

KIBOGA/KYANKWANZI PLATFORM BUSINESS PLAN

By

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Kampala, Uganda

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BUSINESS PLAN FOR KIBOGA/KYANKWANZI INNOVATION PLATFORM

Name and address of organization	Kiboga/Kyankwanzi Innovation Platform Office location: Kyankwanzi , Bukwiri town council at Kyankwanzi District NGO forum P. o Box 1, Kiboga
Contact person	Wandera James 078 8 214 291/0752 869 856 Wanderajames056@gmail.com
Business industry (enterprise of focus)	Soybean
Business title	Enhancing productivity and profitability of soyabean in kiboga and kyankwanzi districts
Proposed area of operation	Kyankwanzi district Target sub-countries{ Bananywa,Nsambya , watubba and Gayaza } Kiboga district { Kiboga town council, Kibiga sub county and Lwamata}
Estimated Total Business budget	Uganda shillings: sixty millions (60,000,000=)

1.0 Introduction

Kiboga-Kyankwanzi innovation platform was initiated in February 2014 by HumidTropics with ultimate aim of changing the lives of the rural farmers both in Kiboga and Kyankwanzi districts. From the situation analysis that was carried out by Farm Gains Africa, it was founded that both Kiboga and Kyankwanzi districts are characterized by a low population density with 39 persons per KM² for Kiboga and 37 persons per KM² for Kyankwanzi, with high part of the population living below the poverty line with 60.4% and 38% for Kiboga and Kyankwanzi respectively. Out of the total population, it was found that 80 – 85% is primarily engaged in agriculture.

Both districts have distinctive crops and livestock production areas. Some crosscutting constraints are; unstable and low prices of agricultural commodities, poor storage and infrastructure for value

addition, declining soil fertility, high post-harvest losses, expensive agricultural inputs and lack of irrigation facilities.

After discussing these constraints, the platform members selected the system entry point; maize-soybean chain, to address issues of nutrition, food security, income and natural resource management. With soya bean in a rotation to feed humans and livestock (pigs, dairy and or poultry) with wastes used to improve banana-agro-forestry systems in the crop dominated zone. In the livestock dominated area emphasis is on improved productivity and profitability of the milking cows.

By going through a series of farmers' meetings, trainings and trials on soybean and maize production as the entry point, the demand and desire to grow soybean just doubled from what was expected. During the identification of farmers, many youths and women groups who are the most vulnerable of poverty, hunger, malnutrition continued to show interest to take-up the selected enterprises and boost productivity levels at the farm gate.

Kiboga Kyankwanzi innovation platform has chosen soybean as its flag-bearer and entry crop into the seed and grain business, being driven by soybean grain's high potential for use in a variety of applications, and therefore a high market potential, ranging from human consumption and animal feed. A percentage of the proceeds from the above investments will be directly ploughed back into the business as new investment portfolios.

1.1 Goal: To ensure sustainability of the innovation platform in its operations

1.2 Mission: To promote innovation platform sustainability.

1.3 Vision: To be the leading producer of innovations in soybean production and marketing in Uganda

1.4 Objectives of the business

The following objectives will guide the business of the Innovation platform in the coming five years

1. To increase productivity of soy bean from 300kg/acre to 600kg/acre
2. To increase the marketable quantity of soybean from 2 tons to 1,200 tons per season by 2020.

3. To process and supply quality and affordable soya based human food and animal feeds.
4. To promote, multiply and supply soybean variety of high quality to meet the challenges of the farming communities

2.0 ACTIVITIES TO BE DONE PER OBJECTIVE

The platform will carry out the following activities to achieve the objectives:

Objective 1: To increase productivity of soy bean

Activities:

- Conduct trainings farmers in agronomical Avail good quality soya bean seeds and fertilizers(rhizobia) to farmers
- Conduct regular monitoring and technical support visits to farmers

Objective 2: To increase the marketable quantity of soybean

Activities

- Trainings farmers in basic marketing Collective marketing, post-harvest handling)
- Collect, analyze production and sales data
- Provide market information to farmers
- Facilitate collective soybean bulking and marketing
- Train farmers in farming as a business
- Facilitate formulation, and strengthening of soya bean producer groups
- Packaging and branding

Objective 3: To process and supply quality and affordable soya based human food and animal feeds

Activities

- Create and strengthen collaborations s with private sector
- Conduct training in food and feed mixing ratios
- Training of machine operators on maintainace of the machines
- Packaging and branding of soyabean basic foods
- Advertisement and sensitization about the feeds and foods
- Establish selling points for soya bean based foods and feeds

Objective 4 : To promote, multiply and supply soybean variety of high quality to meet the challenges of the farming communities

Activities

- Establish Multiplication gardens for soya bean mother gardens
- Training of farmers in seed production aspects
- Link up with researchers for improved varietysoya bean seeds
- Seed quality management
- Field inspection
- Seed certification
- Establish seed selling points

3.0 Business description and background

Access to agricultural inputs, including improved seed, is crucial for agricultural productivity, improvement and determining food and income security of farmers at household levels, and of the country. Use of improved seed varieties can catalyse investment into sustainable integrated farming practices and associated agricultural inputs. In the last 20 years, there has been a notable increase of entrepreneurs entering the seed sector in Uganda. Reasons for this have ranged from the recognition of market opportunities for supplying farmers with improved seed quality varieties and the increased support in seed distribution schemes by governments and non-governmental organizations. These notwithstanding, seed companies are far from meeting the present quantity and quality demand for seed by farmers; more than 90% of the cropped land is still planted to traditional, unimproved low-yielding varieties. There is still high potential for growth in agri-business development that will need availability of more improved and quality seed. Soy bean growing productivity and profitability enhancement business is organized and is to be implemented by Kiboga/Kyankwanzi Innovation Platform. The business is set to help out farmer groups and individuals by uplifting their welfare and their household incomes, create awareness nutrition and food security, equipping farmers with modern sustainable development skills and provision of soft loans in terms of tangible materials and liquid cash, as a way of increasing local production and boosting business undertakings

3.1 Business justification

By enhancing productivity levels of soybean Kiboga-Kyankwanzi IP is set to be the leading producer and supplier of nutritious foods (for human and animal), in the next five years. This implies that farmer' levels of income, their health and nutrition level, food security, literacy, and natural resource management/NRM will be improved in the long-run. This is justified by the fact that there's now already market for soybean, and the demand for animal and poultry feed is at a high rate both in Kiboga and Kyankwanzi even in the neighboring districts of Hoima, Masindi, Luwero, Nakaseke, Mityana and Mubende.

To enhance productivity of soybean, the platform together with its partners will continue to sensitize the farmers on the importance of growing soybean in the region and also those already in the business will act as model farmers. Farmers will be continuously engaged in agricultural meetings, workshops and trainings. Most importantly, through accessing the IP facilitation fund, and funds from interested development partners, the platform plans to buy-off soybean seed already in the farmers' fields amounting to approximately 4000kg if it is harvested and that from other sources and after the seed is purchased, will be redistributed to farmers on credit. Youths and women will be encouraged to form groups as the basis to which the seed will be distributed. Individual farmers will also be catered for to take-up the business.

The platform is planning to target 2000 farmers (both youth and women) and each farmer is expected to have at least one acre of soybean. Each farmer will be given 20kg of soybean for an acre on credit and in return, he/she pays back 40kg for each acre to the platform. This means that the platform will be able to raise at least a minimum of 80,000kg of soybean as its stake by the end of the business time. The implication is that farmers will be able to put monies into their pockets after the sale of the produce and at the same time as the platform facilitating its operations will no longer be a big problem.

As a platform, we business a healthy cash flow by the end of the first season up to the up the end of the business plan. As a platform, we strongly believe that by taking-up the business will enable the farmers to link soybean enterprise to other enterprise. For instance, soybean business will feed into livestock enterprise-livestock and poultry feed mixing, nutrition value addition -through utilizing soybean by-products like soybean flour, and the wastes from livestock can be used as manure to improve banana-agro forestry systems hence integration.

4.0 Business partners as categorized basing on the areas of expertise

	Partner	Role
Extension	IITA	Capacity building in areas of financial management, data management, accountability and governance. Best practices of accountability, external evaluation will be handled by the lead partners.
	Makerere University	will undertake of research, provide advisory services and provision of improved and affordable seeds
	ILRI	Capacity building especially on feeds and feeding
	Local government	Mobilization and extension, assist groups to access productive resources, securing sustainability in natural resource use, providing social infrastructure (roads...) for communities at the village level.
	Farmer organization	production and marketing , youth and women will be encouraged to form groups
	Kiboga Kyankwanzi Innovation platform	The platform will: • monitor and evaluate the business. • provide office space for planned activity • coordination and networking among partners • Organize farmer groups to produce soya bean seed and grain • Resource mobilization • Provide a framework for joint effort and action • Help people to organize their own knowledge in ways that it can be beneficial to them and useful for research • Buy soya bean seed and grain from farmers •
	Bioversity international	Promote soya bean production
	Farm gain	will handle legal contract signing

	Africa	
Financial institutions	VSLA	Group saving and lending
	Centenary bank Uganda Development Bank Limited (UDBL), Opportunity bank ARUWE credit department	Training and giving loans to farmers
Buyers/ Market	• World food program • Makerere breeding program • NGOs • Farmers • Local government • Stockiest • Mukwano • Maganjo • SESACO • Agrinet • NAADS veteran	Buyers of soya bean seed, grain and soya bean based foods and feed

	program	
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Most importantly, through accessing the IP facilitation fund, the platform plans to buy-off soybean seed already in the farmers' fields amounting to approximately 4000kg if it is harvested and after the seed is purchased, will be redistributed to farmers on credit.

Management team and their roles

The business will be implemented and coordinated under Kiboga/Kyankwanzi Innovation Platform management structure. The platform members (the beneficiaries) will be empowered to instill a legacy of business ownership. This is to be done through sensitization, community involvement in the Organization and mobilization of local resources. Thus reports, field visits and establishment of groups in communities are the important tools to be used. Further still the business officer (manager) together with the under staff will avail weekly, monthly and annual reports to whoever is responsible and is a beneficiary.

Capacity building strategy for partners

Strengthening institutional framework

The platform is expected to offer coordination and technical support to its member group organizations. Historically, development initiatives in the district have been scattered and the platform seeks to streamline and integrate the interventions where possible ensure maximum benefits, efficient and effective use of resources, knowledge sharing and duplication of efforts is avoided.

Resource mobilization

Addressing development challenges requires building partnerships at various levels including global, regional, national, local and community levels. Through these partnerships the platform intends to mobilize assistance to help build capacity, provide funding, share technologies, knowledge, experiences, and support mass community awareness programs.

The platform intends to build local capacity of member organizations to participate in new agricultural development initiatives. The platform plans to partner with Uganda Investment Authority (UIA) which can play a critical role in funding the business activities

The platform will also mobilize local and international resources to invest in climate change activities and business. This is to be realized by establishing a climate change fund that will serve as

a pool of resources. Raising further awareness about climate change and its related economic opportunities that should be reinforced at the grass root level such that producer organizations and individuals in the local communities participate in climate change activities.

5.0 PRODUCTION PLAN AND STRATEGY

The production strategy for producing soya grain is to enroll 200 farmers in 2015 and increase it up to 2000 farmers in 2020.

5.1 For Soya grain producers

Period	No. of farmers enrolling	Expected yield (Kg/acre)	Selling price (Ugx /kg)	Production cost (Ugx)
2015	200	400	1,500	600
2016	650	450	1,600	636
2017	1100	500	1,700	674
2018	1550	550	1,800	715
2019	2000	600	1,900	757
2020	2000	600	2,000	803

5.2 For soya seed producers

The production strategy for producing soya seed is to enroll 100 farmers in 2015 and maintain them up to 2020.

Period	No. of farmers	Area under production (acres)	Yield (kg/acre)	Quantity produced (kg)	Selling price (ugx)	Production cost (ugx)	margin per kg (ugx)
2015	10	2	400	8,000	2,000	800	1,200
2016	10	2	450	9,000	2,200	848	1,352
2017	10	2	450	9,000	2,400	899	1,501
2018	10	2	450	9,000	2,600	953	1,647
2019	10	2	450	9,000	2,800	1010	1,790

2020	10	2	450	9,000	3,000	1071	1,929
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6.0 Marketing strategy (target market, promotional activities, etc)

- There's already market for soybean, and the demand for animal and poultry feed is at a high rate both in Kiboga and Kyabkwanzi even in the neighboring districts of Hoima, Masindi, Luwero, Nakaseke, Mityana and Mubende.
- Group marketing will be a strategy to use
- Setting up one stop center for marketing agriculture products

6.1 Financial Plan

The following is the financial plan for soya grain based on projected cash flows discounted at 20% per annum

Period	No. of farmers	Area under production (acres)	Yield (kg/acre)	Quantity produced (kg)	Selling price (ugx)	Production cost (ugx)	margin per kg (ugx)	Nominal Net cash (ugx)	Discount factor at 20%	Present value of netcash (ugx)
2015	200	1	400	80,000	1,500	600	900	72,000,000	0.833333	60,000,000
2016	650	1	450	292,500	1,600	636	964	281,970,000	0.694444	195,812,500
2017	1100	1	500	550,000	1,700	674	1,026	564,212,000	0.578704	326,511,574
2018	1550	1	550	852,500	1,800	715	1,085	925,295,316	0.482253	446,226,522
2019	2000	1	600	1,200,000	1,900	757	1,143	1,371,016,589	0.401878	550,980,818
2020	2000	1	600	1,200,000	2,000	803	1,197	1,436,477,584	0.334898	481,073,436
NPV										2,060,604,850

Note:

Each farmer to dedicate 1 acre for producing soya
Production costs set to rise at inflation rate of 6% p.a.
Selling price set to rise due to demand
Farmers expected to enrol every passing year
Net cash discounted at 20%

The following is the financial plan for soya seed based on projected cash flows discounted at 20% per annum.

Period	No. of farmers	Area under production (acres)	Yield (kg/acre)	Quantity produced (kg)	Selling price (ugx)	Production cost (ugx)	margin per kg (ugx)	Nominal Net cash (ugx)	Discount factor at 20%	Present value of netcash (ugx)
2015	10	2	400	8,000	2,000	800	1,200	9,600,000	0.833333	8,000,000
2016	10	2	450	9,000	2,200	848	1,352	12,168,000	0.694444	8,450,000
2017	10	2	450	9,000	2,400	899	1,501	13,510,080	0.578704	7,818,333
2018	10	2	450	9,000	2,600	953	1,647	14,824,685	0.482253	7,149,250
2019	10	2	450	9,000	2,800	1010	1,790	16,110,166	0.401878	6,474,314
2020	10	2	450	9,000	3,000	1071	1,929	17,364,776	0.334898	5,815,428
NPV										43,707,326

Note:

Each farmer to dedicate 2 acre for producing soya
Production costs set to rise at inflation rate of 6% p.a.
Selling price set to rise due to demand
Farmers expected to enrol every passing year
Net cash discounted at 20%