



Working Paper
No. 452

**QUEST FOR ECONOMIC DEVELOPMENT
IN AGRARIAN LOCALITIES:
Lessons from West Nile, Uganda**

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January 2008

* ISS MA Research Paper Award winner for the academic year 2006-2007

ISSN 0921-0210

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ABBREVIATIONS

BNP	Bee Natural Product
CBO	Community Based Organizations
CED	Community Economic Development
CEFORD	Community Empowerment for Rural Development
CREAM	Consultancy for Rural Enterprises and Management
DDP	District Development Plan/ Programme
DED	Germany Development Services
DRC	Democratic Republic of Congo
EU	European Union
FID	Farmer Institutional Development
GTZ	German Development Cooperation
KTB	Kenyan Top Bar
LED	Local Economic Development
LG	Local Governments
MAYANK	Moyo, Adjumani, Yumbe, Arua, Nebbi and Koboko
NAADS	National Agricultural Advisory Services
NGO	Non- Government Organization
NUSAF	Northern Uganda Social Action Fund
PMA	Plan for Modernization of Agriculture
PRDP	Peace and Reconstruction Development Plan
SFF	Sub-county Farmer Forum
SNV	Netherlands Development Organization
TIMS	Trust, Integrity, Ministry and Service
TONADO	The Uganda National Apiculture Development Organization
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization

QUEST FOR ECONOMIC DEVELOPMENT IN AGRARIAN LOCALITIES:¹ Lessons from West Nile, Uganda

1 INTRODUCTION

1.1 Background

Growing unemployment crisis and poverty are new and complex development problems most communities and local governments are confronted with. These challenges have been argued to have arisen from inability of nation-state and trickle-down effects from globalization to create jobs and opportunities to increase incomes (Blakely, 1989:58; Nel & Rogerson, 2005). The concept and strategies of Local Economic Development (LED) have gained popularity, world over, as a locality-based response to the challenges posed by globalisation. It has become a buzzword for several local, regional and, national governments and international development agencies, like the World Bank, for poverty reduction (Abrahams, 2005; Blakely, 1989:58; Blakely, 1991:23).

Therefore, local governments and active communities are now grappling with the dire need of creating conditions for endogenous local development through facilitating private sector development: business-friendly services, investment promotion, support for small businesses and growth sectors, local procurement and prudent environment management (Blakely 1989). Oerlemans & Meeus (2001) argue that localities and regions can perform strategic enterprise support functions that can not easily be provided centrally.

However, in most developing countries, structural challenges seem to hamper efforts of communities. In these countries there is lack of the right institutional and legal frameworks, good leadership and adequate local capacity to manage local resources to create opportunities for new employment and incomes for the poor. Instead, a large proportion of local governments and communities have had high tendencies to expect direct external investment to create new jobs for their people. Even then, with increasing global competition and mobility of resources, communities have to invest their available resources to create conditions that can attract and, more so, retain such external firms into their localities.

West Nile is one of the poorest subsistence rural regions of Uganda having low local capacities and, thus, low degree of economic insertion. It is an area devoid of what Porter (1990) refers to as advanced resources. Majority of the population is engaged in peasant farming with cottage industries as occasional off-farm survival mechanism for the poor households against economic shocks to which the region is prone. Since 2001 West Nile has benefited from the active National Agricultural Advisory Services (NAADS) programme pursued by central government to provide relevant specialized extension services and improved technologies accessible to smallholders to

¹ [Acknowledgement, etc.]

transform subsistence farming into commercial enterprises (NAADS, 2004). The programme is one of the seven operational pillars of the Plan for Modernization of Agriculture (PMA) in Uganda. NAADS is, therefore, an attempt to enhance productivity of smallholders and increase production of marketable farm-products.

Despite deficiencies in capabilities, with the technical and financial support of NAADS, the smallholder beekeepers in the region have recognized the opportunity and, more importantly, taken up the mantle to enhance their competitiveness in production and marketing of purely organic honey. The West Nile farmers prioritized apiculture as a strategic farm-enterprise to be promoted as one of the major income generating activities for diversification of the meagre incomes of their households. Beekeeping in West Nile is considered to be one of the few farm-enterprises in Uganda to have made some positive strides towards new employment and income generation.

Due to the potentials beekeeping has for quick realization of visible employment creation and income generation, and possibility of building partnerships with private sector to enhance its commercialization, the honey industry in the region has attracted sizeable amount of resources from a wide spectrum of actors. Since 2001, donors, central government, development organizations and the local governments have all put efforts and resources to empower the beekeepers to improve their functional capacity to address structural weaknesses limiting productivity and production.

Consequently, beekeeping has not only gained popularity among the farmers but also profitability, due to readily accessible market provided by Bee Natural Products Ltd (BNP), a company with honey processing plant in the region. In the search for collective efficiency, the beekeepers are organized in small groups of 10-15 members and are in the process of forming different tiers of farmers' associations.

West Nile region produces over 75% of Uganda's current total honey production. Recent estimates put the output from the West Nile region alone at over 700 tonnes (BNP 2004). The sub-sector is relatively more developed with an estimated 6,300 farmers most of whom are involved in partnership with the private sector and local government leading to a clear established value chain. This has enhanced knowledge and technology of beekeepers for improved quality and quantity. BNP has become a leader in the honey and beeswax value chains. These initiatives have created new jobs in the local area, mainly in hive, smokers and protective clothing manufacture and extension service provision.

1.2 Justification

There is evidence of increased sharing of local economic development experiences, best practices and knowledge across continents, world regions, cities and localities. The shared experiences so far, tend to be dominated by the manufacturing sector and mainly from the affluent North, with exception of Southern Africa. Helmsing (2005a:9) alludes to the fact that "few studies on localized learning and innovations in lower and middle income countries have been done".

Insight on the experience of West Nile provides vivid accounts of farm-oriented strategy for local economic development, a case many communities in most developing world can be easily identify with. The study adds knowledge to the existing body of literature on local economic development in developing countries and cluster of survival enterprises.

1.3 The Aims of the Paper

This paper describes and analyzes the operational strategy of West Nile region, a typical low local capability community, in pursuit of local economic development. Special emphasis has been placed on the development of groups of survival beekeeping-enterprises and their integration in the local economy. The region provides an interesting example of what public-private partnerships can offer for local economic development.

Secondly, it is an attempt to document, in a coherent manner, the activities and contributions of the key actors in the honey and beeswax value chain, including support from complementary institutions.

Finally, it conceptualizes and theorizes the practice of beekeeping, honey extraction, processing and marketing in West Nile. Possible lessons that can be learnt from the experience are also identified and discussed.

1.4 The Research Questions

The main research question the paper answers is: What are the transformations that have taken place in the honey production and marketing in West Nile, who have been involved and what have been its outcomes?

Sub-questions:-

- a) What changes have taken place in beekeeping, honey processing and marketing in West Nile since 2001?
- b) How can the processes of these changes be described and characterized?
- c) What were the roles and responsibilities of the beekeepers and their organizations in the transformation process?
- d) Who were the key actors in the process and what were their contributions?
- e) What have been the impacts of the apiculture development in West Nile on the beekeepers, local private sector and, the local and national economy?
- f) What lessons can be drawn from the West Nile experience?

1.5 The Research Methodology and Limitations

To answer the above questions, the research employed both field and desk study. The field work was conducted in August 2007, taking a total of three weeks. Of the 6 districts in the region, at the time of the study, Yumbe and Arua were purposefully selected as samples for the study. Arua was selected because it is the oldest district in the region, host to the honey factory and was

one of the first eight districts to trial-blaze NAADS in the country while Yumbe has had a long tradition and practice of beekeeping in the region.

In the two districts, in-depth individual interviews and discussions were conducted with the District NAADS Coordinators, the District Entomologists and District Commercial Officers. The interviews centred on coordination, planning, regulation and quality control, technical and financial capacity, partnerships and power relations in the honey value chain.

In-depth interviews were also held with 'Community Empowerment for Rural Development' (CEFORD) and 'Consultancy for Rural Enterprises and Management' (CREAM); active NGOs in the sub-sector. Issues of capacity and effectiveness of farmer organizations and ownership of the programme by the community were discussed. Two individual private service providers in apiculture were also interviewed

Focus group discussions were held with two active beekeeper groups in Yumbe and three groups in Arua. These five groups were selected on the basis of their long experience and active participation in NAADS and involvement with BNP. All the groups have men, women and youths as members.

A number of documents pertaining to the case were visited. These include plans, implementation and evaluation reports. Relevant books and journals were consulted. The research has drawn from earlier works of The Netherlands Development Services (SNV) and the local governments.

Practical limitations

None of the focus groups lasted for more than two hours. Heavy rains during the research period in the region caused delays in constituting the focus groups. However, with focused facilitation, the key issues were adequately handled.

The Managing Director of BNP was not able to honour her appointment for in-depth interview. The NAADS reports on the activities of BNP and the recent study of Jorg Weigratz on the same case, helped to fill the information gap.

1.6 The Structure of the Paper

The paper contains seven chapters. The next chapter is a brief discussion of the concepts and theories of local economic development which provides the framework for theorising and analysing the apiculture enterprise development. Chapter three highlights the location and functional contexts that influenced the development process in West Nile. The following chapter describes the progressive chronological processes the apiculture sub-sector has gone through since 2001. It also discusses the key actors and their contributions at the various levels. Chapter five presents the salient outcomes of the interventions while the next chapter is a theoretical reflection on the case and key lessons that can be learned from the West Nile experience. The last chapter is a brief conclusion.

2 THEORETICAL FRAMEWORK

2.1 Introduction

Local development has two facets: social and economic development. Social development relates to improvements in the delivery and management of social and community based services like basic education, literacy, primary health care and, safe water and sanitation facilities. Economic development, on the other hand is more concerned with creating opportunities for employment and incomes. For holistic local development, social and economic developments ought to compliment each other.

This chapter reviews relevant theories and concepts of LED which have formed the basis for describing and analysing the initiatives taken by West Nile to develop its apiculture sub-sector. Emphases have been placed on community-based economic development and cluster of survival enterprises and their challenges of innovations and upgrading.

2.2 Local Economic Development

Blakely (1989:58) defined Local Economic Development (LED) as a “*process* by which local governments and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic development in a well-defined territory”. From a descriptive view, LED covers all economic activities at local level and/or with any impact on the localities. “In this respect the neighbourhood, villages, towns, cities and regions are understood as ‘living organisms’ or actors referred to as ‘communities’” (Birkholzer, 2005:2). The central characteristic of LED is the emphasis on reliance on endogenous factors and actors (Blakely, 1989:23) but also functionally being competitive in relation to other localities.

Local economic development emerged as a response to the inability of nation-state and trickle-down effects from globalization to create jobs and opportunities to increase incomes (Blakely, 1989:58; Nel & Rogerson, 2005). LED is being influenced by a wave of forces of globalization, liberalization and decentralization (Helmsing, 2003). Local governments and communities are concerned with promotion of LED because the “[p]roblems and challenges of unemployment and poverty are most urgently felt at local levels” (Meyer-Stamer 2003:1). More so, small and cost-effective steps of LED process can be better managed at local levels and there are less ethnic tensions as local communities tend to be more homogeneous.

In the North, where LED was conceived and first practiced local governments have become more proactive in promoting entrepreneurships, business and technology incubators and cluster developments (Abraham, 2005:134-135). However, in the South LED is gaining popularity as a pro-poor growth model, being practiced mainly in the traditional informal sectors more related to community-based business and locality development. The South is struggling with the challenge of applicability of the Northern experience to their localities (ibid). The objective of an explicit pro-poor approach is job creation, and sustainable rural development. The approach promotes

innovative, creative and redistributive policies where the needs of the poor are addressed. In both cases, the strategies all aim at improving the profiles of the locality in order to create local competitive advantages (Meyer-Stamer, 2003:1).

In the current neo-liberal world and increasing competition, “communities must place themselves in a position to market their resources intellectually and gain competitive advantages by [creating] new firms and maintaining their existing economic base” (Blakely 1989: 58). LED strategies are attempts by communities to upgrade their localities, enterprises and insert themselves into the existing domestic and external markets and continue to move to better positions in the value chain.

2.3 The Process of Local Economic Development

A process of LED refers to practical steps, methods and approaches LED actors employ in order to facilitate capacity of firms or clusters to upgrade. Once started, a LED process in principle never ends. Conventionally, a LED goes through a process of organizing the LED actors and efforts, strategic planning, identification and implementation of strategies, and monitoring and evaluation which feeds back to strategic planning stage. These are not cast in stone. In practice the process is more determined by the context within which it takes place (Blakely 1989). According to Blakely what is fundamental is that the process should yield new institutions, alternative industries, improvements in capacity to produce better products, identification of new markets, transfer of knowledge and nurturing of new firms and enterprises (ibid:23).

2.3.1 Organizing the efforts

The LED concept and shared experiences show that, the process does not occur by chance, but is triggered (Helmsing, 2002:84). In some of the experiences, LED has been a rehabilitative action after a disaster (Rice, 2005) or devastating war (Geert van Boekel, 2005:10-11). In South Africa and Almeria (Spain) the process was triggered by shifts in government policy creating autonomy in decision making by local political leaders (Barzelay, 1991; Nel & Binns, 2001:35). LED requires a substantial degree of autonomy of policy and financing of initiatives so as to address felt needs of the communities..

Care needs to be taken to ensure that the economic development function is very well organized and that “community and local governments take an active rather than passive role” (Blakely, 1991:23). The health of the actor interactions, cooperation and networks depends on whether they are acting in “concert” or not (Helmsing, 2005a). This beckons the need to grasp the fundamentals of participatory local governance such as visionary and strategic leadership, and their willingness to share power and resources (Awortwi 2004; Pieterse 2000).

The skills and resources that each actor brings to the process make up the critical foundation of the strategy process. This relationship leads to long-term, formal public/private/non-governmental partnerships. The relation can range from a process of informal cooperation through working groups, to the

establishment of regional development authority or constituted public-private partnerships.

The need to have a strong, committed and innovative champion to spearhead and catalyze the initiative is unprecedented. It does not matter whether such a champion is from public or private sector. However, there ought to be essential social elements like trust among actors have increased LED successes and enhanced political awareness (Barzelay, 1991; Gibb, 2005).

2.3.2 Strategic analysis and planning

The success of a LED invariably depends on how well the process and strategies have been aligned to the local context that influence local needs and external factors that influence decision of local actors (Blakely, 1989). Each community has unique local conditions that can help or hinder its economic development. Porter (1990) refers to these conditions as competitive advantages. It is perhaps prudent to note the assertion of Blakely, that, “the goal of LED is not to alter but enhance the values of people and places (Blakely, 1989). In many localities in developing countries advanced resources may not exist but the presence of basic factors like natural resources are important as export staple (North, 1994)

Strategic planning provides space for all actors to participate. Actors are able to identify common development challenges, pool resources and efforts to attain commonly agreed goals and objectives. It is an arena where consensus can be reached on strategic choices to make. Duplication of resource and efforts are thus avoided and much desired trust and harmony in the LED process is cultivated as early as possible.

2.3.3 Selecting the LED strategy

Strategies for LED are instruments used to achieve the stated goals and objectives arrived at during strategic planning. Blakely (1989:123-126) and Helmsing (2003: 69) talk of three types of strategies; locality development, business development and community-based economic development (CED) strategies. The paper is, however, concerned with community economic development and cluster of groups of survival enterprises. Emphasis will be placed on the two.

CED initiatives may be applied both in rural and urban settings focussing on supporting mutual support networks of poor households. Helmsing (2005b) observes that households participate and, consequently, face challenges in the local economy in three ways: a) as consumers with low incomes and thus purchasing power; b) as workers/labour with no skills and operating in low wage segment and; c) as producers in possession of limited and insecure resource base, lacking productive and technical capacity, rendering them weak market players in the face of stiff competition in liberalized economy. As producers, they mostly participate in the informal sector and low profit segment of the economy with limited specialization and potentials for endogenous technological and organizational upgrading.

Smallholder survival activities fall in this category of community based initiatives premised on the seasonality and risky nature of their activities. For them to get inserted into the economy, local firms need to instigate alliances and networks with each other to create the critical mass for collective efficiency (Farrington 2005). In addition, developmental local governments are placing emphasis on collective actions that establish conditions to build capacity of survival enterprises and their cluster to upgrade (Humphrey & Schmitz, 1995: 2-3).

Clusters

Humphrey and Schmitz (1995:8) define a cluster as “a sectoral and geographical concentration of enterprises”. Clusters can range from that of artisans, or survival, to medium and large scaled enterprises (Schmitz & Nadvi, 1999). There are evidences that in both developed and developing countries, clusters of micro, small and medium enterprises are helping firms raise their competitiveness through collective actions, common market, pooling resources and sharing of risks. Social networks stimulate development of clusters through proximity, special social cohesion and collaboration (ibid:1504-1506; Altenburg & Meyer-Stamer, 1999)).

Clusters create external economies of scale that can include things such as lower search and reach costs, pool of specialized labour, easy access to input supplies and services and rapid dissemination of information and new knowledge (Weijland 1999). Clusters can enhance conscious joint actions like research and technology development. External economies and joint actions lead to passive and active collective efficiency which increases their competitive advantages (ibid). The competitive advantage attracts external linkages which becomes crucial for the development of the cluster.

However, clusters of survival enterprises face challenges of formalization associated with financial, technological and market constraints (Schmitz & Nadvi, 1999). Survival enterprises operate at the margins of the economy, mainly located in the developing countries. They are composed of illiterate and poor segments of the community, involving one-person and/or unpaid family labour and producing low quality products. These types of firms mainly use primitive equipments and tools.

Use of network brokers like local governments, civil society and private organizations becomes important to facilitate local cooperation for collective action among survival enterprises (Weijland, 1999). Survival enterprises are import for diversifying household incomes of the poor and provide them with safety nets during emergencies. Their collective action can enhance their participation in the value chains and build entrepreneurship as a seedbed for economic growth.

Value chains

A value chain is a “sequence of activities required to make a product or provide a service” from design stage through to the final consumer (Schmitz & McCormick 2005:4). It is recognized that, hierarchical networks between the local clusters of small producers and buyers are critical success factors in enterprise development and building competitiveness. Joint action breeds trust

among the producers and buyers and enhances transfer of knowledge and technology, although this can be curtailed power disparities inherent in the chains. LED policies, processes and strategies should help local entrepreneurs and clusters become more dynamic to upgrade in the chain.

Improving local horizontal relationships is critical and more so between the enterprises and local support institutions. In developing economies, the support of local development and private organizations is paramount in stimulating and strengthening the capacity of local enterprises to cooperate and innovate. The "...density and quality of local relations matter for competition in global markets" (Schmitz & McCormick, 2005). Thus, the sources of local economic growth lie in the combination of both territorial and functional factors

Upgrading

Schmitz (2004) observed that, with the growing global competition, for micro, small, and medium enterprises to participate and gain in the economy, they have to resort to upgrading; defined by Knorringa & Schmitz (2000) as "enhancing the relative competitive position of a firm" (to make better products, more efficiently or move into more skilled activities). Two categories of upgrading can be distinguished from Kaplinsky's four forms: production and market upgrading (Kaplinsky & Morris, 2001:76).

Production upgrading refers to improvements in the production process and products. Process improvements can be undertaken within firms by introducing new machinery or better practices. It can also result from new capabilities acquired from inter-firm linkages. As leaders in buyer-driven chains, buyers play important roles in upgrading by enhancing intra-chain communication of changes in demand, tastes and how to respond to these changes. It is however important to develop mechanisms that specify areas where "local upgrading can be enhanced or hindered by global buyers" (Knorringa & Humphrey, 2000:201). Improvements in the process are aimed at "lower production cost, enhanced final product quality and shorter time-to-market, improve profitability through value chain, and enhance patenting activity" (Kaplinsky & Morris, 2001:77).

Product upgrading refers to improvements in the form, nature and composition of a product or service that increases its intrinsic value. Existing products can be improved by expansion of existing design and marketing department. Firms can also strengthen new product development across functional teams. Improvements can also arise from cooperation with suppliers and customers in new product development. Product upgrading is geared towards increasing relative unit prices of products to remain competitive in the market.

Market upgrading has two dimensions. It may mean changing functional positions by adjusting activities undertaken within a particular link or moving to activities in other more profitable links in the same value chain. On another hand, market upgrading can be diversification of the market by moving to a new or additional value chain. The goal of market upgrading and/or diversification is to attain a certain degree of competitiveness where division of

labour within the chain is possible. The final aim is to increase profitability and skills in different product areas (Kaplinsky & Morris, 2001:77).

Due to limited local demand, it is often gainful for local clusters to make an external nexus to the final market through the value chain. However, the ability of producers to gain income, new knowledge and technology is significantly influenced by the way they are connected to the final market, obstacles to free trade and the power relations in chain (Blakely, 1989).

Learning and innovation

In today's knowledge based-economy, for clusters and firms to upgrade, there is need for continuous learning and innovation. Such learning and innovations can be provided by the firms cooperating among themselves in cluster or by local government support agencies. This view was acknowledged by North when he argued that "the most fundamental source of change is learning by individuals and [more so] entrepreneurs of organizations" (North, 1994).

But many authors acknowledge that cluster of survival enterprises face challenges of knowledge creation and sharing as consequences of limited capacity and incentives to build strong networks that can stimulate learning (Altenburg & Meyer-Stamer, 1999; Barca, 2003; Knorrninga, 2002:50). However, effective governance of the value chain plays a big role in enhancing intra-chain knowledge transfer (Helmsing, 2000:277). Support from LGs in removing obstacles to learning, for instance, red tape and lack of infrastructure provide, prime conditions for learning (Meyer-Stamer, 2004:339)

Knowledge and technology occupy prominent positions in endogenous growth models as "economic goods" (Meyer-Stamer, 1996). Mayer recognizes "invention costs" associated with new knowledge and technology creation and adoption in particular with the human capital required to use the new technology. "Direct investment" cost like training, workshops are typical examples (ibid).

The financial and logistical support of local governments, donors, non-government and community based organizations becomes vital in meeting such costs for households in survival clusters to expand (Osborne, 1992)

2.3.4 Implementing the LED strategy

This stage is driven by a comprehensive implementation plan which lays out a hierarchy of tasks, responsibilities, timeline, expected results, performance indicators and systems for tracking change. Projects should be championed by individuals or groups of actors according to interests, resources and commitment.

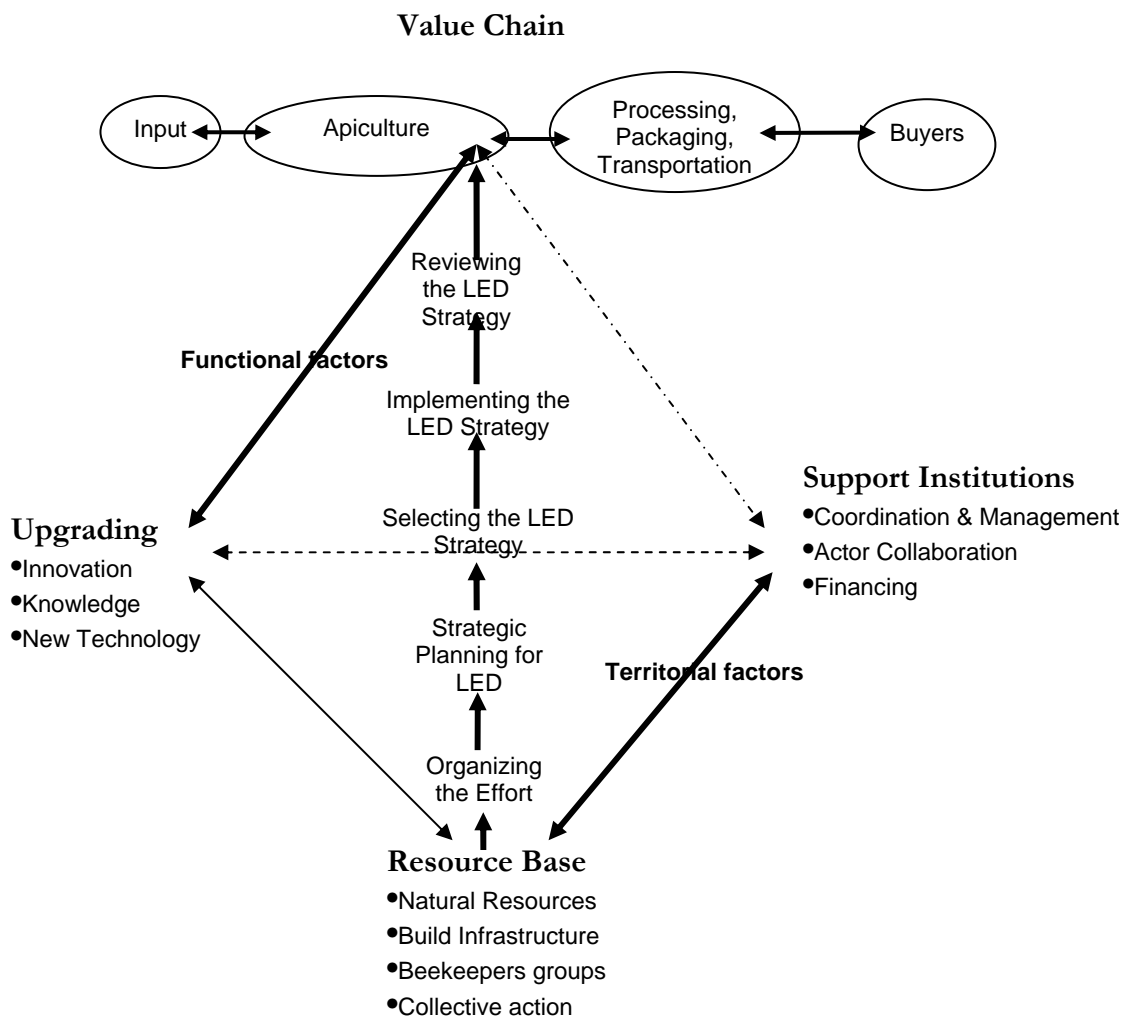
Where a LED strategy involves enterprise and cluster development, the focus of the process should include and aim at supporting the insertion of the cluster into gainful position or locus of the value chain. Key issues in value chain analysis are premised on functional, process and product upgrading, various modes of subcontracting, and power relations between actors in specific value chains, that may enhance or inhibit opportunities for enterprises to innovate. A number of LED strategies relate to expansion of local value chains to avoid 'lock-in' (Helmsing, 2003:69)

2.3.5 Reviewing the LED strategy

This stage though considered last, cuts across the rest. It is a necessity to undertake continuous and collective monitoring and analysis of the process and to keep gazing at the goal and any changes that may occur (Birkholzer, 2005). LED is a learning process as there are no conventional formulae for success. The principle of learning from mistakes should be applied as much as possible as the process matures and actors experiment with various instruments. The monitoring and evaluation activities should be an inherent part of the strategy plans, with clear benchmarks and indicators for measurements. Information generated should help to refocus activities towards the desired goals and objectives.

In summary, LED is about local actors cooperating with each other and to instigate locality-based strategies to innovate and upgrade their locality and competitiveness of firms and/or clusters in the value chain and develop external nexus to tape the trickle-down benefits of globalization.

2.4 The Analytical Framework



Source: Own Construction

The figure above structures the analytical framework for the development and insertion of the groups of beekeepers into the value chain. A combination of location and functional conditions enhances insertion of firms into the chain through the central function of local economic development process.

Territorial factors

Territorial factors are here classified into two. Firstly, what Meyer-Stamer (2006) referred to as “‘hard’, tangible infrastructure” like roads, reliable electricity supply, water, effective business networks. Secondly, ‘soft’ infrastructures like good practices, institutions that govern the relationships and collective actions of the groups in the value chain. Conversely, facilitating resources include support agencies that provide financial and technical support, coordination and general investment environment.

Functional factors

Functional factors are those that influence the dynamism of local producers in the value chains. They may not be tangible but are the most influential factors as far as building competitiveness is concerned. Functional factors include knowledge and, technology exchange and innovations among the producers. Equally paramount are factors external to the producers and their associations like linkages in the input and product market, opportunities for exhibitions, hierarchical knowledge and technology transfers.

The combination of the internal and external forms of factors enhances the competitive advantage of producers. They stimulate the capacity of the local producers and their networks to respond appropriately and promptly to any market stimuli. These are prime conditions for emergence of entrepreneurial producers and growth of the economy. Support institutions play indirect roles in the value chain to help producers learn, innovate and upgrade.

3 THE SETTING

3.1 Introduction

This chapter presents key contextual issues; social-economic characteristics of West Nile which have influenced the promotion of beekeeping in the region. The chapter also highlights key reforms and demand conditions that have created opportunities for and catalysed the promotion of apiculture in the region. It ends by introducing the brief profile of the lead firm in the value chain.

3.2 Characteristics of West Nile Region

West Nile refers to the North Western region of Uganda, west of the river Nile. It shares international borders with eastern Democratic Republic of Congo (DRC) in the west and Southern Sudan in the north. The region

comprises mainly of flat rolling plains occurring at 3,160 to 5,283 feet above sea level with isolated undulating hills mainly in the western and northern parts extending to Sudan with total land area of 15,774.0² km of which 278.2² km is open waters while 1,221.3² km is protected area. The average annual rainfall is 1,250mm. There are a number of rivers and streams that drain the region into the river Nile, the longest river in Africa, which passes astride the region (Arua DDP, 2005).

The region is comprised of the districts of Moyo, Adjumani, Yumbe, Arua, Nebbi and Koboko (DED 2005). The total population of West Nile was 1,909,067 in 2002 with 978,180 (51.1%) being females. Its population growth rate of 3.8% is one of the highest in Sub-Saharan Africa. The high growth rate has been attributed to high fertility due to poor community education and family planning services; influx of refugees and aliens from Sudan and Democratic Republic of Congo (DRC) and increased number of returnees. Over half of the population is below 17 years. This means unemployment will increase from 51% in 2005 to approximately 55% in 2015. 90.3% of the population is rural with density of 122/sq km (DED, 2005).

The post colonial history of West Nile is marked by decades of violent conflicts and bloody civil wars. Ever since the fall of the Idi Amin's² regime in 1979, a vicious circle of insurgencies and counter insurgencies swept the region until 2002 when peace accord was signed with the last rebel group. The region has also suffered from atrocities by the Lords Resistance Army (LRA) rebels in northern Uganda, the neighbouring region. In addition to the internal wars West Nile has been host to over 150,000 Southern Sudan refugees, now integrated in the host communities putting further strain on the local resources. The devastating and long-term effects of the wars are still visible, notwithstanding recent improvements and positive moves towards rebuilding and reconstruction.

All roads in the region are dry weather roads, except about 125Kms tarmac roads recently completed. Apart from 18hours of electricity supply in Arua and Nebbi towns, from a thermal power, the rest of the districts do not have electricity. Piped water is only in Arua town with exorbitant rates not affordable by the poor. The entire region is, however, covered with telephone communication networks, thanks to globalization and competition in the communication industry in Uganda. There are seven community FM radio stations but three-quarters of the poor do not have access to radios sets. The radio programs are mainly geared towards entertainment with very little time for developmental programs. Only high income earners can afford satellite discs to capture television network, otherwise, the region does not access any national television reception.

Over 80% of the West Nile economy is dependent on peasant farming (DED, 2005). Currently, tobacco is the major cash crop and main source of

² The late Idi Amin Dada was a ruthless dictator who stage coup in 1971, ruled Uganda with iron hands until his overthrow in 1979, hails from West Nile. The wars were revenge from other tribes.

income for nearly a quarter of the population (District plans 2005). Cotton and coffee which were the back bone of the economy have collapsed with the demise of marketing boards which were vital in enhancing extension services and input supply. The strategic location of the region at the entrance of both Sudan and Democratic Republic of Congo is encouraging micro and small trading businesses. Sudan offers huge market opportunities for all sorts of goods and services. With the peace ushered in southern Sudan, trade is likely to increase and improve. However, illicit trade is also on the increase due exorbitant taxes on imported goods (Arua DDP, 2005; Koboko, DDP 2005).

In order to utilize the increasing human resources for development it is estimated that agricultural production has to increase in real terms by 6-8 per cent per year and that non-agricultural production and services have to increase by 10-15 per cent per year in real terms. This is a major development challenge of the region (DED, 2005). In the development plans of the Local Governments (LGs), strategies that have been made are hampered by inadequate technical and financial capacities of the local governments and communities.

3.3 Changes in Government Policies

The public sector reforms of the late 1990s in Uganda ushered in many policy changes within the public service. These changes have impacts on local socio-economic and political developments. The decentralization and structural adjustment policies presented local actors with both opportunities and challenges for local development since communities are left to determine their own development destiny and means of reaching it (MoLG, 1997).

In this context, endogenous initiatives and strategies for local development have inevitably emerged as options to create more jobs and increase incomes for the poor. The government withdrew from direct provision of 'top-down' instruments of local and regional development. The Local Government Act of 1997 gave the LGs and communities legal mandate to initiate partnerships and alliances with private sector and between each other to promote local development.

In particular, the LGs have been mandated to prepare and implement integrated development plans that stimulate the participation and contribution of communities to identify their development needs, assess the available resources, negotiate and build consensus to arrive at a set of common development vision, goals and objectives. In addition, the communities are empowered to plan, prioritize and implement investments aimed at improving their localities economic status. The core of the integrated development planning is construed as a tool to enable the LGs to reach their development objectives through these local interventions.

NAADS is one of government's programmes for poverty eradication for mobilizing efforts and resources from external sources to support community initiated interventions which directly address poverty and unemployment. The programme adopted a model of "decentralized, farmer owned and private sector serviced extension system" (NAADS, 2000). Under NAADS, farmers are organized into groups and farmer forums at sub-county and district. The

farmers are facilitated by Non Governmental Organisations (NGOs) to identify their extension and technology needs and competent private actor to deliver those services using public funds devolved to the LGs. The organization has helped to create institutions through which farmers can voice their development concerns and mobilize internal revenue to co-finance their plans. Similar models are being popularized by World Bank in other developing countries (Connolly, 2004); Sulaiman & Hall, 2004); Weijland, 1999)

The NAADS also adopted the market-led approach to farm-enterprise development focusing on the quest for on-farm investment, expansion of the market, increased competitiveness and promotion of entrepreneurship and innovations in the agri-business and agriculture sectors (Nahdy, 2004). The programme has an element of community development with strategies to support micro and community enterprises and related intervention (PEAP, 2004). In addition to promotion of beekeeping in West Nile, new breeds of goat and variety of ground nuts are being popularised to increase their production and productivity. However, reliable value chain linkages have not been established for goats and groundnuts.

The overall goal of all NAADS is to achieve local self-reliance, community participation and empowerment and ultimately dynamic local economy capable of creating stable economic base with both backwards and forwards linkages. Government had to invest in production of marketable farm-product through upgrading of the micro-producers with positive impacts on their social economic growth and development of the region.

3.4 Market Opportunities for Honey

The past decade has witnessed increasing local and global demand for domestic consumption and industrial use. The local demand for honey although undocumented, has largely not been met due to limited supply from West Nile.

Honey is a popular sweetener used throughout the world. Four out of five households currently use honey in various forms. The common reasons advanced are its taste, potential for health benefits and versatility. From ancient times, honey has been used as folk medicine and research due to its antimicrobial and antioxidant properties capable of healing minor burns and scrapes and treatment of sore throats. It also has functional characteristics that can improve the quality of food products and has been known, albeit with scarce research, that honey consumption is capable of reducing body weight. Honey is also a quick source of energy (Charlotte, 2007).

Further more, “honey is used extensively in the cosmetics industry in moisturizers, lotions, facial creams and bath and shower products. It is an anti-irritant, making it suitable for sensitive-skin and baby products. Honey is a natural humectant, which means it both attracts and retains moisture. Many hair care products include honey in their basic ingredients” (Goertz, 2006).

The local venders in West Nile charge Ughs 4,000- 5,000 a kilogram of pure honey packed in either used jerricans or mineral water bottles or new plastic containers, which are popular in all the urban centres. These are sold in

the open markets or road sides or special outlets for honey traders. While in the super markets the prices range from Ughs 7,000 per kilogram for locally factory processed and packaged honey to Ughs 12,000 for imported honey. Honey imports into the region come from Western Uganda, Sudan and Australia. However, locally produced honey is fast out competing imported honey in the local markets in West Nile.

Since the region produces purely organic honey, there is a good opportunity for increasing production due to the rapidly increasing niche market for organic honey in the world market (UEPB, 2005: vi). European Unions total consumption was estimated at about 265,000 metric tons (2003) of honey in a year but they only produce 123,399 metric tons (46%) of their total requirement. With 47% of world honey imports, the European Union is the largest importer with growing demand (Loon & Koekoek, 2006). Other importers are the USA and Canada.

Argentina is currently the largest exporter of honey to EU market with a share of 34% of honey from outside EU in 2003. Imports from China decreased drastically with the ban it suffered of its honey exports to EU due to poor qualities. China is yet recovering from the shock. The honey exports follow the market conditions of meeting quality standards, speed of supply and sustained flow. With increasing awareness on food safety and dietary health concerns, emphasis is placed on food quality imported from developing countries, where minimum standards are rather low and seldom observed by local producers

The prices vary according to the quality and origin of the honey. Specialty honey, for instance Manuka honey from New Zealand is expensive and not sold in bulk. Despite its high price, Brazil is one country that has seen strong growth in honey export due to its high quality. Brazil produces the best quality honey in the world. As a result of its quality position in the market, it even sources honey from other small producers in the region to be able to meet the demand by honey packers and blenders (Loon & Koekoek, 2006:9-20).

Before 2002, Uganda, like other African country, could not penetrate the lucrative European market due to stringent entry conditions. In 2005 Uganda's honey was certified for exports to the European markets. Notwithstanding the certification, the market opportunities have not been fully grabbed due to low quantity and quality of honey and bee wax. West Nile is the major region the country is looking to, among others, to overcome this challenge of meeting the export market demand, since the region produces over half of Uganda's honey. Thus the demand conditions were extremely favourable for West Nile producers.

3.5 Bee Natural Product Ltd

Trade liberation has seen the birth and demise of several small and medium private enterprises in Uganda. Many of these enterprises are based in the affluent central and western regions. The establishment of a honey processing plant by Bee Natural Products Ltd (BNP) in the remote West Nile was a direly needed venture. BNP is a private limited company established in 2002 by Ms.

Maria Odido and Mr. Antonio Di Fonzo. Their business concept was to fully engage in the apiculture industry, which preliminary studies showed had commercial potential, coupled with social and economic benefits, for the growing number of beekeepers as a result of the NAADS programme. In addition, Ms Odido, as the chairperson of The Uganda National Apiculture Development Organisation; the apex organization of beekeepers in Uganda, had knowledge of the unmet local and external market for organic honey.

The business concept became reality with the opening of a honey processing plant in Arua, the major town of the region in 2002 (BNP 2004). The principle of strategic location of the factory near the source of raw materials was to reduce the factories cost of production and enhance quality. Comb honey, the single raw material for the plant, has a low value to weight ratio leading to high transport costs while pure honey in a jar has high value to weight ration, hence transport costs are lower part of production cost. Therefore, it was rational to place the processing process as close as possible to the source of comb honey.

The commitment Odido has shown earned her financial and political support from government. In 2002, the factory, with full annual capacity of 600 metric tons, was opened by the President of the Republic of Uganda. The personal involvement of the President gave the factory a huge publicity. This also gave the beekeepers motivation to produce more, with the expectation that the factory would be in position to buy their comb honey.

All [the honey and beeswax are] finished and labelled to international standards, and ready for the consumer. The in-built flexibility in the automated production allows us to provide various container sizes, shapes and material, including custom labelling to meet the needs of our customers. (Ibid.)

In summary, the chapter has identifies the development challenges the region is facing as well as key sources of territorial competitive advantage for beekeeping, honey processing and marketing. These factors have combined to enhance the promotion of apiculture sub-sector in the region.

4 THE PROCESS

4.1 Introduction

The chapter describes the apiculture promotion process from the commencement of the NAADS programme which triggered the process to the present time, with a quick flush to the statuesque before 2001. It discusses key transformations that have taken place in apiculture and how they have come about. The key actors and resources involved, strategic options adopted and instruments used, major weaknesses of the strategies and efforts being made to address those weaknesses are identified and presented in this chapter.

4.2 Apiculture in West Nile

Beekeeping has been a traditional, subsistence household activity, especially in the highlands of the region. The area's rich fertile soils, forests, woodlands, the

Lake Albert and river Nile offer invaluable opportunities for apiculture. Beekeeping is an important activity that was rudimentary and largely unexploited. In the past there existed wide spread hunting for wild honey from caves, trees and anti-hills as part of the collective social cultural activities of many of the communities in the region. Honey is usually harvested twice a year (March-June and August-October).

In West Nile, honey is purely organically produced. The bees collect nectar from the rich natural foliage and water from the network of fresh rivers and streams. Ms. Maria Odido, the proprietor of BNP, took samples of West Nile honey to an auction in the Netherlands. It was rated second to Brazilian organic honey in terms of quality. Mr. Mofat, a local trader in honey and beekeeping inputs in Yumbe also recalls:

In 2002 Dr. Helmont, a Germany honey expert tested samples of West Nile honey. It was found to be one of the best in the world with less than 15% moisture content, if managed well.

However, despite its good natural quality and prospects for expansion the local economic base, little attention was given to apiculture by the local development actors.

The National Agricultural Advisory Services (NAADS) programme that was launched in West Nile in 2001, presented the farmers with opportunity to identify beekeeping as a strategic farm-enterprise for promotion as commercial undertaking. Having recognized the prospects of honey industry for the growth of the regional economy, efforts were made by the local governments and beekeepers to initiate strategies to enhance its value chain. Farmer-led, private sector-serviced and public-funded approach to service delivery was adopted.

4.3 Institutional Development

By the start of NAADS programme commenced in West Nile in 2001, there were about 1,000 farmers scattered throughout the region participating in beekeeping. Each individual producer acted independently. The majority, if not all, of the beekeepers are among the poor members of the community, with low functional capacity to improve the sub-sector on their own. They were keeping few hives, each ranging from one to ten and producing very small quantities due to small size of hives and low productivity. The first strategy was to organizing the beekeepers into groups for effective participation, dialogue, planning and management of the interventions in the sub-sector.

The farmer institutional development started with sensitization of the communities on the available opportunities to address constraints to production. The meetings help to build farmers self-confidence and motivation required to drive the process. Importance and gains of working together in groups and associations was emphasized, in order to build capacity to engage in market economy. The sensitization activities yielded the expected results. Many farmers embraced the idea and started to form farming interest groups for specific farm-enterprise.

The task of farmer institutional development was contracted to NGOs, identified based on their interest in agriculture and capacity to facilitate farmer group development. A memorandum of understanding was then signed between the district, farmers and the NGOs to undertake specific activities of group formation and group dynamics. The number of NGOs actively involved in farmer institutional development has increase from two in 2001 to eight in 2007.

Why NGOs? The past decade has witnessed considerable growth of NGOs in number, skills and scope of work and experience in rural development. NGOs have comparative advantage over local governments and the private sector in working with building capacity of grassroots target groups such as farmers. After all, it makes NGOs stick and tick in community development. They act as liaison between the groups and government systems. The formation and development of farmer organizational structure entailed farmer mobilization, facilitating group formations, group dynamics, participatory planning and enterprise selection.

4.3 The Strategic Analysis

The desire to commercialize agriculture is to increase productivity and production of a marketable product that meets the market requirements. Participation of a farmer in one strategic farm-enterprise in which they can compete was a key consideration. Part of the role of the NGOs was to facilitate strategic planning processes for identification of farmers' needs, strategic enterprises and constraints to profitable promotion of these enterprises and strategies to address them. Meetings were held with the farmer groups to identify enterprises for promotion. Beekeeping emerged as the strategic farm-enterprise for the entire region. The strengths and opportunities for promotion of beekeeping in the region were assessed by farmers in these planning meetings.

Strengths and opportunities

These favourable internal and external factors that influenced the decision of farmers to adopt beekeeping as a commercial enterprise were included in the district development plans. The plans of Arua and Yumbe show that;

Firstly, there exist local and external markets for organic honey, albeit not properly documented and exploited. Despite the low quality honey, the local demand surpassed the supply. Vendors are constantly searching for honey to buy.

Secondly, the upfront and operational costs for beekeeping are low compared to other farm-enterprises. For instance beekeeping can thrive well on marginal infertile land that can not support crop cultivation, so long as foliage is accessible to the bees. The only single most vital input is the beehive. The cost of inputs like, harvesting gears and equipments can be shared among members of a group and/or between groups.

Thirdly, due to low financial outlay, profitability can be maximized in short time, if good management practices were adopted. The farmer can break even within a year.

Fourthly, apiculture has low risks/vulnerabilities involved in the enterprise development. With the favourable natural environment and climate, the bee colonies are not so much susceptible to diseases and, thus, treatment and supplementary feeding are discretionary. Besides, beekeeping improves crop pollination and is environmentally sustainable investment.

Lastly, some tacit knowledge and interest in apiculture had been exhibited by beekeepers, albeit rudimentary. Beekeeping was not a new enterprise. It provided additional opportunity for men and women, youths and the elderly to participate, as the industry does not involve rigorous activities requiring physic.

Despite the potentials for profitability, beekeeping faced a number of supply and marketing constraints that required attention in order for producers to benefit from the industry. Much of the weaknesses of the beekeepers, as highlighted below, were related to limited capacity and exposure of the local producers to innovation, improved technology and upgrading opportunities, typical of survival household enterprises.

Constraints to enhancing productivity and production

Having considered the potentials for apiculture development, the farmers identified the salient constraints that have hindered the honey industry or made beekeeping unattractive:

- a) Inferior production technologies were predominantly traditional used, relying on hives made of pots, logs, woven from reeds and bamboos. These are temporary and disposable after every harvest. The beehives were own-self made and only those who had the informal knowledge and skills of making them were the ones practicing beekeeping. The size of the hives was so small that a hive would produce only 5-10kgms per hive in a harvest.
- b) No management practices were in place. Bee hives were poorly sited, high up on trees in remote woodlands, forests, and edges of swamps for fear of bees stinging passer-bys and animals. Hives were visited only when honey is suspected to be ready for harvesting (Maku, 2004). The colonized bee hives were usually harvested using fire, which disrupts the bee colony. The hive and its bee colony would be completely destroyed. The honey contained carried traces and the smell of burnt bees and ashes. Storage facilities were far from desired as open containers were used for harvesting, storage and marketing comb honey. No beekeeper or trader had knowledge of quality standards and regulations. Harvesting is a vital stage where quality can be, and many times is, compromised.
- c) Extraction of the honey was done (to date some farmers practice) by squeezing honey from the comb using sheet of cloths. Prevention and control of moisture was the major weakness of such methodology. Other processors were extracting honey from the comb by boiling the comb; altering the chemical property of honey as a result. Worst still others

adulterated the honey with water to increase the quantity and undercut prices.

The implications of the above practices were: low quantity and quality of honey and beeswax attracting low markets price. Vendors could only buy small quantities of comb honey from different beekeepers, extract and pack honey in 20litre Jerrican for open market at 'Arua Park' in Kampala. 20litres of pure honey fetched as low as equivalent of €15,00 in 1990s at the farm gate.

4.4 The Selected Strategies

Having analyzed constraints to increasing production and marketing of honey, the beekeepers identified appropriate strategies to tackle them. Clear providing extension service in apiary management, honey processing and packaging using simple and appropriate technologies, and introduction of new and improved technologies were options adopted. Others strategies were to stimulate beekeepers to undertake collective production and bulk marketing, building linkages and networks with buyer(s), and access to micro-credit in terms of working capital for improved technologies to expand their enterprises. These are typical needs of community-based enterprises.

An operational plan stipulating clear responsibility points and indicators to measure anticipated changes was prepared. These were integrated into the overall district development plans. The NAADS secretariat then synthesized them into a West Nile region Apiculture Project to be implemented regionally.

The beginning was tough. There were less than five competent private service providers within the region to be contracted to assist beekeepers transform and improve their practices and technologies for increased productivity. The training institutions in Uganda were not offering any specialized course in beekeeping and related disciplines. In the whole of East Africa, there was only one institution in Tanzania training apiculturalists. The available 6 entomologists in the district had to step in to offer advisory services. Alternative strategies to support the beekeepers were to be sought.

Advisory service contracts were prepared but due to lack of specialized expertise in apiculture in the region, few contracts were implemented, moreover, at a time when the interest of producers was growing. NGOs did not have capacity in handling extension services in beekeeping either. Newly formed beekeepers groups were being regularly added to the existing ones. This explosion in the number of beekeepers over a short period of time of the NAADS programme was not anticipated.

The aggregate demand for extension service in commercial apiculture and marketing overwhelmed the few private service providers and the District Entomologists. Farmers started to lobby local governments to offer tailored training to lead farmers so they can provide supplementary the extension service to their peers to cope with the increasing demand.

4.5 Linkage with Bee Natural Product Ltd

By 2003, BNP factory was already in operation. The company made attempts to reach out to a few prospective beekeepers and groups in order to build alliance for promotion of quality comb honey for the factory by providing management skills, knowledge and improved hives alongside the traditional log hives. BNP paid for these interventions directly from its own sources. The exact number of beekeepers and beehives involved in this arrangement was not available. But the company did not have adequate logistics and finances to fully develop the functional capacity of producers. Besides, its investments were not secure unless it could be assured of beekeepers selling honey exclusively to the factory.

Soon NAADS came in to contract BNP to implement the action plans the producers had prepared with the help of NGOs. The first agreement was signed between BNP and NAADS, and witnessed by Arua district chairman of farmers' forum, in October 2003. The agreement stipulated the roles of BNP and NAADS but remained silent on the responsibilities of the local leaders and the beekeepers. The rules of the game were hazy. What was clear in the agreement was the role BNP was to play; a) to facilitate formation and strengthening of beekeepers associations for organized production and collective access to inputs and product markets; b) to offer extension service for commercial beekeeping; c) to introduce the practice of use of better yielding and long lasting bee hives harvesting gears and equipments and; d) to buy the honey produced while the beekeepers were to reciprocate by selling their comb honey to BNP. There were no checks and balances put in place to enforce any obligations. Apart from the above roles, the agreement was not clear about other contributions of BNP. This later became a source of contention in the implementation of the agreement, discussed in the following sub-sections.

The first beneficiaries of the contract were 42 beekeepers groups in Arua. Other groups in other districts were later incorporated into the agreement covering about 5 groups per sub-county out of an average of 20 groups. The cost of the contract was equivalent to €10890,00; meant to cover costs of training artisans, extension service, beehives and demonstrations. This fund was managed from the NAADS secretariat. The contract was alongside that of individual private service providers, managed by the respective sub-counties implementing NAADS programme and funded by the normal transfers to the sub-county accounts.

The goal of the agreement with BNP was to enhance adoption of improved technology and new knowledge by beekeepers to increase honey productivity and sales to diversify sources of household livelihoods. It was aimed at introducing innovation and upgrading of producers through transfer of new knowledge and technology which can be continuously disseminated by producers through their networks.

Developing Beekeepers Associations

NGOs stopped at facilitating group formation and training in group dynamic, enterprise selection and planning. This was still not effective enough for

collective action at a wider level. There was a need to form beekeepers associations or cooperatives for joint actions. Therefore, BNP was expected to offer additional skills to beekeeper groups to instigate such cooperation for bulk marketing and/or collective production. Strong beekeepers associations were envisaged to emerge as a result of the trainings by BNP. The producers were expected to benefit from internal economies of scale and reduced transaction cost as a result of collective management of apiary, acquisition of harvesting and storage equipments, and management of joint technology demonstration.

However, the objective of building strong farmer associations did not materialize. BNP fell short of successfully facilitating the formation of any associations. Three factors were reported for this failure. (a) BNP did not have the technical capacity and logistics to carry out the activities. (b) Better organized and empowered farmers' association would develop strong bargaining power to engage BNP in negotiating better pricing; and c) the initiative was highly supply driven with little understanding of the rationale of association by beekeepers.

The groups were reluctant to cooperate with each other. There were no activities for the groups from different sub-counties and districts to interact and get to know each other well in order cooperate. The end result of the above scenario is the apparent lack of credible beekeepers association to engage in meaningful active horizontal networks and collective action in the value chain. Meanwhile, the small individual groups were active and performing well. At least the groups visited had active leaders, group activity records are kept and regularly updated, joint activities have been planned and implemented. Their simple cash books showed evidence of groups contributing funds, though very small, to co-finance activities. Under NNADS farmers are required to meet 2% of the cost services delivered to them.

Provision of extension services

This activity involved training in apiary management techniques and production knowledge. The beekeepers were trained how to locate good apiary sites, baiting of bees and techniques of determining the readiness of the honey for harvest. Also emphasized was maintaining apiary site to avoid infections and threats of ants, lizards and snakes which were eminent in the region. All these aspects of management have a bearing on the quality and quantity of honey. Other advisory services covered were; placing and positing of hives in the apiary or transferring hives from where they can easily be colonized to the apiary for onward management.

The field officers of BNP had regular visits to the apiary with the beekeeper to demonstrate the skills learned in theory and for comb inspection and quality checks. In this way, BNP is able to trace and control the quality of honey process right from apiary to the factory. This is important to maintain the quality competitiveness.

BNP identified some contact farmers to whom more skills to supervise and coordinate others were provided. The contact farmers undertake harvesting and storing of farmers comb honey before collection by the factory.

70% of the harvesting is done by farmers and 30% jointly with a BNP field officer (BNP data base). These lead farmers became the first reference point for beekeepers.

Technology demonstration sites

Lack of innovation and upgrading was a major impediment to increasing the quantity and quality of honey. Under the agreement, the Kenyan Top Bar (KTB) hive was introduced and popularized in the region to replace the traditional log hives. The company set up two apiary technology demonstration and trial sites in each of the 12 participating sub-counties to demonstrate the use of the KTB hive for optimum production.

The Top Bar (TB) hive was first developed and used 1682 and adopted in Kenya by a beekeeper in the 1980s where it got the popular name Kenyan Top Bar (Satterfield, 1997; Cadeira, 2007). The KTB hive is transitional technology from traditional hives conventional hive like Langstroth. Advantages of KTB over traditional hives are many.

The KTB hives can last for five years. A hive can be harvested twice in a year as it is not disposable like traditional hive. KTB hives can easily be inspected by removing one top-bar to provide some working space to lift each comb to check colony development and condition. The top bar hive is simple to make. It does not need extractor, foundation or frames. Less area of top bar hives is exposed when handling bees and it is less heavy to lift. It is easy to teach the beekeeper to perform this duty without supervision. It is relatively low cost technology and produces more beeswax. Traditional hive can be modified into a top bar by adding the right size and number (15 or 30) of bars to it.

BNP introduced to the use of smokers for harvesting. Using smoke to paralyze bees during harvesting does not destroy the bee colony. Producers now wear protective gears, gloves, and gumboots during harvesting to prevent bees from hurting them. In this way, not only quality of honey is improved but also the quantity that is harvested from one hive is increased. In addition, the modern method of smoking does not destroy the hives. A hive can last for at least five years before it out lives its usefulness. The harvested honey is immediately stored in airtight buckets for transportation to the processing plant. These buckets were initially provided by BNP from Kampala. They are now available in the local markets.

The increasing number of farmer groups embracing apiculture started to overwhelm BNP's already precarious technical and logistical capacity to meet the demand of beekeepers. With only two extension staff the quality of service started to decline. Nyogo Beekeeper's Association reported that, the contact time of BNP's field officers with the farmers started to reduce and eventually stopped in 2005. The company was also hit by high turn-over of staff. The company employees complained of poor pay and terms of service (ex-employee). On the other side, the director of BNP accused the factory employees of cheating the company and not accounting for some company funds. Consistency and continuity of service delivery to the beekeepers was

thus undermined. The trust beekeepers had started to build in BNP was eroded.

Training of local artisans

At the time of the agreement in 2003, the region imported all the required improved KTB and Langstroth from Kampala and Kenya. This was not only time consuming but involved heavy transaction and logistical costs. Five artisans were trained and equipped by BNP all the required tools and machinery to produce the KTB, Langstroth hives and Catcher Boxes locally.

As a result, in Arua alone, there are three workshops have been established by the trained artisans employing over 30 workers. Mr. Adroa Geoffrey, one of the artisans who received training has opened a workshop under the names of TIMS³. He reported to have produced 2,300 bee hives since the beginning of 2007. Farmers and other actors in beekeeping business have been linked to the workshops for hives. The region no longer imports hives. Business for these workshops is set to improve with the neighbouring Sudan and Congo making orders for hives from West Nile. The demand for hives is so high that the price of hives has increased from about € 15.80⁴ in 2002 to about € 24.00 in 2007. More local artisans are set to be trained under the second agreement signed in 2007 to match the increasing demand.

Much as the high price is conducive for the young artisans to increase their earnings from the sale of hives, the farmers can not afford hives without support from government or other development organizations. Micro-credit is still hard to access for agriculture and related activities from current institutions. Efforts are being made to link the farmer groups to micro-credit institutions working with grassroots organizations.

Linkage to the market

An important element of beekeepers partnership with BNP was the contractual 'obligation' for BNP to procure all the produce from the producers. Likewise, producers were expected to sell honey to BNP in exchange for the support offered in terms of inputs, technology, training and upgrading of products. A win-win situation was envisaged. The farmers benefiting from ready and predictable market for their honey, reduced transportation of their produce from the farm gate to the factory, while BNP increasing its operational capacity and having assured source of quality comb honey.

In the beginning the farmers were happy and expectant with this arrangement because (they said in FG discussion that) BNP is a credible registered firm, with stable physical address, recognized by government and provides opportunities for new and improved technologies and practices.

³ TIMS stands for Trust, Integrity, Mission and Services

⁴ Exchange rate of €1,00 = Ugshs 2,300

However, the beekeepers decried their absence in and lack of knowledge on the agreement, pertaining to the linkage. It also points to the silence of the agreement on pricing of honey. The price was set by BNP while grading is done at the factory in the absence of the producers. There are basically two grades of honey (A and B) determined at the factory according to moisture content, colour and scent. The region does not have capacity to undertake laboratory tests. Such tests are done by Uganda Bureau of Standards. Conversely, the company argues that their price was lower because of the in kind support they offer to the farmers in beekeeping which subsidized beekeepers production cost. As time went by, BNP also started to delay for over two weeks before effecting payments for dispatched honey, despite the low price. This act understandably irked farmers and so they started to sell to other traders.

Side selling by beekeepers became lucrative option as there was good price offered by other traders. Mr. Bran a contact farmer trained to harvest and store honey on behalf of BNP in Yumbe intimated that they no longer deal with BNP because of the low pricing and delayed payments This rational decision of beekeepers has affected the level of operations of the factory. It became uneconomical to send a whole factory van to collect less than 500kgms of comb honey, especially very far locations like Yumbe, Moyo and Adjumani districts. The arrangement to harvest and collect honey from farm gate by BNP in these three districts collapsed. The factory now operates at about 100 metric tons per annual which is below 25%. Regrettably, this happened at stage where trust in each other was being natured through the various contacts with farmers; moreover, the contract was not clear about enforcement of deviant and opportunistic behaviours. An effort by BNP to raise its price is yet to win back the producers loyalty.

Queen rearing

In January 2007 another partnership was signed for joint establishment of a demonstration site for queen rearing in each of the districts, apart from up-scaling previous activities. This was to create opportunity for beekeepers to acquire specialized knowledge and skill in queen rearing to increase colonization rate. The current 60% colonization rate is low. The demand for colony increased with the increasing number of KTB hives and more local hives that are still being used alongside the KTB. This agreement involved a total of €73,293 of which 12.8% was in-kind contribution from BNP as part of their normal interventions and as a lead firm in the value chain. The rest of the funds were earmarked from NAADS programme.

So far, only one queen rearing site was established out of expected seven. The Arua district NAADS coordinator attributed this low performance to inadequate manpower at BNP to offer the specialized training. This has translated into lack of absorption of the budgeted funds. But, the company is struggling to develop its own functional capacity in queen rearing. Besides, there are very few experts in this highly specialized skill of breeding honey bees in Uganda that can be hired by the company. It relies on experts from Kenya. BNP is already using the Arua queen rearing site to experiment sale of already

colonized hives so that farmers do not have to bait or wait too long for their hives to colonize. Returns to the farmer are quicker in this regard.

4.6 Roles of Support Institutions

A number of good practices can be recognized from the partnership between BNP and producers. However, several weaknesses have arisen. Gaps have emerged in the development of beekeepers associations and collective efficiency as a result of limited capacity of BNP to facilitate the groups. Erosion of trust between the two parties took its toll on the collaboration of the parties. In such a situation, support institutions become handy in offering some accessories to fix the problem.

Local governments

The local governments have been in the centre stage in providing oversight role to the management of the processes. They have mobilized resources from central government and their own local revenue to instigate the alliance and pay for BNP's costs. In the event that BNP longer met the advisory and technology needs of the growing number of beekeepers, the local governments through the NAADS started to expand contracts to private service providers to offer supplementary advisory and technology development services to fill the gap. By end of 2004, many young graduate from Nyabea Training Centre in Masindi, had graduated with elementary certificates in apiculture and were available. To date over 37 of these young graduates are getting more contracts to support the beekeepers in advisory services and technology development.

Netherlands Development Organization (SNV)

The history of SNV relation with the West Nile region dates back to late 1990s when the Royal Netherland Government provided heavy technical and financial support to undertake massive technical and logistical capacity development of the private and public sectors. By the dawn of the NAADS programme, SNV's focus was limited technical support. In 2001/2002 financial year when NAADS started in Arua, SNV was earnestly involved in the re-organisation of the production department to host the programme coordination. The then management advisor was co-opted in the core team that spearheaded the sensitization of actors on the model of NAADS. The successive advisors have been keen to dispense the necessary support when ever needed.

SNV has a full time resident technical advisor on agricultural development and market linkages in the region. The organization is supporting the formation and development of farmer associations for collective production, processing and marketing of various crops including honey. The organisation's main efforts in beekeeping are focused on Moyo and Adjumani districts where the NAADS partnership with BNP is weak. The two districts are remote from the BNP factory and the NAADS programme in Moyo is at infant stages and absent in Adjumani. There is a gap of coordination and facilitation of beekeeper groups and association.

There are dual objectives for SNV interventions in beekeeping: a) build capacity of beekeepers associations and public support agents at the sub-counties for beekeeping, produce processing and marketing quality honey and; b) link the associations to credible organisations for technical, logistical, market and financial support to expand their operations.

At the moment SNV is building the capacities of 127 groups and individual beekeepers in Moyo to form associations to handle the coordination of production and marketing of honey better. The association has been linked to Netherlands Embassy in Uganda for funding to procure improved bee hives and equipments for quality production. Linkage of these farmers to a credible market outside the region is being pursued in an attempt to organize and upgrade the value chain for beekeepers in that location.

In Adjumani, SNV is strengthening the leadership and management of groups in the bid to cultivate collective efficiency. A lot of sensitization and mobilization of the farmers is required for the community to realize the value and potential of beekeeping for income generation. Only then will they develop interest and self motivation to better organize the beekeepers and embrace new technologies and production knowledge.

Other organizations

United Nations Industrial Organization (UNIDO) has started to implement a project in Yumbe District to develop skill of the ex-combatants of the defunct UNRFII rebels in beekeeping, honey processing and marketing. This project is part of a peace dividend for ex-combatants for abandoning rebellion in 2002. The UNIDO project is in the ten-year peace and development plan for the West Nile region. The project has a package of establishing a processing plant in Yumbe for the association. Their target is the local growing market in the region.

Another private, honey trader in Yumbe is a company known as 'Help from the Lord'. It is soon completing a house where processing equipment will be positioned. It is too early to be certain of the impacts of this proliferation of processing firms.

However, for the association of beekeepers, it is a well come venture as they upgrade to another level of the value chain. Right now the constraint is no longer in marketing but in production. It would seem certain that the other up-coming processors are not in position to develop this capacity to produce more but are waiting to undercut those that are investing their resource in farmer capacity development. Their assertion is that, BNP can not claim monopoly of a liberalized market (Weigratz, 2007).

In conclusion, a lot of efforts and resources have been invested in beekeeping in West Nile in the quest to diversify the economic base of the region and improve the livelihood of the households. Clearly success has been scored in a number of areas while weaknesses have never been escaped. Efforts are been made to address some of the key challenges like provision of access to low cost micro-credit, cooperation and network between beekeepers through regional planning by NAADS and association of the regions districts.

The pricing disparities have been addressed already. However, to what extent these initiatives will address the existing weaknesses, is beyond the paper.

5 THE OUTCOMES

5.1 Introduction

In developing countries, Meyer-Stamer (2003:2) contends: “it is difficult to discern stunning success stories”, and that, this “reflects the political economy of economic promotion”. The main focus of this chapter is on the possible achievements of the promotion of beekeeping in West Nile. Some of the weaknesses and gaps that need further attentions are also discussed. The events that have unfolded in West Nile as presented in the preceding chapters have had visible impacts on the lives of the beekeepers and the local economy.

5.2 New Jobs Created

The process has created employment for young graduates in apiculture and community development work. There are 37 individual private service providers registered for apiculture in Arua and in Yumbe, in addition to those in other districts not visited by researcher. This number is still low for the existing demand. Although not ascertained, NGOs have also employed social workers to support farmer institutional development.

The trained local artisans have not only created jobs for themselves but have actually become employers. At least twenty jobs were created in Arua district alone. A case in point is Mr. Adroa one of the artisans trained by BNP. He has started his own business company and opened workshop for producing Top Bar hives and Catcher boxes. He has employed a total of nine other local artisans to help meet the growing demand for bee hives. Similar workshops have been established in Arua, Koboko, Yumbe and Moyo.

Jobs have also been created by BNP. The company has a total of thirty-two employees as centre managers and field officers for each of the districts in the region. Support staffs were also recruited at the factory for security, cleaning and secretarial work. Majority of these posts are field by people from the region. Other employees are based at the head office in Kampala.

5.3 The Local Economy

The sector has experienced steady increased number of beekeepers from about 1,000 in 2002, before the agreement, to 4,000 in 2005 and over 6,300 in 2007. Idle resources like land which is unproductive for crop cultivation have been put to use as apiary sites. The youth, majority of who do not own and control land is able to participate in the industry, since beekeeping can thrive on marginal land. Figures were hard to get, but some of the elderly members of the community who were idle because they are weak to handle the hoe are also ‘active’ in apiculture as it does not require much vigour and new technology is easy to manage.

The value chain that has been established has created dynamism in the regional economy. Backwards linkages have been developed to sources of inputs. BNP has also extended the chain to global markets, though without an external nexus. The local artisans who are making bee hives have created opportunities for input dealers. Timber processors and other dealers in inputs for making bee hives and protective wears have benefited from the localization of the hives production as they provide the required material inputs. The truck owners benefit from transporting hives. The average cost of transporting a hive from the workshop to the farmer groups is about Ugsh 1,500, equivalent of € 0,70.

The positive changes have contributed to enhancing local democracy. Participation in groups has further rippled effects in society. Through participation some farmers have been empowered to take key political leadership roles in their communities. A case in point is the experience of Mr. Todoko in Koboko district who was the chairman of a sub-county farmer forum is now district councillor in charge of production and marketing; voicing the concerns of farmers in district council. A woman who is chairperson of a beekeepers group in Yumbe happily submits that *“at least I have had a leadership position in my life, thanks to the NAADS programme of supporting groups”*. This sounds trivial but such leadership roles have boosted the self esteem of poor most illiterate women in a region where the marginalization of women in decision making and leadership is deep-seated.

Despite the partnership with BNP and establishment of the value chain, side selling has increased. Beekeepers have gone back to the arms-length market due to attract prices. Prices are now high because the overall quality of honey produced has improved great deal. A 20litre jerrican which was €15,00 before the intervention has now doubled. The region’s competitive advantages have shifted from possession of basic resources to quality honey and beeswax to compete favourably in the national and external market.

5.4 Impacts on Beekeepers

Through the partnership, the participating farmers have acquired new knowledge on bee keeping and apiary management. A number of beekeepers groups were able to upgrade their process and improve their market position. They are able to improved quality bee hives like KTB and Landstroth which have enhanced productivity and production levels. Due to improved quality, the relative market position of the beekeepers has improved. The fact that they can side sell is indicative of the ability to make discretionary decisions. Net earnings per hive have galloped from €8,50 to about €21,70 due to increased productivity and better market prices.

Nyogo Beekeepers group in Arua reported a cumulative savings equivalent of €320,00 from group demonstration apiary of 7 improved hives and 14 log hives. Part of the honey harvest goes for household consumption. The group has put in place modalities to loan the funds, with no interest, to members for working capital for micro-business, and for any emergencies and disasters. While proceeds from individual hives are used for purchase of household basic items like salt, soap, clothing and lighting. Income poverty line for the region

does not exist, but for a poor community where mobilising savings is hard, the €320,00 is recognizable achievement as safety net.

The benefits to the beekeepers would have been more than registered if it were not for lack of cooperation and horizontal networks. Their cost of transactions on individual basis has not changed as a result. Mobilising internal resource to expand apiary is curtailed. The majority of beekeepers are still using traditional log hives due to lack of working capital to acquire KTB whose price has also increased with the increasing demand. The beekeepers depend on NAADS and other development organisations for new hives. Few individual farmers have fully adopted the practice to set their own apiary due to constraint to increased production is lack of capital to procure more improved hives.

5.5 Implications for Bee Natural Products Ltd

As the lead firm in the value chain, BNP benefited from the partnership in a number of ways. The company was able to control and procure better quality comb honey. The production levels increased over the period of agreement as almost all the producers were enthusiastic to sell their honey to the factory, despite the low prices.

The overall growth of BNP's business in the period of agreement was positive. The company became the leader in honey export market. Currently BNP has 70% of Uganda's export market for honey. In 2004 the company was awarded prize for best foreign entrant in Kenyan market. In the same year government of Uganda awarded it company 'the investor of the year-small scale category' prize (BNP, 2004). These achievements are attributable to the partnership with beekeepers in West Nile. The company enjoys political and financial support from the central government through the NAADS secretariat to meet beekeepers demand for inputs, extension and supervision.

5.6 National Economy

Honey from Uganda has been certified to be exported to the European market. This opening of the European market can be attributed to the enhancement of the West Nile industry which contributes 70% to the export market (BNP MD as reported by Wiegratz, (2007).

Other regions are motivated by this West Nile experience to upgrade the production and marketing. SNV is already working with Karamoja and Ruwenzori regions, which have potentials for honey export in order to establish market linkages with credible buyers. This will ultimately stimulate the upgrading of the entire industry nation wide and increase the export base of Uganda.

It should be noted that, success or failure of a LED process need not be assessed on the basis of whether new jobs and incomes are generated as the yard stick, but also how well the process has progressed in terms of governance, coordination and autonomy of local actors.

6 THEORETICAL REFLECTIONS ON THE CASE

6.1 Introduction

The chapter is a theoretical reflection on the events in West Nile as described in the previous chapters. It conceptualises the case using the theories and concepts of local economic development reviewed in chapter two. Key lessons, challenges and how they have emerged are discussed as well.

The beekeepers in West Nile have placed themselves in a position to increase and market their honey and beeswax to diversify their sources of livelihoods. The strategic option to establish partnership with BNP was an attempt to counter their existing market failure by seizing the opportunity availed by NAADS to access production factors, information and, supporting collective marketing and certification. These attempts by beekeepers were directed to upgrading apiculture, honey and beeswax in the region in order to strengthen the position in the local and external markets.

Many groups of beekeepers moved away from arm's-length market relations to contractual farming with BNP. Multiple benefits were perceived to be derived from this contractual relationship. Proximity of BNP to the beekeepers was expected to facilitate knowledge transfer and innovations to the micro-producers through spill-over. Oerlemans & Meeus (2001) have noted that distance decays functions of communication and knowledge transfer. Spill-over can only exist when producers are located in the same place.

6.2 Triggers and Catalytic Factors

Three salient conditions that did not only trigger but were vital in creating opportunity for the implementation and momentum of the promotion of apiculture in West Nile are discussed below.

1. The peace that had returned to the region provided incentives for the local communities to embark on gainful economic activities. They lobbied government for policies that would enhance their capacity to manage local resources better to address the biting poverty. The zeal in the local actors to catch-up with the rest of the regions was the initial impetus for pursuit of local development, despite the low local capabilities.
2. The government's policy of poverty reduction through the modernization of agriculture and the commencement of the NAADS programme were critical factors in creating the conditions for and facilitating the strategic participatory planning and implementation processes. One of the principles of NAADS is to deepen decentralization introduced in the 1990s which has provided legal mandate for the communities to plan and implement their own local development interventions.
3. Motivated by the prospects of good quality honey in West Nile, Ms Odido established the honey processing plant in the heart of Arua town. Being visible in the area, setting up a factory, supporting innovation and upgrading efforts of producers was the business concept of BNP to expand its business. The company was fundamental in introducing and

catalyzing the innovations and upgrading process and ushered dynamism in the honey industry in the region.

The combination of the above conditions set in motion a process of transformation in agriculture and altered the existing institutions and structures in order to enhance collective action by and synergies among local actors. New farmer institutional arrangements and organizations were put in place in order to generate the required impetus for producers to effectively and gainfully participate. The districts' efforts to create the NAADS office with competent personnel to spearhead the entire process were another vital step to ensure that the process is well coordinated.

6.3 Beekeepers' Organization

Success of LED depends on how well communities are able to organize themselves to undertake joint production and marketing to enhance their collective efficiency. Collaboration among beekeeper groups is vital for the health of their interactions with BNP and input suppliers. Trust and sanctions are important both among groups and with BNP. Schmitz & Nadvi (1999) observed the tendency of trust to develop well in established horizontal and vertical networks where contract enforcement and economic cooperation exist.

Networks and collective actions save costs of diffusion of the innovations (learning from group members) and generate a more equitable distribution of the benefits. The long tradition of the West Nile people of '*adati*'⁵ (to work together) in '*enyati*' (group) made farmer group formation easier. There were already some existing forms of social groupings meant for collective traditional and cultural functions. At the advent of the NAADS programme, such groups simply switched their focus to beekeeping. While trust and cooperation are easy to build in such groups due to their strong social ties, they tend to be more inward looking than networking with others groups. This phenomenon could explain why forming higher level farmer associations is proving difficult and yet individual groups are able to plan and implement their collective activities well.

Another noteworthy attribute of the West Nile experience is the regional dimension it took. While there was a single agreement made for the entire region, it was managed at the individual district level. Ironically there is visible lack of regional mechanisms/organization to coordinate the district based activities. No activities to convene beekeepers at the region.

Effective coordination of actors is an essential element of a good development process. It enhances harmonization of resources, interest, efforts and activities of the different actors, geared towards commonly agreed goals. The role to coordinate local development can be performed by the private or public sector. Where there is no regional government or organization that

⁵ This created a bond of relations and collectivity among members of the same community which was of the same clan.

could offer such coordination like in this case, confusion and wastage of resources and efforts thrive at the detriment of the poor communities whose livelihoods are at stake.

6.4 The Participatory Planning

Participatory planning approach adopted was appropriate for active involvement of the beekeepers in line with the principles of farmer-led approach to agricultural service delivery that the process adopted. The farmer-led approach is a new strategy organizations, such as, the World Bank are popularizing in developing countries for delivering agricultural development services (Shawki, 2004). Meyer-Stamer (2005:6) also argues that bottom-up and action driven approaches are more promising than approaches which presuppose lots of institution and capacity building before any substantive action. The participatory planning process became a platform for strategic analysis of beekeeping and honey marketing in the region. The outputs of the process yielded the partnership strategy with BNP.

The strategic planning approach also enabled the communities to identify local resources that could be put to better use to enhance the honey industry development. Issues of market forces, possible support expected from other institutions, local technical and financial capacity that were likely to influence the industry and ways of dealing with them were also discussed. These are exogenous factors that have influenced the growth of the honey industry in the region.

The use of the existing local NGOs to facilitate the participatory planning and enterprise selection was logical. NGOs have comparative advantage in community work and empowerment. For local governments, planning for LED fits into the mindset of routine planning without opportunity driven, flexible way of doing business. The process of development requires a developmental LG (Meyer-Stamer, 2003:5). Evidence of lack of innovations by LGs to coordinate the process is visible in their failure to mend the strained relationships between BNP and beekeepers.

6.5 The Value Chain

Strong vertical linkages through the supply chain can bring innovation in the production process. As the survival beekeepers lacked trust and mutual dependency on the middlemen due to high transaction costs and limited access to new knowledge and information on distant markets. It was imperative for them to establish hierarchical relations with BNP in a value chain. Shawki (2004:8) observe that strong linkages through the supply chain can bring innovation in the production process.

Literature on clusters reveals that few cases of cluster of survival enterprises have developed in order to compete in the product market (Altenburg & Meyer-Stamer, 1999; Barca, 2003; Knorringa, 2002:50). However, the experience of West Nile attests to Weijland's (1999) contention that "even poor and inexperienced workers can be made dynamic entrepreneurs when operating in group of clusters provided their clusters are

connected to trade networks and supporting institutions and well chosen economic activities are carried out”. Besides, the government policy on public-private partnership adopted in Uganda gave a leeway for such relationships to be coined.

The importance of brokers in inducing such relationships has been noted in the experience of West Nile to be vital since the beekeepers were not economically visible. Local governments are strategically, both practically and policy wise, positioned to undertake this brokering role. In a way, leaders are more judged by the resources they can mobilize on the input side and how they combine them to produce the required service (Meyer-Stamer 2003:2). But due to their weak technical and financial capacities, rarely do LGs in developing countries play this role. The West Nile case falls under this category. The NAADS secretariat had to intervene to cause BNP to support producers, albeit not in concert with the beneficiaries.

Nevertheless, with its entrepreneurial drive as a result of exposure to new knowledge, technology and resources, BNP introduced innovations that improved production volumes, quality and chain logistics. This is typical of a real lead firm setting standard of behaviour for the whole value chain with externalities in the entire industry. The localisation of the improved technologies catalyzed the upgrading process.

However, common problems associated with value chain governance have emerged. Power disparity between BNP and producers, due to superior access to information and resources, made the company oppressive. It imposed a price lower than the reigning market price for honey and enjoyed monopoly over other marketers, thus making beekeepers more dependant on it. The producers vented their animosity by side selling. In any case, the agreement lacked clear guidance on the roles of beekeepers. Besides, reward and sanction mechanisms which are vital in regulating and controlling opportunistic behaviours, were hazy or not written and not communicated to all actors to solicit their collaboration. Clear understanding of the positions, roles and responsibilities of the actors in the value chain is paramount for cordial relations and building trust among actors.

Trust and sanctions are mediums of mutual cooperation. They compel actors to cooperation without enforcement, the product of which is, compliance to the rules, norms and standards set, and reduce transaction cost due to predictable behaviours of partners. Knorringa (1992) quotes Zucher as characterising trust into three; i) process based trust which develops from repeated interaction and joint actions; ii) characteristic based trust which depends on the traits exhibited by the each actor and; iii) institutionally based trust, premised on the position of the actor in the institutional structure.

It can be deduced from the views of beekeepers that their trust in and loyalty to BNP in the beginning of the agreement was based on the superior position of BNP in the contract and its character: formally registered, knowledgeable on apiculture, proximity to producers and had substantial demand for their honey. The most vital process based trust was not yet fully developed since BNP was new and thin on the ground. On the other hand, BNP and NAADS took for granted that beekeepers will be trusted to sell their honey to the company. This explains the silence in the agreement on

obligations of beekeepers and lack of their involvement in drafting the agreement. They were mistakenly assumed to be in desperate position to be loyal to the agreement. No wonder BNP is mainly accountable to the NAADS secretariat where resources originated without visible mechanism for downward accountability to the producers.

6.6 Upgrading

The new economic competition requires flexible specialisation to respond timely to changing consumer tastes and preferences. Such entrepreneurial ability is what is lacking in survival enterprises. Introducing new beehives and harvesting equipments and better practices coupled with increased transfer of knowledge and skills, were critical factors that enhanced the production and product upgrading. Although the cost of new technology, skills and knowledge increased the cost of production, the increase in overall cost of production was offset by increased yields. The end result was net gain by the farmers. Moreover, the long term costs are low but with higher gains as the technologies, knowledge and skills diffuse in the region.

Notwithstanding the moderate improvements, nearly half of the beekeepers are stuck to their traditional methods of production, safe for adoption of hygienic harvesting practices. Knorringa (2002:50) identifies this as a major challenge of knowledge transfer within such groups of survival enterprises due to limited capacity. Most of the beekeepers are functionally illiterate and so have low ability to grasp the trainings. They lack communication facilities like radios where follow-ups and other important messages are often passed. Many of them lack exposure to anything beyond the regional borders. They mainly depend on their leaders for information and decision. Their 'real' participation in such knowledge sharing is doubtful.

In addition, beekeepers have been rooted in their old routine practices. It will take time to for these producers change their routines that shaped their behaviour over a long period because have limited search capabilities and have tunnel vision. Therefore, strategies aimed at changing producer's old behaviour should be introduced in small, clear, manageable and cost effective steps that can dispel their uncertainty in new practices. The micro-producers have not had exposure to joint actions such as working on communal apiary and sharing of inputs.

Nevertheless, through the partnership, beekeepers have acquired some degree of competitiveness in honey production and marketing. With division of labour within the chain; producers specializing in beekeeping while BNP if taking care of extraction, packaging and marketing with huge proportion of Uganda's honey export markets. This is what has made the West Nile experience unique.

The endogenization or rather localisation of the technology of improved bee hives production has empowered the local artisans and created new job opportunities for the unemployed youth to engage in income generation. This is precisely in line with the goal of LED.

6.7 Local Competition

The growing local price competition is becoming rife. Side selling makes that other trader benefit from improved practices that were brought by BNP: that is an externality that undermines BNP's willingness to pay for the cost of upgrading beekeepers skills. That is why government came in through the NAADS programme to pay for inputs and extension service provided by BNP. In the short-run the beekeepers are benefiting but it is not a good gesture for the sustainability of the industry since no buyer is likely to take a lead role in supporting the upgrading of beekeeping in the region. The current concern should no longer be limited access to market but constraints to increasing production. It would seem certain that, other up-coming processors are not in position to develop this capacity to produce more but are waiting to undercut those that are investing their resource in farmer capacity development. Their assertion is that, "BNP can not claim the farmers are theirs" (Wiegratz, 2007). Trade has been liberalized. BNP has to be flexible and device innovative ways of winning back the trust and confidence of beekeepers in order to maintain the lead in the industry.

7 CONCLUSION

The paper describes a case of a typical locality with low capability, dominated by smallholding subsistence agriculture, in pursuit of opportunities for pro-poor economic growth. Smallholder apiculture development process, classified here under the community based enterprises illustrates the mounting struggle areas predominantly peasantry (can) go through in their fight against increasing deprivation and income vulnerability vented by structural weaknesses in the economy.

The West Nile initiative ushered in some moderate changes in the honey industry in the region and created some dynamics in the economy. The process has developed backward linkages with input suppliers. At least 89 new jobs have been created. The number of poor farmers embracing beekeeping as income generation activity increased from below 1,000 to about 6,300, over the period under study, most of who have acquired basic knowledge and skills of modern commercial beekeeping. The initiative has diversified source of livelihoods for the participating households. New and better technologies have not only been introduced but also localised; making them easy to be diffused. Being leading region in honey market in Uganda has boosted the image of the region and buyers are increasingly traversing the area in search of honey.

The apiculture development process has attracted attention; resources and participation of central government, private sector, development organisations and the community. These are key local and external actors considered vital in a LED process. Participatory approaches to LED provide invaluable opportunities for the communities to meaningfully identify and strategically engage their local resources to raise their competitiveness.

The study has revealed that the concept of survival cluster development as conceived and used business development and manufacturing sector can appropriately be applied to peasantry localities that specialise in one dominant

farm-enterprise development. Spatial concentration of groups of survival enterprises can create dynamics in the economy if external linkages are brokered. BNP interventions made producers to think outside the farm to things like marketing, post harvest handling and packaging which are critical success or failure factors in market-led approach to production. The beekeepers are now able to produce what they can sell, rather than, struggling to sell what they can produce. Earnings from the farm are used to start survival off-farm enterprises to diversify household livelihood sources. Increased earning by farmers increases their purchasing power to demand off-farm products. This is a critical factor that can usher in pro-poor economic growth.

The experience of West Nile also shows that, the community based economic development approach accommodates minority issues, builds skills and empowers communities. The practice of CED enhances local democracy where local participation is effective. Communities become more enlightened on new production knowledge and improved technology that enhance innovation. The economic gain from LED process enhances communities' political power to hold their leaders accountable.

However, the terms of the 'good intentioned' partnership between NAADS, BNP and the community were not clear to all the key actors. The gap in regional coordination of the process, created by lack of regional structures, was one of the major drawbacks. The process lacked effective coordination. The partnership did not create arena to convene all actors for consensus on needs, strategies and available resource. These weaknesses are manifestation of poor stakeholder analysis usually conducted during strategic planning.

The proximity of BNP to the producers was to reap benefits of reduced search and transport costs by BNP on one hand and producers on the other. However, the company's visibility in the community has been limited by its technical and logistical capacity to meaningfully interact with the micro-producers in joint actions. This has limited the development of process based trust that is crucial for long term mutual cooperation in such economic transactions, resulting to the inevitable market failure. Nevertheless, the apparent market failure should not be viewed as a recipe for failure but a beckon for change of course. The LED process is never linear. Emerging challenges along the process ought to be dealt with as and when they arise. This calls for clear benchmarks and indicators to track changes.

The role of government is still important in order to induce communities' alliances with private sector for local economic development. West Nile like most communities in developing countries was latent to manoeuvre its local resources to enhance beekeeping until NAADS programme was launched. However, where the local governments continue to depend heavily on central government transfers for LED, the discretion of communities is eroded. The West Nile process is heavily dependant on the central government and development organizations for funding. This reliance on central government has perpetuated NAADS secretariats patronage of the partnership as power to decide on programme funds is concentrated at the secretariat: taking communities at ransom.

Micro-credit, an essential element of a CED strategy is lacking in the combination of instruments that were used. The lack of working capital has

affected the diffusion of technology and expansion of apiaries as the beekeepers can not afford the improved bee hives. Continued supply of hives by government and NGO is not sustainable. Access to micro-credit for working capital in agriculture is still limited in Uganda due to high risks involved in farm-enterprises. The prolific micro-finance institutions in the region have fallen in the 'trap' of profit motivation and behave like traditional financial institutions reluctant to lend for farm-enterprises

Overall, West Nile has so far demonstrated that, beekeeping in the region is a profitable enterprise that can enhance incomes of the poor households, when prudently managed and their access to micro-credit is enhanced. It is vital, at this stage, for the local governments in West Nile to forge collaboration with each other to put in place an inclusive regional agency to spearhead the process, mobilize and harmonize the interests, efforts and resources of the various actors.

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