

The Role of Operation Wealth Creation (OWC) Program on Dairy Farmers in Mbarara District-A Descriptive Perspective

Violah Mpangwire*, Benjamin Musiita & Richard Akisimire
Makerere University Business School, Uganda
vmpangwire1@gmail.com*, musiiitabenjamin@gmail.com, rakisimire@mubs.ac.ug

Abstract: Helping subsistence farmers make the leap into commercial agriculture was the driving force behind OWC or Operation Wealth Creation. The purpose of this research was to assess how the OWC program has affected the Mbarara area, dairy producers. The researchers used a descriptive study strategy and surveyed 161 dairy producers. There was a dramatic drop in poverty from 68 percent to 47 percent as a result of the 70.2% increase in milk output (using the poverty line criteria of \$1.90 per day). This indicates that a majority of dairy producers (53.3%) have successfully adopted the use of currency. The major source of income in the Mbarara area is dairy farming, which is the focus of this study and sets it apart from previous studies. The advantages might be increased by enhancing post-harvest handling practices, particularly by finding ways to get the most out of milking equipment. The government should also emphasize the construction of auxiliary factories that can raise milk's value and increase the number of goods made from it. These efforts might increase agricultural productivity and decrease poverty while providing job possibilities for industrialists and farmers.

Keywords: *Operation Wealth Creation, Dairy farming.*

1. Introduction

Uganda relies heavily on agriculture; as a result, the government has implemented various programs aimed at commercializing the sector to transition farmers from subsistence farming to a market-based economy. According to the International Labor Organization (2020), the socioeconomic transformation within impoverished households has led to enhanced productivity and higher wages, resulting in the alleviation of poverty. The primary factors contributing to poverty in Africa are insufficient funding and limited financial capacity. Many families are unable to initiate income-generating economic activities due to these constraints (Africa Poverty Report, 2016). Hauser et al. (2010) argue that government-sponsored agriculture programs can facilitate rural innovation. Organic farming, the authors argue, is part of a larger movement to give rural communities more say in their food supply and pricing. Both the MAAIF (2020) and the UNDP (2019) report that the country's agricultural mechanization is low compared to other countries in sub-Saharan Africa. The disparity in agricultural mechanization has not received enough attention. Included in these initiatives are the completion of a national agricultural mechanization policy and implementation framework, the improvement of technical training for operators, mechanics, technicians, and farmers, the purchase of tractors, and the recovery and replenishment of Agricultural Mechanization Resource Centers. This will hamper government efforts to solve agricultural problems. Since Uganda's independence, many ruling regimes have made social and economic change a top priority (Booth and Golooba-Mutebi, 2012).

During the Obote I rule (1962–1972), efforts to restore and improve social service provision in war-torn regions received more attention. The NRM, formerly known as the NRA, launched a ten-point program in 1986 with the same goal in mind (Okiror, 2017). The Peace, Recovery, and Development Plan was launched in 2008 as one of several government efforts to combat poverty since then. Together with other initiatives, this strategy sought to improve the state of the North's infrastructure (African Research Institute, 2016). According to the Uganda Strategy Support Program in 2012, the country's economy has shifted from a product-based sector to a service-based sector, with the consequence that agriculture now accounts for a larger share of the country's total GDP. However, there has not been a proportionate movement in employment from agriculture to other sectors as the economy has shifted income sources (Mukwaya et al., 2012). Operation Wealth Creation (OWC) was launched in 2014 by the Ugandan government to provide farmers with free agricultural inputs such as seeds, seedlings, planting supplies, and breeding stock. This initiative's stated goal was to alleviate poverty by helping subsistence farmers make the transition to commercial agriculture (Equal Opportunities Commission Report, 2016). According to the 2017 Parliament Report on OWC, there are a number of obstacles preventing the program from being successfully

implemented. OWC was founded in 2003 when the previous program, NAADS, was reorganized. Uganda's poverty rate fell from 33.8% in 1999–2000 to 19.7% in 2012–2013.

In 2016–2017, however, that figure rose to 21.4%. The figure had dropped to 20.3% by 2019/2020 (Uganda National Household Survey, 2020). The research found that between 2014 and 2020, the number of Ugandans working in the subsistence sector dropped from 69% to 39%. Low farm gate prices, a lack of suitable storage space, and stagnant agricultural production are only some of the ongoing challenges faced by rural farmers (NDP 11, 2019). Despite the many agricultural inputs provided by the Operation Wealth Creation (OWC) program, the vast majority of farmers in the Mbarara District are still engaged in subsistence farming. Only a few farmers have made the jump from subsistence to commercial farming since the program's commencement in 2014 (OWC, 2020). Given this context, the purpose of this research is to analyze the role of Operational Wealth Creation (OWC) in facilitating the economic transformation of small-scale dairy producers in the Mbarara area.

2. Literature Review

Background of OWC: The Ugandan Vision for 2040 identified agriculture as one of its top priorities. Both versions of the National Development Plan (NDP I and NDP II) pushed for the nation to become middle-income by 2040. The Ugandan government has invested heavily in advancing agricultural automation, commercialization, and value addition with a focus on women and girls (OWC, 2015). Facilitating the transformation of 50% of subsistence farmers into commercial companies is critical to achieving the stated aim. To achieve national socio-economic change via citizen participation in productive farming to reduce poverty, Uganda's president launched Operation Wealth Creation (OWC) in July 2013. Sixty-eight percent of the population will be lifted out of poverty as a result of the program's efforts to: a) mobilize the population for commercial agriculture; b) ensure equitable distribution of farm inputs; c) promote the adoption of agricultural technology; and d) prioritize infrastructure development in rural areas. The most up-to-date information available from 2021 indicates that 8,750 projects were completed successfully and that 58,600 farmers benefited from the program. The Food and Agriculture Organization of the United Nations (2018) states that present agricultural development models in Sub-Saharan Africa have not completely incorporated agroecological concepts and technologies. Establishing local multistakeholder and participatory procedures in line with proper regulations is essential due to the multidisciplinary character of agroecology, which blends agronomy, ecology, and the social sciences.

Spending money is a must. If this initiative is going to have any kind of lasting influence on nearby communities, even outlying ones, local elected authorities and technical agents must be involved. In a 2011 report, the Bill & Melinda Gates Foundation highlighted the need for a comprehensive understanding of smallholder farming in developing countries, including farmers' living circumstances, crops grown, income, and agriculture's larger economic relevance. The major goal is to reduce hunger and poverty among farm families, so having this knowledge is essential. The paper draws attention to the lack of reliable information on agriculture and the plight of rural communities. Sub-Saharan Africa is especially hard hit by this problem since most agriculture data comes from infrequent, small-scale surveys (GoU, 2015). Both developing nations and donors would benefit from improved agricultural data accessibility and quality for more precise planning and investment forecasts in agricultural development. When compared to other nations in sub-Saharan Africa, the rate of agricultural automation in this country is low (MAAIF, 2020; UNDP, 2019). The disparity in agricultural mechanization has not received enough attention. There is a need to improve technical training for operators, mechanics, technicians, and farmers; there is not enough funding for Agricultural Mechanization Resource Centers; there is not enough of a national policy and implementation framework for agricultural mechanization; and so on. This will hamper government efforts to solve agricultural problems.

3. Methodology

Research Design, Population, and Sample: A total of 275 dairy farmers in the Mbarara District who had received OWC loans were surveyed using a cross-sectional questionnaire for this research. A total of 161 people were chosen using the Krejcie and Morgan technique. 1970 respondents filled out the surveys, and 155 of them responded. The biggest district in Uganda is Mbarara, and its home to a sizable number of cattle

keepers. Due in large part to the OWC program's distribution of dairy heifers, the district's dairy farming business has flourished (OWC, 2020). The recipients of dairy heifers were the primary focus of the investigation. The effectiveness of OWC in reducing poverty was assessed using both primary and secondary sources of information. Part of a bigger study on how the OWC initiative has helped alleviate poverty in Uganda, this report provides preliminary findings. Respondents were chosen because they were thought to have anything to do with the study being conducted. The research team gathered information on OWC program participants using secondary data culled from the organization's yearly reports. To evaluate the program's effectiveness in alleviating poverty, researchers coded the collected data before summarizing it using tables and charts. The respondents' demographic information is shown in Table 1.

Table 1: Demographic characteristics of the respondents

Variable	Category	Frequency	Percentage
Age	18-28 years	26	16.7
	29-38 years	55	35.6
	39-48 years	48	31.6
	49 and above years	49	16.1
	<i>Total</i>	<i>26</i>	<i>100.0</i>
Gender of the respondents	Male	101	65.2
	Female	54	34.8
	<i>Total</i>	<i>155</i>	<i>100.0</i>
Level of education	No education	49	31.6
	Certificate	102	65.8
	Diploma	4	2.6
	Bachelors and above	0	0.0
	<i>Total</i>	<i>155</i>	<i>100.0</i>

Source: Primary Data, 2023

Table 1 presents descriptive statistics indicating that the majority of respondents were male (65.2%) while females accounted for 34.8%. The age distribution of respondents shows that the largest group falls within the 29–38 year bracket (35.6%), followed by the 39–48 year bracket (31.6%). The smallest group consists of individuals aged 49 years and older (16.1%). Notably, the program appears to have had a significant impact on the youth, who possess the energy and capacity to generate income. The majority of respondents held certificates (65.8%), followed by those who had no education (31.6%). The findings indicate that none of the beneficiaries under the OWC program had a degree (0.0%). This is consistent with the program's goal of aiding farmers who are also living in poverty.

District Production Data on Agricultural Service Delivery Performance of Operational Wealth Creation in the District: Significant strides have been achieved in agriculture since Operation Wealth Creation (OWC) was implemented in 2014 to replace the National Agricultural Advisory Services (NAADS). The distribution of high-quality seeds, planting materials, livestock (dairy cattle, goats, pigs, and poultry), fish fingerlings and reeds, tree seedlings, and agricultural machinery (tractors, equipment, coolers, and spray pumps) were among the interventions implemented. Progress has been made in lowering poverty rates as a result of the aforementioned approaches. Since 2014, the expected number has dropped from 68% to 47%, as stated in the OWC Annual Report (2020).

4. Impact of OWC in the District

Status of dairy farms in Mbarara: According to the numbers provided above, the number of dairy farms and the number of dairy cows will both increase significantly between 2014 and 2020.

Table 3: Milk production data for Mbarara District

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
HI in Dairy	60898	62.828	64713	66.654	68653	70713	72834	75019	77270	79588	81920
	217176	218098	244640	251.379	258020	266687	274687	282927	291414	300156	309,145
Dairy t cattle	21.174	21810	24464	25138	25802	26669	27467	28293	29141	30016	30910

OWC Annual report (2020)

There will be a considerable increase in the number of dairy cows and families involved in milk-producing between 2010 and 2020.

Table 4: Milk production data for Mbarara district

Year	No. of Milk coolers	of Milk Production	Marketable Milk	Formal	Informal
2013	53	30 877,234	24 701,787	8 151,589	16,550,198
2014	58	32 201 327	26,561 061	8,765,150	17,795,911
2015	63	35,893,327	28,714,661	9,475,8	19,795,911
2016	95	39,013,485	31,211,588	10,299824	19,238,823
2017	98	43,349,529	34,679,623	11,444,275	23,235,348
2018	101	47,684,481	38,147,584	12,588,702	25,558,882
2019	108	51,372,188	41,097,750	13,562,257	27,535493
2020	115	56,509,405	45,207,524	14,918,482	30,289,042

OWC Annual report (2020)

Table 4 demonstrates a consistent increase in milk production within both the informal and formal market sectors. According to the table, milk production increased from 30,877,234 liters in 2013 to 56,509,405 liters in 2020. The number of liters of milk bought and sold went up from 8,151,589 to 14,918,482. From 53 in 2013, there will be 115 by 2020 as the number of coolers increases.

Table 5: Number of dairy farmers under subsistence farming

No.	Sub county	% still in subsistence farming.
1	<u>Bukiro</u>	65
2	<u>Kanoni</u>	65
3	<u>Kashare</u>	62
4	<u>Biharwe</u>	45
5	<u>Kakiika</u>	45
6	Kakoba	40
7	Nyamitanga	44
8	Kamukuzi	44
9	<u>Nakabo</u>	47
10	<u>Rubaya</u>	40
11	<u>Bubaare</u>	45
12	<u>Rubindi</u>	50
13	<u>Rwanyamahembe</u>	40
	Average	47

Source: Primary data, 2023

Table 5 reveals a decrease in the proportion of dairy farmers in the Mbarara district who are unable to afford \$1.9, with the current percentage standing at 47%. According to the UBOS (2013), 68% of dairy farmers in Mbarara District were living below the poverty line, suggesting that 53% of them had transitioned to the money economy. The Bill and Melinda Gates Foundation (2011) states that to end hunger and poverty in agricultural communities, it is essential to comprehend the predicament of small-scale farmers in the developing world. Knowing where they are, what they grow, how much money they make, and how crucial agriculture is to the economy as a whole is all part of this. Unfortunately, the information currently available on agriculture and the well-being of farm families is insufficient and of low quality. Sub-Saharan Africa is particularly vulnerable since our knowledge is based on limited and irregular surveys, leading to generalizations (GoU, 2015).

5. Conclusion, Recommendations and Policy Implications

By easing the transition from subsistence to commercial agriculture, Operation Wealth Creation has been essential in Uganda's socioeconomic progress. The Ugandan government, including officials from local councils, may work together with farmers to classify them according to the kind of business they run, which would increase the efficiency of the program overall. Aligning the distribution of inputs and resources with the farmers' interests and passions is central to the suggested method, which strives to maximize output. The program's results show that poverty rates have effectively decreased from 68% to 47%. Nevertheless, it is imperative to acknowledge the program's shortcomings in relation to its intended goals. Efforts should be made to enhance post-harvest handling practices, specifically by promoting the utilization of milking machines.

Furthermore, it is imperative for the government to give precedence to the establishment of additional manufacturing firms that possess the capability to enhance the value of milk and diversify the array of products generated. Employment possibilities for industrialists and farmers will be created as the dairy sector expands, helping to bring down poverty levels. Industrialists and farmers alike will benefit from the expansion of the dairy sector, which in turn will help bring poverty levels down. The Ugandan government should increase its investment in research to enhance cattle management practices and discover more efficient acaricides for addressing tick infestations. Ticks present a considerable obstacle for farmers as they are responsible for transmitting diseases such as East Coast fever, leading to substantial expenses associated with cattle management. Addressing these issues will lead to improved livestock health, reduced costs for farmers, and ultimately contribute to agricultural development and poverty alleviation.

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