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**THE POTENTIAL OF GROUNDNUT VALUE ADDITION ON
INCREASING HOUSE HOLD INCOMES IN KUMI DISTRICT**

A CASE STUDY OF KUMI SUB-COUNTY

BY

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UNIVERSITY

FEBRUARY, 2021

DECLARATION

I Akia Irene Phiona hereby declare that this dissertation is my original work and has never been submitted to any institution of learning for any award of academic qualification.

Signature...  Date... 16th / Feb / 2020

AKIA IRENE PHIONA



APPROVAL

This dissertation has been submitted for examination with my approval as the candidate's University Supervisor.



Signed

Date... 16th / Feb / 2020

MR. EGABU JOSEPH

DEDICATION

To my beloved Dad, Mr. Ilukor Alex, my siblings and all members of St John's church Entebbe for the encouragement, inspiration, provision and motivation throughout my academic journey.

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Glory to the almighty God for enabling me to go through this study process successfully with His knowledge, wisdom and guidance.

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LIST OF ABBREVIATIONS AND ACRONAMES

NaSRRI.....	National Semi-Arid Resources Research institute
NDP.....	National Development Plan
Ush.....	Uganda Shillings
SPSS.....	Statistical Package for Social Scientists
NGOs.....	Non-Government Organizations
MT.....	Metric Tonnes
Kg.....	Kilograms
VC.....	Value Chain
GMA.....	Gross Margin Analysis

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ABSTRACT

Although it has been established that the Government of Uganda is currently advocating for value addition of various products in different parts of the country to increase household incomes through establishing policies, programs and projects to support farmers, little has been seen towards the implementation of these ideas. This study sought to understand the groundnut value chain in Kumi district focusing on the key production practices, costs in groundnut production, value addition activities their status as well as the effect they have on household incomes and lastly finding out the challenges faced by chain actors along the groundnut value chain. The study was done using a cross sectional survey design which allows examination of multiple factors achieving multiple outcomes in one single study. A multi-stage sampling procedure and probability random sampling technique was used to select representatives which enabled me to get a representative from each study population in every parish, village and household that was selected. The sample size was then determined using the solvin's formula used to calculate an appropriate sample size from a given population. The results of the study showed that the actors in the groundnut chain in Kumi district mainly deal in production of red beauty and Serenut groundnut varieties which are processed to get shelled groundnuts, roasted kernels and peanut butter mainly sold at the local trading center or the district town which leaves a lot of other forms of groundnut activities and far markets unexploited in the district. Modern packaging and branding is barely seen in the sub county except for a few products found in the district towns which are from other districts like Mbale and Kampala and groundnut production still remains a profitable business in the district. The study also discovered that the major challenge hindering farmers and traders from adding value is inadequate capital and the actors being comfortable at the stage of value chain they are at. The study recommends sensitization of farmers on value addition to enable farmers get the deserved benefit from groundnut production. The local government should also support farmers to form groups to enable them acquire machinery, request for value addition trainings and knowledge and increase their bargaining power in commanding higher prices for products and low prices for inputs. NGOs and the Government should constantly provide market information to farmers to strengthen the bargaining power of farmers and help them make the right decisions when it comes to selling their products.

CHAPTER ONE

1.1 Introduction

Groundnuts also known as peanut, are an important legume oilseed and food crop grown by both small holder farmers and commercial farmers all over the world (Okello *et al*, 2010). In many developing countries, groundnuts are the principal source of digestible protein (25 – 34%), cooking oil (44 – 56%), and vitamins (Jelliffe *et al*,2018). Groundnut are an important nutritional supplement to mainly cereal diets of maize, millet and sorghum to many Ugandans (Kefa n.d) and are said to be a food security crop as well as a source of income to rural households in in sub-Saharan Africa (Laing *et al*, 2018.)

In the 2014/15season, world was estimated to produce nearly 27 million tonnes (shelled basis) of groundnuts in the which represents 5% of the global output of the 10 major oilseeds(Edible nuts - groundnuts, 2015). China ranked first in groundnut production with 13,936,443 metric tonnes (MT) followed by India with 6,869,829MT and Nigeria with 3,280,514MT among others (Pazderka *et al*,2010). In East Africa, Tanzania produced 5% of global production of groundnut in 2015 (Laing *et al*, 2018) while Kenya and Uganda produced 28,574 tonnes and 210,000 tonnes of unshelled groundnuts respectively in the same period (FAOSTAT_data_3-3-2020 (1)).

In Uganda, groundnuts is second most important grain legume for Uganda with a cultivated area estimate at nearly 260,000 ha (Abate and Vision) and continues to be a major crop which ranked the 11th in production and 6th for area harvested in 2013 and 2014. In the period 2016-2018, Uganda produced 210,000; 216,828 and 242,243 metric tonnes of unshelled groundnuts respectively (FAOSTAT_data_3-3-2020 (1)). The crop is a valuable crop that is primarily sold domestically and given its moderate yield, it is highly profitable compared to other staple crops like finger millet and sorghum (Jelliffe *et al*,2018). The market for its products is readily available and reliable especially in the rapidly growing towns of Uganda where they are used in manufacturing and production of fast foods (Africa,2005).

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