employment generation, and poverty alleviation
- BDS help to increase sales and reduce costs for micro enterprises
- BDS help micro enterprises grow and create income and employment for poor people around the world

## Types of BDS

Types of BDS can be categorized as follows:

| MARKET ACCESS | New Marketing Business  
 Linkages Through Associations / Cooperatives  
 Commercial Programmes That Provide Business Links, Advocacy, and Business Management Training  
 Linkages Through Private Sector Intermediaries  
 Creating Alternative Markets  
 Festivals and Crafts Fairs (trade fairs and product exhibitions)  
 Development of Samples for Potential Buyers  
 Market Information Links  
 Subcontracting and Outsourcing  
 Database Market Links with Individual Consultation  
 Marketing Trips and Meetings  
 Initial Market Research  
 Market Space Development  
 Showrooms  
 Packaging  
 Advertising |
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>These services identify / establish new markets for SME products. They facilitate the creation of links between all the actors in a given market and enable buyers to expand their outreach to, and purchases from, SMEs. They also enable SMEs to develop new products and produce them to buyer specifications.</td>
<td></td>
</tr>
</tbody>
</table>
 Facilitate Establishment of Input Supply Companies  
 Linking SMEs to input suppliers  
 Improve Suppliers’ Capacity to Provide a Regular Supply of Quality Inputs at a Reasonable Price  
 Facilitate the Establishment of Bulk Buying Groups  
 Provide Information on Input Supply Sources  
 Improve Quality of Inputs by Training Suppliers |
| INPUT SUPPLY | Technology Development or Adaptation  
 Technology Transfer or Commercialization  
 Development Of Alternative Inputs (Raw Materials Or Energy Sources)  
 Develop or Improve Consumer Products Produced by SMEs  
 Establish Links Between Small Enterprises and technology/Machine Service Suppliers  
 Improve Production Processes  
 Facilitate Technology Procurement  
 Develop Quality Assurance Programmes, Third-Party Quality Control Testing, or Warranties  
 Mobilize Donations of New or Used Equipment  
 Improve Product Packaging and Storage  
 Equipment leasing and rental  
 Design services |
| These services help SMEs improve their access to raw materials and production inputs. They facilitate the creation of links between SMEs and suppliers and enable the suppliers to both expand their outreach to SMEs and develop their capacity to offer better, less expensive inputs. |  
 Facilitate Establishment of Input Supply Companies  
 Linking SMEs to input suppliers  
 Improve Suppliers’ Capacity to Provide a Regular Supply of Quality Inputs at a Reasonable Price  
 Facilitate the Establishment of Bulk Buying Groups  
 Provide Information on Input Supply Sources  
 Improve Quality of Inputs by Training Suppliers |
| TECHNOLOGY & PRODUCT DEVELOPMENT | Technology Development or Adaptation  
 Technology Transfer or Commercialization  
 Development Of Alternative Inputs (Raw Materials Or Energy Sources)  
 Develop or Improve Consumer Products Produced by SMEs  
 Establish Links Between Small Enterprises and technology/Machine Service Suppliers  
 Improve Production Processes  
 Facilitate Technology Procurement  
 Develop Quality Assurance Programmes, Third-Party Quality Control Testing, or Warranties  
 Mobilize Donations of New or Used Equipment  
 Improve Product Packaging and Storage  
 Equipment leasing and rental  
 Design services |
| TRAINING AND TECHNICAL ASSISTANCE | Training & TA for Business Owners  
Adult Education  
Programmes That Provide Business Links, Advocacy, and Business Management Training  
Mentoring  
Feasibility studies and business plans  
Exchange visits and business tours  
Franchising  
Technical training  
Counseling/advisory services  
Legal services  
Financial and taxation advice  
Accountancy and bookkeeping |
| These services develop the capacity of enterprises to better plan and manage their operations and improve their technical expertise. They develop sustainable training and technical assistance products that SMEs are willing to pay for and they foster links between service providers and enterprises.  
Training and technical assistance may be delivered on any topic. |
| INFRASTRUCTURE | Establish / Improve Common Storage  
Facilities/warehousing for Inputs or Products  
Develop / Improve Physical Market Space  
Facilitate Transportation and delivery Services for Inputs or Products  
Develop Common Site Facilities or Industrial Estates  
Create Business Incubators That Also Offer Non-Infrastructure Services  
Develop Standards for Small Enterprise Business Practices and a Review or Mediation Mechanism for Complaints  
Telecommunications  
Courier  
Money transfer  
Information through print, radio, TV  
Internet access and computer services  
Secretarial services |
| These services establish sustainable infrastructures that enable SMEs to increase sales and income. Examples include refrigeration, storage, processing facilities, transport systems, loading equipment, communication centers, and improved roads and market places. |
| POLICY/ADVOCACY | Commercial SME Radio Programmes That Provide Business Links, Advocacy, and Business Management Training  
Building Capacity of Government to Enact and Enforce an Enabling Policy Environment for SMEs  
Organizing and Strengthening Grass Roots SME Associations to Engage in Effective Self-Representation  
Direct advocacy on behalf of SMEs  
Training in policy advocacy  
Analysis and communication of policy constraints and opportunities  
Sponsorship of conferences  
Policy studies |
| These services carry out sub-sector analyses and research to identify policy constraints and opportunities for SMEs. They also facilitate the organization of coalitions, trade organizations, or associations of business people, donors, government officials, academics, etc. to effect policies that promote the interests of SMEs. |
| FINANCE | Encourage, facilitate or provide supplier credit—finance the supply chain  
Encourage or promote buyer financing  
Expand or create factoring companies that provide working capital for confirmed orders |
| These services help SMEs identify and access funds through formal and alternative channels that include supplier or buyer credits, factoring companies, equity financing, venture capital, |
credit unions, banks, and the like. They also assist buyers in establishing links with commercial banks (letters of credit, etc.) to help them finance SME production directly.

Provide or facilitate equity financing
Provide or facilitate credit guarantees
Facilitate and negotiate credit terms with traditional banks

BDS can also be thought of under three different headings:

1. **Specialised fee-based services**: offered to SMEs as distinct services for which they pay a fee or via commission. This could include accountancy/audit, freight forwarding, advertising, legal advice, veterinary, equipment repair, business consultancy, technical information, conference organising, network brokering and product design.

2. **Embedded services**: included within a commercial transaction for another product or service. This could include design advice offered by a retailer to a producer, livestock advice offered by a trader to a farmer and producer advice offered through commodity supply chains, quality control provided by an exporter to a small processor.

3. **Informally provided services**: information, knowledge and advice available to SMEs through other business or social relationships. This could include information and advice on price, market and technology trends through social networks or mediation through traditional cultural mechanisms.

**Bundled services** = Several business services provided together as part of a package. This package of services may be offered independently or as part of another commercial transaction e.g. a transaction between a wholesaler and a producer.

**Embedded services** = Business services provided as part of another commercial transaction, such as when a trader provides market information and product design advice to a producer when the trader purchases the producer’s products.

**Why BDS?**
- They contribute to the enterprise development objectives of employment creation and improved living standards
- BDS provides answers to the internal constraints holding back enterprise growth such as poor management, poor quality products, and lack of markets....
- Business Development Services (BDS) help to increase sales and reduce costs for SMEs.
- They help SMEs grow and create income and employment
- Owners become less marginalized economically and politically and they are better positioned to take advantage of global markets and become engaged in emerging democratic processes.

**What are the barriers to real growth for SMEs?**
- Competitive markets
- Lack of information about more lucrative markets
- Poor quality products, wastage, inefficient technology
- Financial drain, high employee turnover, poor management
- Expensive, poor quality inputs
- Lack of access to telephone, electricity, water, and sanitation services, and space to do business
- Harassment, over-taxation, insecurity, and government corruption that threaten their very right to do business

**How can BDS help SMEs?**
- BDS can help SMEs to access high value markets
- BDS can help SMEs to develop and produce quality products efficiently


• BDS can help SMEs to manage their business to make the most of limited assets
• BDS can help SMEs to gain access to affordable, quality inputs and infrastructure
• BDS can help SMEs to advocate for the basic right to do business

What are the objectives of BDS?

• To provide support services that are in demand by SMEs
• To improve enterprise performance (resulting in more jobs, higher incomes and greater investment)
• To improve chances of survival for start-ups
• To assist disadvantaged groups become successful entrepreneurs
• To develop forward and backward linkages between enterprises

BDS and development:
Business Development Services programmes contribute significantly to overall community development initiatives. They not only can have a significant impact on economic growth, income, and job creation, but also on broader development goals. Some of the development areas that BDS programmes contribute to include:

• Health, including HIV prevention and amelioration
• Stabilization in post-disaster situations
• Democracy and governance
• Women’s empowerment and gender equity
• Agricultural development
• Environmental protection
• Social enterprise
• Cultural preservation
• Fair trade
• Job creation, workforce development, and labor relations

BDS and microfinance:
Some experts see BDS and microfinance as distinct fields using different approaches to address problems that are separate issues. The danger of combining the two approaches is that programmes might fail to apply best practices in each field. Micro Finance Institution (MFI) sustainability might be threatened and BDS markets could be dominated by MFIs that would subsidize services. Proponents of a combined approach argue that unless BDS and finance programmes work together to coordinate their service offerings, SMEs will not be able to access both and this will inhibit their growth and ability to create development impact. Patterns in programmes attempting to help SMEs access both BDS and finance and using best practice in both fields include:

• Demand-driven integration: Attempts to integrate basic business education or referral services into MFI operations, but charges a fee and/or offers clients a choice about whether or not to take training
• Parallel programmes: When a development organization offers both services through separate initiatives that reach the same client
• Alternative finance: Strengthens existing, market-based financing mechanisms—supplier or buyer credit, bank or equity financing, equipment leasing, etc.
Appendix 4: Certificate of registration