




swisscontact

Capturing the evidence of change in
the hot pepper business partnership
under U-Learn II

Experience paper



Business Partnership
Case Study and Stories of the youth farmers in Hoima and Wakiso Districts

Project U-Learn II

October 2017

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1. Introduction

Introduction

U-Learn Phase II is a five-year project (2016-21) implemented in Tanzania and Uganda in partnership with Mastercard Foundation. It builds on U-Learn Phase I (2011-16), which was part of the Foundation's 'Learn, Earn and Save' initiative.

The objective of U-Learn Phase II is to raise 7,500 young people in Uganda and 7,500 young people in Tanzania out of poverty, sustainably, by increasing their competitiveness in the job market and improving opportunities for self-employment. This goal will be reached by demonstrating the value proposition of engaging the young women and men in business models across agriculture, hospitality and tourism and construction market systems, as well as facilitating market-relevant skills development, financing mechanism for business start-up and growth and promoting access to business support services and learning platforms.

In the project's first year, the team facilitated the development of partnership models between market actors and young women and men, to introduce inclusive business models in the market systems. To develop these business partnerships, U-Learn Phase II pursues a wide range of opportunities with selected private sector actors. This is based

on the concept that, effectively engaging youths in agriculture production whilst ensuring strong trading linkages with agriculture produce buyers using shared value partnerships, is a promising strategy in creating income opportunity for under-employed and un-employed youths in Uganda.

One of the early partnerships of the project using a shared value partnership model, is with an agriculture produce buyer – KK Fresh Produce Exporters Ltd (KK Foods). This partnership is intended to demonstrate the potential in scaling up the company's business activity by engaging young people and increasing their capacity to produce the company's key agriculture crop – Hot Pepper.

Details regarding the processes followed in developing this partnership have been documented in a separate publication of Swisscontact: Business Partnership Learning: A Synopsis of Lessons Learnt of Past Partnership and Partner Engagement Methodology.

This paper studies the impact from the business partnership on the company and the youth farmers in Hoima and Wakiso Districts to capture the evidence of success.

Innovation in the business model

The partnership's success is measured by the increase in regular supply of high quality agriculture produce (hot pepper) for the export markets, whilst increasing productive capacity and incomes for youth farmers.



2. Partner Profile

Partner Profile

KK Foods is a produce buyer and trader established in Uganda in 2011 with links to buyers in the European markets. KK Foods aims to create sustainable supply chains for selected agriculture crops that have a high demand in the European market.

One of the key crops that KK Foods trades is hot pepper. The crop has a high demand in European markets, quick to grow and relatively easy to transport.

When KK Foods first began purchasing hot pepper across Uganda and exporting, the company's business grew. However limited quantities and inconsistent quality of hot pepper made purchase of hot pepper from KK Foods less favourable and the company lost its forward contracts in European markets.

Since then, KK Foods is promoting the production of hot pepper in selected regions of Uganda using an out-grower model. KK Foods engages farmers, provides information on the business opportunity and invests in the production cycle by offering agronomic knowledge and access to quality inputs at favourable costs, to feed its supply chain for export trade.

KK Foods engaged international development actors and donors in Uganda to test an out-grower purchasing model but this had very limited impact. It was assessed that the limited impact was due to weak partnership between farmers and the company as well as limited investment in the on-farm production processes.

The project staff of U-Learn Phase II learned of KK Foods story at a donor consortium meeting and engaged KK Foods for applying the learning from the previously tested out-grower model and adopting the U-Learn project youth engagement model to establish hot pepper supply chain.

In the 14 months since initiating the partnership with youth farmers under the U-Learn project, KK Foods has established a network of 626 farmers who are responsible for cultivating and harvesting 470 acres of land for hot pepper production. As of September 2017, 241 youths were harvesting and supplying an average of 3 tons of hot pepper to KK Foods, twice a week. The harvests of hot pepper from the youths now accounts for 55% of KK's total hot pepper exports from Uganda.



3. Shared Value Partnership

Shared Value Partnership

The engagement process began with a partnership with U-Learn project on the 25th of August 2016. Activities began in December 2016 with youth career guidance where young farmers were enabled to understand the hot pepper business to guide their investment in the production. This was followed by production processes on nurseries beginning in February 2017 and farmers' first harvest came through at the end of July 2017. This partnership has been a fruitful investment for KK Foods and the company intends to expand with the current youth farmers, as well as mobilise additional youths to expand its out-grower network.

Key Results

- Reinstated Hot Pepper production and trade in Uganda by establishing a youth centric grower network and linking them to input dealers and markets
- Cultivation of 470 acres of land under diverse agro climatic conditions across Uganda.
- Extended technical training, access to agriculture inputs, and market to generate sustainable income for 626 young farmers previously un-employed or under-employed.
- 241 young farmers already harvesting and generating income as of September 2017.
- Farmers are on track to produce between 2 and 5 tons of hot pepper through the annual production cycle, with an average increase in net income per farmer of at least USD 600 per annum.
- Demonstrated market opportunity and access to inputs that could lead to continued income for farmers by repeating the production cycle in the following year.
- An inclusive supply chain that safeguards young amateur farmer interests with 55% of the business (KK), dependant on young farmers producing hot pepper.
- Established trust for youths as a market actor for a commercial business (KK) now working on increasing a farmer network and pioneering the promotion of micro irrigation systems that would lead to better yields and quality produce for young farmers.

Success Factors

According to KK Foods's, the success of the business partnership was highly dependent on the capacity building amongst the farmers. Key areas of practice change were observed in good agronomic practices (GAP), post-harvest handling (PHH) and additional skills such as entrepreneurial skills, financial capability, leadership, social and life skills.

Young farmers whilst 'full of enthusiasm' and being 'quick learners' needed structured guidance in understanding the market opportunity and the partnership with large businesses.

This was witnessed by KK Foods as a critical component that allowed for systematic progression of the youths in becoming viable partners as hot pepper farmers for KK Foods. Critical components that led to the success of the capacity building process of farmers include:

1. **Career guidance** in assisting the youths to identify the business opportunities in agriculture and more specifically in hot pepper production;
2. **Support to the youths** in understanding the contract farming between KK Foods and the young farmers groups – particularly understanding the seed/input loan for agriculture inputs tied to the expectation of hot pepper production and delivery to KK Foods at the time of harvest.
3. **Peer to peer learning** to engage and work with fellow farmers to discuss key opportunities and challenges and exchange best practices. Some examples of challenges that were discussed include weather related unexpected challenges on farm or sudden attack from pests that confused farmers. Peer to peer learning allowed farmers to find quick solutions based on experiences of the more seasoned farmers. Similar learning

platforms across regions helped demonstrate the benefits experienced by the youths in one area from contract farming, thereby, encouraging other youths to join similar ventures.

4. **Continuous advisory** through the Agronomists and project team from U-Learn in learning and adopting best practices.
5. **Quality control** by including incentives and taking ownership of farm level packaging, transporting and sorting to the requirements of the export market. KK Foods representatives and U-Learn project team directly engaged with the farmers to reduce the reject rate – increasing the knowledge of PHH and sorting. Over time farmers took great pride in quoting a reduced rejection rate and increased incomes from each harvest.
6. **Increased understanding** amongst the business company and its staff led to increased investment in the youths as the future drivers of the agriculture supply chain. This leads to the company's commitment to offer a steady and reliable market for farmers.
7. **Collaboration and support** from the local governments – U-Learn project signed MOUs with the local governments providing an umbrella agreement that engaged and formalised the involvement of government institutions particularly those with a mandate to increasing youth employment and supporting agriculture markets for economic growth. Given the long standing relationships between local government offices and the rural youths, the involvement of government officers in career counselling sessions increased the confidence amongst the youths and provided a linkage to bring together youths within their jurisdiction.



'In the past, this component was missing from our partnerships and the results were not favourable for expansion. This time, due to the structured guidance from the U-Learn project in building the capacity of the youths, the relationship has been stronger and the results are clearly positive.'

'Most youths are vulnerable and lack the initial investment required to enter agriculture as a business. These challenges need to be tackled through continuous sensitisation, trainings and close engagements to have them understand how best they can work to benefit from this intervention.'

Dr. James Kanyije CEO, KK Fresh Produce Exporters Ltd.

Farmer Stories

Capturing the change in beneficiary profiles at an early stage of the partnership

The below farmer profiles seek to explore the lives of the beneficiaries of the partnership before and after the first cycle of production for KK Fresh Produce Exporters Ltd.

Three specific farmer profiles have been selected to showcase the diversity amongst the farmers that have benefited from the partnership. The impact on the farmers is measured using brief economic and social impact analysis. To measure the economic analyses, we have used a basic cash flow and mapped the investments made by farmers from the initial engagement to harvest and crop delivery during a complete production and harvest cycle. For hot pepper, the production cycle is an average of 11 months and includes the following processes; youth engagement, training and orientation, accessing seedlings to plant a nursery, transplanting to a garden and then 2 seasons of harvest. After 2 seasons farmers are required to buy a new set of seedlings to ensure high yielding crop and therefore starting a different production cycle.

Using the cash flow, we have mapped their expenses both planned and those that were unexpected during the production cycle. Although we have factored in labour, the costs include hired labour for various stages of production and harvest. The costs do not quantify the value of the farmer's own work hours. Nonetheless, it provides a reasonable assessment of 'net income gain' from the business partnership as the economic indicator.

For a social impact assessment; it is still an early stage in the partnership cycle to measure against concrete social impact change related to quality of life, healthcare and education. However, farmers do show early signs of success against other social indicators such as reduced conflict in family, financial literacy and savings, reverse migration (urban to rural) and hygiene.

Most farmers have also anticipated the kind of change that they would want to bring about in their lives and those of their families through an increase in work opportunity and income. Farmers will readily accept assistance from their family members as labour on the farm. This has often increased the harmony and care amongst family members. In many cases, the household tasks have been divided where the primary farmer under the U-Learn partnership becomes responsible for income generation and the other members of the household farm for subsistence and the operating of a 'shared kitchen'. Alternatively, other members responsible for household management until the primary farmer begins to generate an income. In return for shared food, the family expect that the U-Learn farmer will take more family responsibility and take care of their siblings and children. Therefore, to measure the social impact, this research uses the following key indicators:

- Family harmony and liveability,
- Financial literacy and community value,
- Reverse migration and cultural identity, and
- Youth leadership and influence in the community

1. *Nicholas Mutegeki from the Western District of Hoima*

The first story is of a farmer in the western district of Hoima where the climatic conditions and the soil are most favourable for hot pepper production. In the very first cycle of productions, all participating farmers had a bumper harvest resulting in high returns and more enthusiasm amongst the youths. Nicholas Mutegeki is one of those hard working and fortunate farmers. Here is his story.



“*Nicholas said: ‘When I begin to make some money, I want to look for a large piece of land so that I don’t have to manage two separate farms. This will reduce my costs and save me time. I learned this during my financial literacy trainings’.*”

Nicholas Mutegeki was 18 years old when he joined the partnership with KK Foods. He lived with his siblings and parents. The family has always collectively worked on their family farm to produce food supply for the year. Prior to his work in hot pepper production, Nicholas did not take on any significant responsibility in the family except helping on the family owned farm to produce food for the household. Nicholas was extremely sceptical of a commercial engagement that required him to move away from subsistence farming and use his land for any other activity.

His entrepreneurial journey begins with an intensive interaction with the U-Learn team where he was able to understand the opportunity in the agriculture sector particularly in working with KK Foods.

It was during the career counselling sessions in the early stage of engagement that he learned to manage his land. He dedicated a small piece of his land to set up a new hot pepper nursery which would eventually become his garden and he continued to plant food crops for the family on the rest of the land. Whereas, some youth like Nicholas can access family land for production, there are other options for land access such as, land renting or land offered by charitable organization and local government.

He closely listened to the advice from the agronomist throughout the nursery planting and transplantation processes and carefully monitored the nursery during this time. The nursery flourished and he had more hot pepper seedlings than he could use for his own land. He then rented a small piece of land some distance from his own farm where he could plant an extra half acre of hot pepper. Nicholas was most fortunate to have access to family land as well as rent community land as this is a key constraint youths face in starting farms. Nicholas shared the remaining seedlings with his colleagues who did not have the same great result on their nursery beds.

Nicholas' family is hopeful that continued hot pepper production and the relationship with KK Foods will provide a better life for them. They all continue to help Nicholas throughout the production, harvest and transportation processes.

Nicholas anticipates that if his production continues this way, he will be able to provide a better life for his family, buy himself a more suitable mode of transportation, and provide for his sister. With growing profits Nicholas wants to expand his hot pepper production by acquiring a large single piece of land so that the costs of farm management can be minimised.

Name: Nicholas Mutegeki
Gender: Male
Age at joining: 18 years
Education: Studied till Senior 4 (10th grade)
Family and Household (HH): Nicholas lives with his parents, 2 brothers and 1 sister. Everyone helps him on his farm particularly his mother.
Role of others in the HH: Nicholas's father studied up to 3rd grade and mother till 5th grade. Nicholas's parents were mainly subsistence farmers and occasionally sold left over crops at the local markets. They mainly grow maize, beans and rice.
They believe in the potential for income from agriculture.

Main source of HH income: Agriculture and informal labour

Personal youth income: Before hot pepper production, Nicholas' father earned (UGX 1 million) USD 277.00 in a year. Now Nicholas has a farm that can generate similar income within 2 weeks of harvesting.

Bankability: Nicholas now has his first bank account and trades using mobile money.

Access to financial institutions: Nicholas intends to join a local Village Savings and Loans Association (VSLA) and has access to bank and mobile agents located less than 2 km from home and farm.

How Nicholas benefited from the partnership with KK Foods:

- **Understanding commercial agriculture:** 'I understand that it is better for me to work with KK Foods and make money from hot pepper'
- **Increased financial literacy:** 'If I save with the bank, I can grow my business with the money I save'
- **Reinstated hope:** 'I did not know how I can make money for me and my family'; 'I want to work hard now and give my family a better life'

Economic impact

To capture the economic impact from the business partnership, we developed a cash flow showing the household income for Nicholas Mutegeki. Nicholas is a lead farmer that has not only taken great ownership of his own farm but also readily aids and guides the other 18 members in his farming group.

From his nursery, Nicholas transplanted seedlings onto ½ acre of his family land that he had reserved for hot pepper production and hired another ½ acre of community land with the help of his father to ensure he can benefit fully from the production. Despite the cultivation of additional land, Nicholas had almost 50% of the seedlings remaining. He shared these with his friend Richard Tusiime.

Nicholas Mutegeki – Cash flow year 1

Line item	UGX	USD
Cash receipts from harvest expected by Dec 2017 based on 2 month average Aug/Sept in Hoima. Calculated based on an average of 8 crates of 14kg each harvested and delivered two times a week. Farmers receive an average of UGX 1800 per kg	9 676 800	2 688
Rejection farm at 10%	967 680	268.80
Rejection at sorting and packing at 20% of stock received, calculated on the 90% of harvest sent to company sorting station	2 128 806	591.36
Land at UGX 250 000 per year, calculated from January to December 2017	250 000	69.44
Land preparation 2 rounds at UGX 120 000 each time	240 000	66.67
Seeds pre-financed by KK Foods	70 000	19.44
Management of nursery	80 000	22.22
Labour for transplanting in 1 day (4 person family labour at UGX 5000 per person per day)	20 000	5.56
Other agriculture inputs and tools (fertiliser and pest control, tarpoline, spray pumps and hoe)	220 000	61.11
Weeding and waterin at UGX 110 000 per month, calculated for 6 months up to December 2017	660 000	183.33
Labour harvest UGX 1700 / crate at 14 kg per crate, calculated based on an anticipated harvest from August to December 2017	652 800	181.33
Transport from farm to collection point at UGX 5000 for fuel on personal motorbike per harvest day. Average cost of UGX 8000 per week and UGX 32000 a month, calculated for 6 months of harvest up to December 2017	192 000	53.33
Total net income	4 485 424	1 165.40

Social impact

Family harmony and liveability

Nicholas has been living with his family in a single-family dwelling on the farm land. Nicholas was the first member of his family that connected with the U-Learn project team. Nicholas's father has an interaction with the U-Learn team which gave him to allow his son to use a part of the family land for the nursery and supported him when Nicholas' ask for help to secure additional community land during the transplanting of seedlings. The regular income from hot pepper has strengthened their family relationships.

Financial literacy and community value

Nicholas is part of a savings group to ensure money will be available for business expansion and his family's healthcare in the future. Nicholas has an ambition to save and buy a car or even a truck that can be used for transporting the harvest.

Since joining the U-Learn processes, Nicholas has also taken on a leadership role and become a champion of good farming practices amongst his friends and the farmers in his group. His fellow farmers seek his advice when they have concerns on their farms. A key example is of his friend and neighbour Richard Tusiime who walked over to Nicholas's farm to observe and learn during transplanting. Richard was also the beneficiary of many of the seedlings from Nicholas' nursery as Richard's nursery did not produce healthy seedlings in sufficient quantity for which Richard is extremely grateful.

Richard asks Nicholas to visit his farm periodically to check on the plants and provide him with advice. In turn, Richard helps Nicholas during harvest to show him his gratitude.

Prevention of rural to urban migration and cultural identity

Nicholas was trying to move to a town close by or even towards the city for better opportunities, but now he expects to live with his family, close to the farm. Once this year is complete, Nicholas will look for larger land where he can grow his production while still being close to his family and community.

Youth Leadership and influence in the community

In the case of Nicholas, it is critical to note how he worked with other farmers in the community. Richard Tusiime is Nicholas' neighbour, he had lost his entire hot pepper nursery due to inadequate response to changing climatic conditions and limited knowledge of nursery management. Nicholas who was a very attentive farmer had a bumper crop on his nursery. Nicholas volunteered to share the surplus of his nursery with Richard during transplantation and made a close friend of him. Richard now has a functioning farm and has also started supplying to KK Foods as of September 2017.

Success from the hot pepper nursery brought immense confidence for Nicholas and gave him the hope and desire to change his life, that of the family and other farmers in the community. He used this confidence and knowledge that he has acquired during the process to help others that were not seeing similar results.

Starting from his friend Richard, Nicholas has become the point person that farmers in the neighbourhood contact for help with their farms. The most important skill that he can share with his fellow farmers is weed management, water management and monitoring the garden for bugs and pests that might damage the hot pepper plants.

2. Margaret Namisango from the Central District of Wakiso

Wakiso district is popular for farming of crops that have a market in Kampala. Some of the key crops that are grown in the Wakiso District include cassava, plantain (locally called Matooke), sweet potato, vegetables, maize and beans.



Margaret lives in a small village off the main road connecting to the city of Kampala. She resides in a family compound with her father. Margaret's father was the beneficiary of the National Agriculture Advisory Services Project that provided him with the inputs for maize farming and he was now a practicing subsistence farmer. He can provide foods for the family from this farm, however, this initiative was not able to create a commercial production for him. Margaret and her father collaborated to ensure that Margaret could benefit from a commercial model under U-Learn where she would focus on production for trade and her father would continue to provide food to the family including Margaret and her 4-year-old son.

Margaret received additional career guidance from her father who had been a member of farmer groups in the area with other initiatives. This gave her confidence to trust the messages from the counseling sessions organized by the project.

As she went through the career counselling sessions, she began to understand the opportunity in commercial agriculture. The quick production cycle and a dependable large scale buyer gave her hope that she would be able to make money for the family through agriculture. She "took a chance and invested in the production of hot pepper".

Name: Margaret Namisanyo

Gender: Female

Age: 22 years

Education: Studied till 6th grade.

Family and Household (HH): Margaret lives in a household of 8 people – the family includes herself, her son, her parents, her brother and his family. The household kitchen is shared but Margaret has her own home where she lives with her child.

Role of others in the HH: Margaret's father worked as an office clerk, then lost his job suddenly and became a farmer to take care of his family – a housewife and 2 children that depended on him. The family collectively grew food including cassava, maize and plantain on their family land. His wife (Margaret's mother) occasionally sold a very small amount in the nearby market that was left over after feeding the family.

Main source of HH income: Agriculture mainly Plantain.

Personal youth income: Before the production of hot pepper, Margaret did not have an income – she was fully dependent on her father. **Bankability:** Since starting the partnership with KK, Margaret is connected to Centenary Bank and its mobile application.

Managing Money: Mostly through Mobile money and cash withdrawal through agent located very close to home.

How Margaret benefited from the partnership with KK Foods:

- **Understanding commercial agriculture:** 'I have seen my father work very hard and not be able to take care of us by farming but now I understand that I must plant what big business wants to buy and I will be able to take care of the family with farming'
- **Increased financial literacy:** 'If I save with the bank, I can one day build my own house'
- **Reinstated hope:** I want to work hard and give my daughter a better life. It will be good to be able to share with my father who has worked very hard to provide for us.

Economic impact

To capture the economic impact from the business partnership, we developed a cash flow showing the household income for Margaret Namisango.

Margaret has an interesting farmer story. As a woman, she was unable to get her own land. Her father's land was already being used for food production and the family could not risk using that for hot pepper. The struggle was heightened because Wakiso, where she resides, is a peri-urban area where land is not as readily available and where available, it comes with a very high cost. But she

was ambitious and therefore able to secure a lease on a 1 acre piece of land from within the community, for a high price of UGX 200 000. She also had to borrow this money from family and friends, along with a 15% annual interest rate to secure the land.

The output from her land has been less than ideal due to low soil fertility. The volumes of her harvest are increasing and she is hopeful that she will be able to earn UGX 2.6 to 3 million by the end of the year from hot pepper production.

Margaret Namisango – Cash flow year 1

Line item	UGX	USD
Cash receipts from harvest expected by Dec 2017 based on 2 month average Aug/Sept in Wakiso. Calculated based on an average of 4 crates of 14kg each harvested and delivered two times a week. Farmers receive an average of UGX 1800 per kg	4 838 400	1 344
Rejection farm at 10%	483 840	134.40
Rejection at sorting and packing at 20% of stock received, calculated on the 90% of harvest sent to company sorting station	870 912	241.92
Land at UGX 200 000 per year, calculated from January to December 2017	200 000	55.56
Interest on loan for 1 year at 15%	30 000	8.33
Land preparation 2 rounds at UGX 80 000 for first round of clearing and de-stumping and second for clearing at UGX 80 000	160 000	44.44
Seeds pre-financed by KK Foods	70 000	19.44
1st ploughing with additional hired labour	20 000	5.56
Water and labour for farm management at UGX 2500 per day, calculated for 2 weeks prior to up to December 2017	35 000	9.72
Labour for weeding the garden at UGX 40 000	40 000	11.11
Purchase of fertilisers	52 000	14.44
Transport at UGX 8000 per week, calculated for 6 months of harvest up to December 2017	192 000	53.33
Total net income	2 684 648	746.74

Social impact

Family harmony and liveability

The processes of producing hot pepper which is not a food crop, have sometimes led to an increase in family harmony and care. Like most other parents of youth under the U-Learn project, Margaret's father took responsibility for ensuring sufficient food is produced on his farm whilst Margaret focused on the production of crops for trade. Margaret, chose to invest a significant amount of labour hours by herself, seeking assistance from her family members for chores on farm when needed. This included tasks like digging, mulching, watering, weeding and harvesting. Margaret had support and assistance from her father however, being a young mother, this did not remove her from the responsibilities of managing the home for herself and her son.

With time and as the profits started to become clearer, the power dynamics at home also seem to have changed in favour of Margaret. A key example of this is that she no longer has to bring her child to the farm because her father is happy to watch over the child as Margaret goes to work on the garden. Margaret's father is also happy to share the burden of cooking for the family so that Margaret can spend the necessary hours of the morning at the garden.

Margaret hopes that this support and success from the first hot pepper garden will increase her father's trust in her as the bread winner and allow her to expand her commercial agriculture garden on his land for the following seasons.

Financial literacy and community value

Margaret is part of 3 savings groups to ensure money will be available for business expansion and her son's wellbeing in the future. Margaret's participation in a savings group – 'Youth of Hope'

Mavuno Group helps her grow the social and economic network and influence other young mothers in the community. Margaret has increased her contribution in her regular savings group – Buteyanira Group to save for the next planting season. She has also joined a third group where she's saving a very small amount to 'buy nice things' for herself.

Prevention of rural to urban migration and cultural identity

Margaret plans to buy her own land where she can live and continue production. She is surprised that she can do this without moving to Kampala. 'In fact, I don't want to move because there isn't space in Kampala and where there is space I cannot afford a clean place in Kampala'. Margaret will look for a larger piece of land in a further rural area so it's cheaper and her own.

Youth Leadership and influence in the community

At the start of the partnership, Margaret's family and friends were equally sceptical of Margaret's venture into hot pepper production. A year later when friends and community members began to see the volumes of production as well as the ability to sell the production, they are extremely positive and interested in hot pepper production. A key interest is sparked regarding her engagement with KK Foods. The community is encouraged by the idea that a buyer is willing to come to her farm and buy her production and guarantee her an income from farming.

Margaret now has 5 community members interested in potentially joining in the next cycle of hot pepper production with KK Foods. These include 3 youths (2 male and 1 female) and 2 elderly farmers currently engaged in subsistence farming only. She has successfully demonstrated the opportunity in commercial agriculture to these community members.

3. *Nicholas Mukisa from the Central District of Wakiso*

Wakiso district is popular for farming of crops that have a market in Kampala. Some of the key crops that are grown in the Wakiso District include cassava, plantain (locally called Matooke), sweet potato, vegetables, maize and beans.



The final case has been selected based on the social transformation that was a result of adopting farming as a business.

Nicholas Mukisa was 22 years old when he joined the U-Learn project. At the time, he worked as an informal worker at sand mines in his district. Sand mining is an exploitative activity mainly involving male youth who work for \$ 1 per day excavating sand for construction. Such an activity is also very risky with incidents of skin burns, fracture, drowning and collapse of landslides that could lead to death. This activity is not organized with health and safety measures in place. However, high demand for sand for construction and high unemployment rates force many young people to get involved in this activity. Sand mining is often done informally and sometimes illegally and therefore miners also face criticism from the communities in which they live.

Nicholas, who is the sole earner in his family and responsible for his wife and two children, was forced to take up mining work to feed his family when he could not find any other means for income generation.

Interview with Nicholas show that life skills training and guidance for personal development, were fundamental in his success in agriculture. It wasn't only low income that was causing grief and dissatisfaction for Nicholas and his family, it was a necessity for regular, reliable and consistent income. Nicholas needed to be able to plan his future. In Nicholas' words; 'the training taught me to manage my anger. Training helped me understand big opportunities and enabled me to dream. This helped me calm down. I understood people's generosity toward me and I became more generous with money and with kindness'.

Nicholas' entire family is hopeful that the hot pepper production and the relationship with KK Foods will provide a better life for them. His wife helps on the farm, children come along to play and the family collectively invests in their hot pepper garden. The family feels more settled and there is less conflict in the household.

He anticipates that if his production continues this way, he will be able to provide a better life for his family, buy himself a larger plot of land where he can grow more hot pepper and other products that could 'fetch a good price'.

Name: Nicholas Mukisa
Gender: Male
Age: 22 years
Education: Studied till 6th grade.
Family and Household (HH): Nicholas lives with his wife and 2 children (3 year old boy and 4 year old girl) in his house.
Role of others in the HH: Sole earner in his family and responsible for his wife and 2 children.
Nicholas father studied up to 5th grade and mother till 8th grade. Both of his parents were smallholder farmers who grew coffee, beans, maize, cassava and sweet potato. Most of the crops except coffee, were for subsistence and home consumption with small left over amount for trade. Coffee was their primary crop for trade but had very few trees and the plantation died because they could not afford to care for the trees.

Main source of HH income: Sand mining. Nicholas' wife contributes by managing a garden for food crops to feed the family.

Personal youth income: Daily wage from sand mining at UGX 20,000 per day, sometimes working as little as 5 days in a month. Work was inconsistent and he always feared the risk of running out of money and not being able to find another mining job.

Bankability: Since starting the partnership with KK, Nicholas is connected to Centenary Bank and its mobile application.
Managing Money: Mostly through Mobile money and cash withdrawal through agents located very close to home.

How Nicholas benefited from the partnership with KK Foods:

- **Understanding commercial agriculture:** 'I hope that hot pepper can take me away from mining – it is not good work and makes me angry'. 'Since I started farming my wife and I have a better relationship – we do not fight anymore'.
- **Increased financial literacy:** 'If I save with the bank, I will have money for whatever my children need and my wife will stay with me'.
- **Reinstated hope:** 'I now understand the value of education, I want to save and return to school so I have better opportunities in the future'. 'This training helped me understand people's generosity toward me and I am more generous in my community, with money and kindness'.

Economic impact

Through the U-Learn career counselling he recognised that there is an opportunity in agriculture if the crop is selected carefully and the production is tied to a buyer. He got land from his father at the beginning of 2017 and instead of planting the traditional crops that the family was used to planting, Nicholas decided to invest in hot pepper. He is convinced that he will make good money from this venture and hopes to buy a gift for his father for letting him use his land for hot pepper production.

At the end of September Nicholas had already supplied to KK Foods from multiple rounds of harvest.

A key economic advancement for him was his ability to buy a cow in the first quarter of sales which he expects will add to his assets and revenue in the future – the manure will provide fertiliser on his land and availability of milk for consumption and sales.

At the current rates of production, Nicholas is expected to show earnings that are twice the average expected returns from his group.

His cash flow based on a one year cycle of hot pepper production and sales beginning acquisition of land in January 2017 is as follows:

Nicholas Mukisa – Cash flow year 1

Line item	UGX	USD
Cash receipts from harvest expected by Dec 2017 based on 2 month average Aug/Sept in Wakiso. Calculated based on an average of 8 crates of 14kg each harvested and delivered two times a week. Farmers receive an average of UGX 1800 per kg	9 676 800	2 688
Rejection on farm at 10%	967 680	268.80
Rejection at sorting and packing at 20% of stock received, calculated on the 90% of harvest sent to company sorting station	2 128 896	591.36
Land preparation 2 rounds at UGX 100 000 each time	200 000	55.56
Seeds pre-financed by KK Foods	70 000	19.44
Management of nursery	80 000	22.22
Labour for transplanting in 1 day (4 person family labour at UGX 5000 per person per day)	20 000	5.56
Other agriculture inputs and tools (fertiliser and pest control, tarpoline, spray pumps and hoe)	220 000	61.11
Weeding and watering at UGX 110 000 per month, calculated for 6 months up to December 2017	660 000	183.33
Labour harvest UGX 1700 / crate at 14 kg per crate, calculated based on an anticipated harvest from August to December 2017	652 800	181.33
Transport from farm to collection point at UGX 5000 for fuel on personal motorbike per harvest day or UGX 2000 for every 4 crates filled. Average cost of UGX 8000 per week and UGX 32 000 a month, calculated for 6 months of harvest up to December 2017	192 000	53.33
Total net income	4 485 424	1 245.95

Social impact

Family harmony and liveability

Nicholas confessed many times when interacting with the U-Learn team and consultants that he was 'an angry man'. His solution to any argument or conflict was to fight – including with his wife. The process of learning and engaging in social settings combined with the establishment of a sustainable stream of income has not only positively changed him into a calmer and more understanding person but also a more caring, patient and generous husband and father. This speaks to the tremendous success of the U-Learn model.

Financial literacy and community value

Nicholas is part of a community savings group. He is also interested in accessing other financial products through formal financial institutions.

Nicholas strongly believes in educating himself and his family. He is keen to invest in his own capacity and education so that he can communicate with buyers, traders and banks. He wants to learn ways of growing his business and taking care of his family.

Prevention of rural to urban migration and cultural identity

Nicholas will look for a larger land where he can grow his production and live close by with his family and community. Nicholas intends to make a career in farming of hot pepper and identifying other crops with a commercial demand now that he understands the difference between 'farming to take care of my family's food and farming to make money'.

Youth Leadership and influence in the community

Nicholas was one of the few in the community that readily engaged in hot pepper farming, taking a leap of faith in a new venture. Other youths and community members saw him as an outlier anyway and did not pay much attention to his decision and expressed their scepticism in investing in agriculture.

Now, a year later and with three months of sales of hot pepper to KK Foods, the community members see him as a progressive farmer and are keen to learn from him. Three youth members in the community have expressed their interest in growing hot pepper in the next season. Nicholas who was previously seen as 'a useless person of the community and a trouble maker' is now becoming a role model for his success in agriculture.

This change has also impacted Nicholas and his family significantly. He feels more accepted and valuable reducing anger and conflict at home.



We create opportunities

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