



World Food Programme

Value Chain Analysis in Uganda Preliminary findings



SAVING
LIVES
CHANGING
LIVES

2019 June

Local Procurement in Uganda

Origin	SHF	non-SHF	Total LP
Uganda	1,140	187,523	188,663
Tanzania	3,000	168,100	171,100
Ethiopia	-	158,903	158,903
Sudan	50	120,120	120,170
Nigeria	-	92,950	92,950
India	-	81,610	81,610
Pakistan	-	65,451	65,451
Myanmar	2,024	43,853	45,877
Bangladesh	-	39,112	39,112
Malawi	1,188	26,458	27,646
Niger	-	27,361	27,361
Cameroon	-	27,282	27,282
Burkina Faso	173	20,177	20,350
Rwanda	-	18,503	18,503
Chad	1,878	15,690	17,568
TOTAL	9,453	1,093,093	1,102,546
	0.86%	99.14%	100%

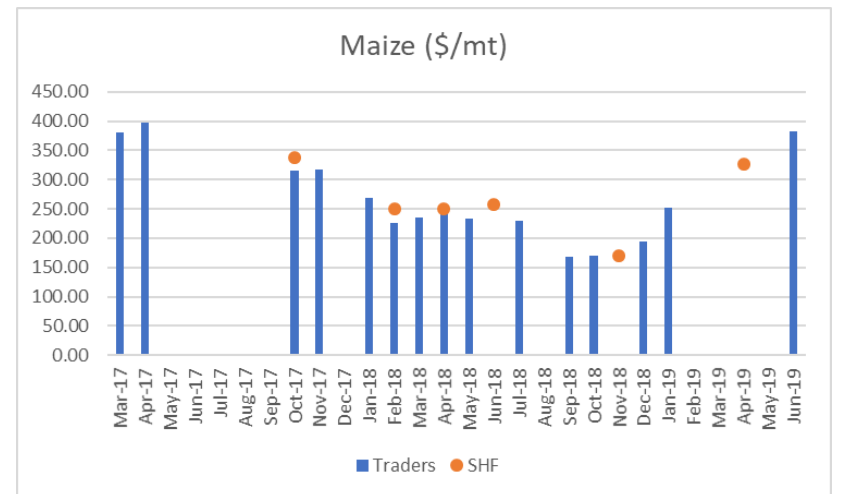
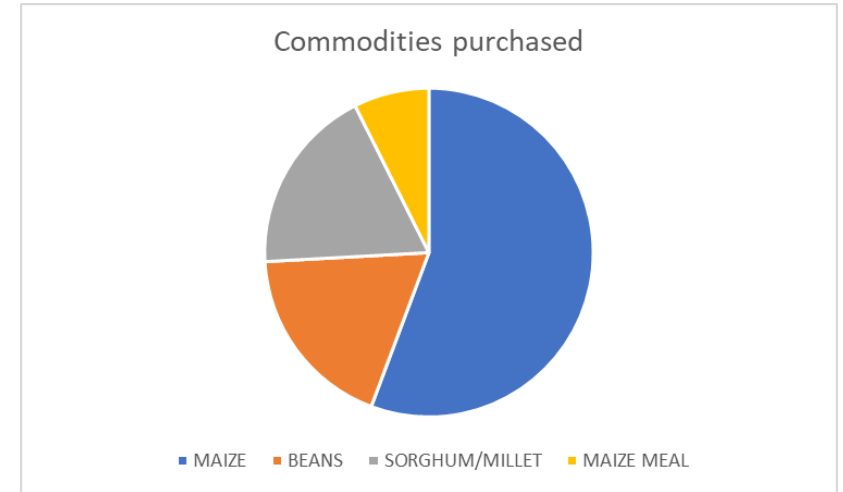
- Uganda was the main sourcing country for WFP's local procurement in 2018, with over 188,000 mt purchased (cereals, pulses);
- Important source of food for WFP operations in East Africa;
- 80 to 90% of the production come from smallholders, but smallholder purchases were lower than 0.5% of the total tonnage. procured;

➤ WFP purchases injected USD 49.7 million in the local economy:

- How was this value distributed along the value chain?
- How much have the farmers benefited?

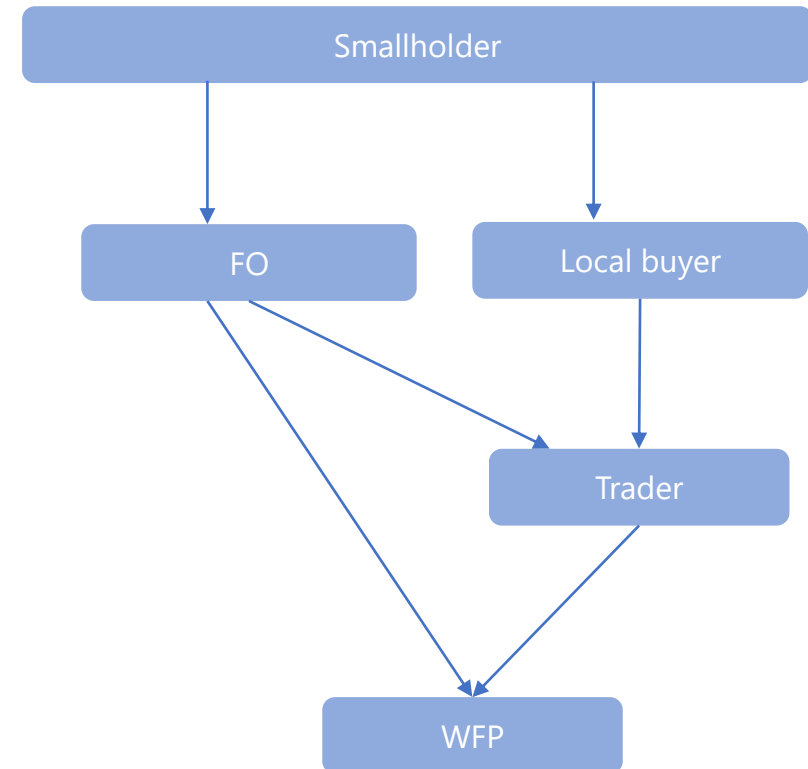
Recent Purchases

- 72% of total purchases were from only five traders – WFP mostly purchases from a few known vendors
- 22 farmers organizations (FOs) were contracted for an average contract size of 80 mt
- 92% of the purchases were done through the Global Commodity Management Fund (GCMF) in the East Africa region
- On average, the prices for purchases from smallholders and non-smallholders are the same

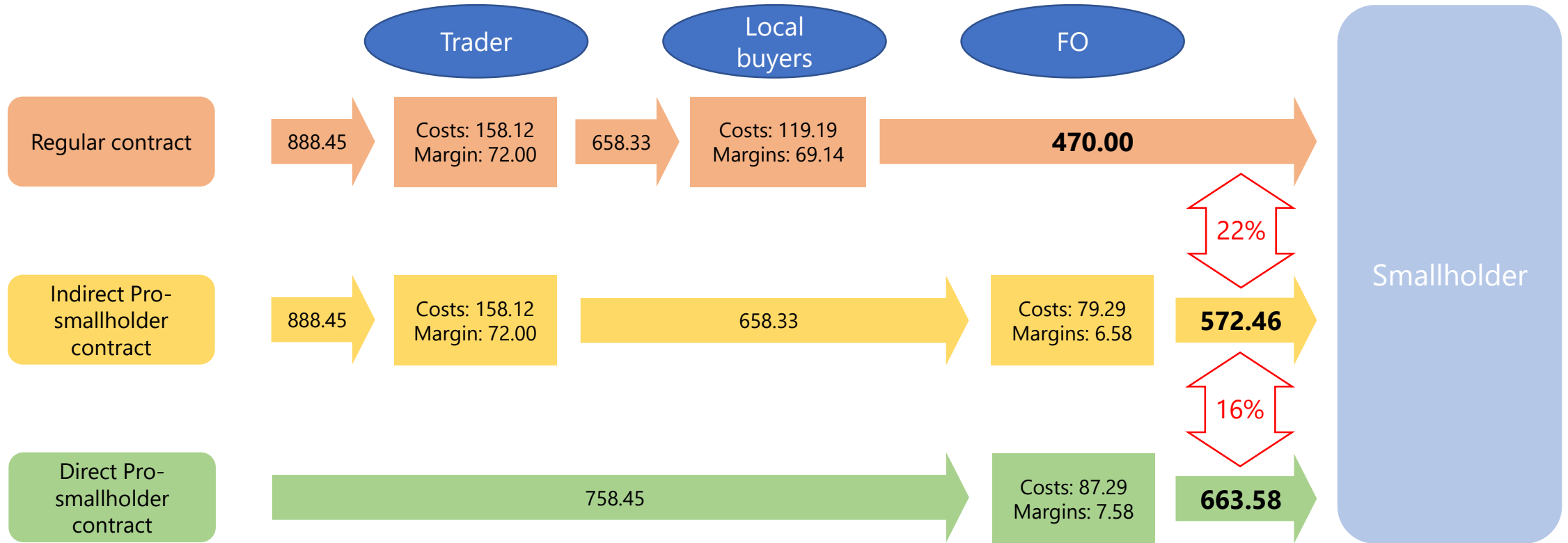


Qualitative Findings

- Loose value chain with multiple flows
- Low-level of integration between different actors
- The oligopolistic power of the traders is limited by regional integration and presence of millers in the market
- Value-addition throughout the value chain
 - FOs mainly focus on aggregation and upgrading the quality of produce
 - Local buyers are involved in aggregation, transportation and immediate cash payments to farmers
 - Traders undertake bulking and upgrading the quality of commodities



Quantitative Findings



*values in UGS/kg

Conclusion

- With the current procurement arrangement, 53% of the total purchase value of USD 49.7 million goes to smallholder farmers
- Potentially, the smallholder incomes can be increased further by adopting pro-smallholder contractual modalities with no additional costs to WFP
- How can this be achieved?
 - Strengthen the relationship traders and FOs
 - Increase WFP's knowledge of and access to local FOs
 - Enhance FOs aggregation capacities and cash flow to cover operational costs
 - Robust traceability systems

