Market-based development of the horticulture value chain for refugees and host communities in Isingiro District, Uganda

Request for quotations from private sector actors

International Labour Organization

PROSPECTS
Background

The Partnership for Improving Prospects for Forcibly Displaced Persons and Host Communities (PROSPECTS) is spearheaded by the Government of the Netherlands and brings together humanitarian and development organizations including the International Finance Corporation (IFC), the International Labour Organisation (ILO), the UN Refugee Agency (UNHCR), the UN Children's Fund (UNICEF) and the World Bank. PROSPECTS is being implemented across eight countries, including Uganda, and aims to transform the way governments and other stakeholders, social partners and the private sector respond to forced displacement crises. PROSPECTS focuses on three key pillars: (1) education, (2) decent work and (3) protection.

In Uganda, the ILO is engaged in advancing decent work through a series of interventions, including private sector development and market-based interventions. By working in sectors with potential to create opportunities for both refugees and host communities, the ILO aims to contribute to sustainable and decent job creation in Arua and Isingiro. The ILO is looking for a partner to support the implementation of market-based interventions in the horticulture sector in Isingiro.

The ILO’s Approach to Inclusive Market Systems Development

The ILO’s market-based interventions implemented under PROSPECTS are in line with the Approach to Inclusive Market-Systems for Refugees and Host Communities (AIMS). AIMS was developed in collaboration with the UNHCR and applies the “Making Markets Work for the Poor” (also known as M4P or market systems development) and the Value Chain Development for Decent Work Approach to forced displacement settings with the aim of developing holistic and market-based livelihoods strategies for refugees and local hosting communities.

AIMS adopts a systemic approach that focuses not only on the demand and supply in a specific sector or value chain, but on the supporting functions and rules and regulations that influence how a market functions. Refugees and host communities remain the focus of the market system, as AIMS interventions seek to address the root causes for bottlenecks that exist at different levels of the market system.

The approach is based on the assumption that, in order for anyone to build sustainable livelihoods, two conditions must be fulfilled:

1. There need to be opportunities in the market, either for self-employment if a certain good or service is demanded on the market, or for salaried employment if employers are looking for employees

2. People need the necessary skills and competencies to access such existing market opportunities.
AIMS then foresees two sets of separate but interlinked interventions. On the one hand, targeted **push interventions** aim developing the skills and capacities of the target group to engage with the market, for instance through technical or entrepreneurial skills development, strengthening social networks or transfer of assets. On the other, **pull interventions** aim to develop sectors and value chains with potential to expand and diversify the market opportunities available to the target group.

Market-based interventions are implemented through **market facilitation** as opposed to direct delivery. In this sense, the successful partner organization works with existing actors to enable them to provide services, enhance access, and develop market linkages with refugees and host communities. **For example,** if the target group lacks technical skills to improve agricultural productivity, the implementing organization would not directly provide those trainings. Instead, it would identify an agriculture extension service provider and work with them to understand why the target group lacks technical skills and address the root cause. If the target group is not accessing services because they are unaware of services available to them, a possible solution would be to improve how the service provider markets its services. If the challenge, instead, relates to the relevance and content of the trainings, the solution would then be to support the service provider in designing more relevant training materials.

**The Horticulture Sector in Isingiro**

The ILO conducted a Rapid Market Assessment to select sectors with potential for inclusive growth and identify some key constraints that could be addressed by PROSPECTS. In Isingiro, the horticulture sector has been identified based on the following three criteria:

1. Relevance to refugees and host communities
2. Opportunities for growth and employment creation
3. Feasibility to intervene

Horticulture production in settlements is mainly carried out by producer groups of between 15-30 people. Women's involvement in the sector is slightly higher than that of men, and the majority of producers are adults as opposed to youth. Production often takes place for two seasons, and some groups have access to 1-acre greenhouses where they are able to grow cabbages, tomatoes, onions, chilies and lettuce. Average production in greenhouses of a 100ft x 50ft area per crop is 0.5 tonnes of onion, 5 tonnes of tomato, 2 tonnes of cabbage and 2 tonnes of lettuce. Groups are able to make gross sales of a average of 15 million Ugandan Shillings (~4,350 USD) over a 4 month growing season. Land allocated to horticulture in settlements is usually assigned by the Office of the Prime Minister and production itself is supported through a network of NGOs, of which one of the most active is Alight. Outside of settlements, host community members often work individually, growing produce on their own personal land for home and retail consumption. Most of the horticulture products are sold within the host community and settlement, with a few off takers from outside Isingiro district. Horticulture prices vary from season to season with off takers offering high prices in seasons of scarcity and low prices in seasons of surplus produce. The off takers present in the district do not have any formal contracts with the farmers since the trade is carried out informally, however, Mbarara city might present opportunities to increase demand from settlements and host community in their vicinity.
Potential of Onions

In Uganda, the local demand and internal supply of onions are estimated at 406,185 MT and 382,784 MT respectively creating a demand-supply gap of 23,401 MT. This significant demand-gap is met by importing onions primarily from Tanzania. The majority of onions produced in Tanzania employ curing practices that extend their shelf life of up to six months.

A potential market-based intervention could focus on supporting producers in refugee-hosting areas to meet market requirements, and subsequently linking them with local aggregators and larger onion traders, such as Namanya Modden and Lily Fresh Suppliers.

Key Challenges

Several key bottlenecks have been identified in the horticulture sector:

- **Access to inputs:** Inputs are mainly sourced from shops in the settlement by refugees and in Kabingo town by members of host communities. Inputs in settlement shops are reportedly more expensive due to high transport costs incurred by dealers when sourcing inputs from distribution wholesalers. The high cost of inputs such as seeds, herbicides, pesticides and fertilizers affects producers’ profitability.
- **Limited market linkages:** Producers lack access to off takers that consistently pay a good price for their produce. Prices fluctuate seasonally, and in seasons where there is a surplus in production there are limited options for value additional and preservation of produce, forcing farmers to sell at low prices.
- **Vulnerability to climate change and weather conditions:** While some producer groups use greenhouses to grow produce, farmers who do not have greenhouses experience produce losses due to heavy rains or prolonged doubt. This is compounded by limited to no mitigation measures, especially by those who carry out production individually.
- **Limited access to credit:** Limited access to credit impacts farmers ability to cover the high costs of inputs or to invest in climate mitigation and productivity enhancing practices, such as greenhouses.
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Request for quotation from an innovative private sector actor

The ILO is welcoming applications from an innovative private sector partner who will support the design and implementation of market-based interventions in the horticulture sector in Isingiro, with the aim of creating opportunities for refugees and host communities. The proposal should be for a duration of one year, with a budget ceiling of **US$ 150,000**, and outline clear strategies for ensuring the sustainability of interventions. The partner will work in close collaboration with the ILO to:

1. Engage with local market actors to understand their needs and roles within the horticulture sector.
2. Design a proposal to facilitate and support market-based interventions in the Horticulture Sector, including through the identification and engagement with innovative enterprises, business models and sector actors.
3. Coordinate the provision of technical support to local market actors in the design and implementation of market-based interventions, adopting the role of market facilitator.
4. Conduct monitoring, evaluation and learning activities throughout the implementation period.

Interested organizations should submit the following documents through klaprocurement@ilo.org

**April 24, 2022**

- A technical proposal of no more than 7 pages:
  i) Demonstrating an understanding of market-based approaches;
  ii) Outlining key components of an implementation model for creating opportunities for refugees and host communities in the horticulture sector;
  iii) Demonstrating relevant experiences related to the assignment as an organisation, including addressing market access issues.
  iv) Outlining the staff that would be involved in the project and highlight relevant expertise.
- A financial proposal indicating all operational costs associated with the assignment.