



Ministry of Foreign Affairs of the Netherlands



# REACH FOR RESULTS

## Diners Rice Truck: Facilitating rice market linkages in Eastern Uganda

**A**t the unmistakable sound of a powerful truck, Joshua Jonathan, his wife Femiya, and their children, quickly gather dried paddy rice spread out on tarpaulins in their compound in Butalejja District, Eastern Uganda. As the truck branded with “Diners Rice” on the side makes a stop in front of their home, Joshua and his son hurry to ferry out seven bags of dried paddy rice.

“We were informed that a truck was to be purchased in order to cut costs for transporting our paddy to Diners Rice Factory in Mbale, which is over 50 kilometers from here,” Joshua said, while watching his paddy being loaded onto the truck. “I am very excited to see that the promise has been fulfilled!”

The 12-ton truck was purchased in September 2019, and has been operational since October 2019. Diners Group Limited (DGL) and the Resilient Efficient Agribusiness Chains in Uganda (REACH-Uganda) project each contributed 50% of the total cost of approximately UGX 300 million (USD \$81,600).

DGL is a medium-scale enterprise supported by the International Fertilizer Development Center (IFDC) REACH-Uganda project, which aims to establish sustainable and efficient rice value chains in Eastern Uganda.

The REACH-Uganda project continually trains, equips, and supports farmers and farmer groups in Eastern Uganda with the necessary skills and knowledge to farm rice productively. The project links farmers to DGL to ensure that farmers have market for their increased produce, thus the enterprise has the benefit of getting a consistent supply of high quality and well-produced rice.

DGL, as a multi-stage rice miller, gives the farmers much better value for their produce compared to other processors. The company also buys their broken rice and bran, which ensures that farmers get more value for



each bag of rice bought by Diners Rice Factory than any single-stage miller in their local communities. The factory then processes the paddy and packages the rice for sale and distribution to wholesalers and retailers alike, thus completing the rice value chain.

Despite the benefits farmers experience by sourcing paddy to DGL, the factory still experiences competition from the local single-stage millers within farming communities of Butalejja, Tororo, Kween, Kapchorwa, and Budaka Districts because of the high transportation costs incurred by farmers to transport paddy to Mbale District where the DGL factory is stationed.

“We needed a truck to ease the collection of paddy rice and reduce our transport costs to collect and deliver paddy,” Muhamed Sekatawa, Managing Director of DGL, explained. “Hired transport is so expensive, and this was discouraging to the farmers who deliver from their farms all over Eastern Uganda to us in Mbale. In addition to our other benefits, the truck was sure to counter competition from single stage mills. Since we’ve been using the truck, we’ve started to counter our competitors.”



In two months of operation, the truck has delivered over 400 bags (280 metric tons) of paddy rice from farmers to the rice factory - much higher than the approximately 150 bags of paddy that was received during the previous two-months period - with much more expected as the second harvest season of 2019 approaches. This is because using the new truck has reduced transport costs by up to 50% of the cost of hired transport.

“Using the truck to collect paddy from the farmers saves them time and money,” Muhamed explained. “We know that with our farm-gate services of buying paddy at competitive prices, with bran and broken rice as well, will edge DGL over the competition. We are expecting to acquire much more paddy to fully utilize the 30 metric ton, multi-stage mill.”

Mary Mukhooli, a farmer with Munno Mu Kabi Farmers Group in Kachonga Hasacha, Butalejja District, has just started harvesting her rice. She is visibly excited as she sees that the truck is not only sturdy and strong, but has the capacity to transport more than 70 bags of rice with ease. She promises to make maximum use of it, as a truck of that size ensures that she and her group will not have to make multiple trips to transport harvested rice, which will reduce costs, delays, and energy.

The truck has also facilitated efficient distribution of Diners Rice products to wholesalers and retailers in distant markets in the Kampala city center, Masaka, and Fort Portal Districts. DGL no longer hires transport, and therefore no longer experiences the high costs and long delays associated with it.

DGL's future plans include purchase of more land to establish a much bigger structure to accommodate the increase in both paddy received and rice produced. The visibility of the factory has increased, as the branded truck transports rice and paddy all over Eastern Uganda, further establishing DGL as a major actor in the rice industry.

Rice farmers such as Joshua and Mary will no longer worry about transporting their rice from the farm to the factory for processing.

“This all would not have been possible without the support of IFDC's REACH-Uganda project funded by the Embassy of the Kingdom of the Netherlands in Uganda. Thank you for creating these linkages that have made business smoother for us, and for believing in our dream to become a prominent rice sector player in Uganda,” Muhamed said.

## CONTACT THE REACH PROJECT

### IFDC UGANDA

Plot 5, Bandali Rise, Studio House, Bugolobi, Kampala  
PO. Box 75391 - Clock Tower, Kampala, Uganda  
Phone: +256 312 518 549/599

ifdcuganda@ifdc.org – [www.ifdc.org/reach-uganda/](http://www.ifdc.org/reach-uganda/)



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