

# Broker Oriented Agriculture Marketing for exploring the economic potentials in drylands;

*By*

**Kajubi Elijah**

Uganda Cooperative Alliance Ltd.

[ekajubi@uca.co.ug](mailto:ekajubi@uca.co.ug)

# Background information on Uganda

## Drylands in Uganda

◆ They are referred to as ‘Cattle corridor’ & stretches 84,000 sq.km

Desertification process is compounded by;

- ◆ remoteness,
- ◆ lack of information,
- ◆ inadequate infrastructure such as produce warehouse, poor feeder roads,
- ◆ HIV/AIDS,
- ◆ cattle rustling
- ◆ Internal Displacement due to insecurity in some areas etc..



# Farmers' production challenges & their organisations

- ✦ Subsistence production
- ✦ Low yields/volumes
- ✦ Differentiated products
- ✦ Poor quality of produce
- ✦ Low producer prices
- ✦ Lack of market info
- ✦ Lack of access- inputs
- ✦ Exploitation by middlemen
- ✦ Internal weakness in organisations
- ✦ Lack of clear vision
- ✦ Lack of record keeping
- ✦ Non-existence business plan
- ✦ Poor leadership & un-democratic
- ✦ Mistrust & corruption
- ✦ Lack of active participation of member

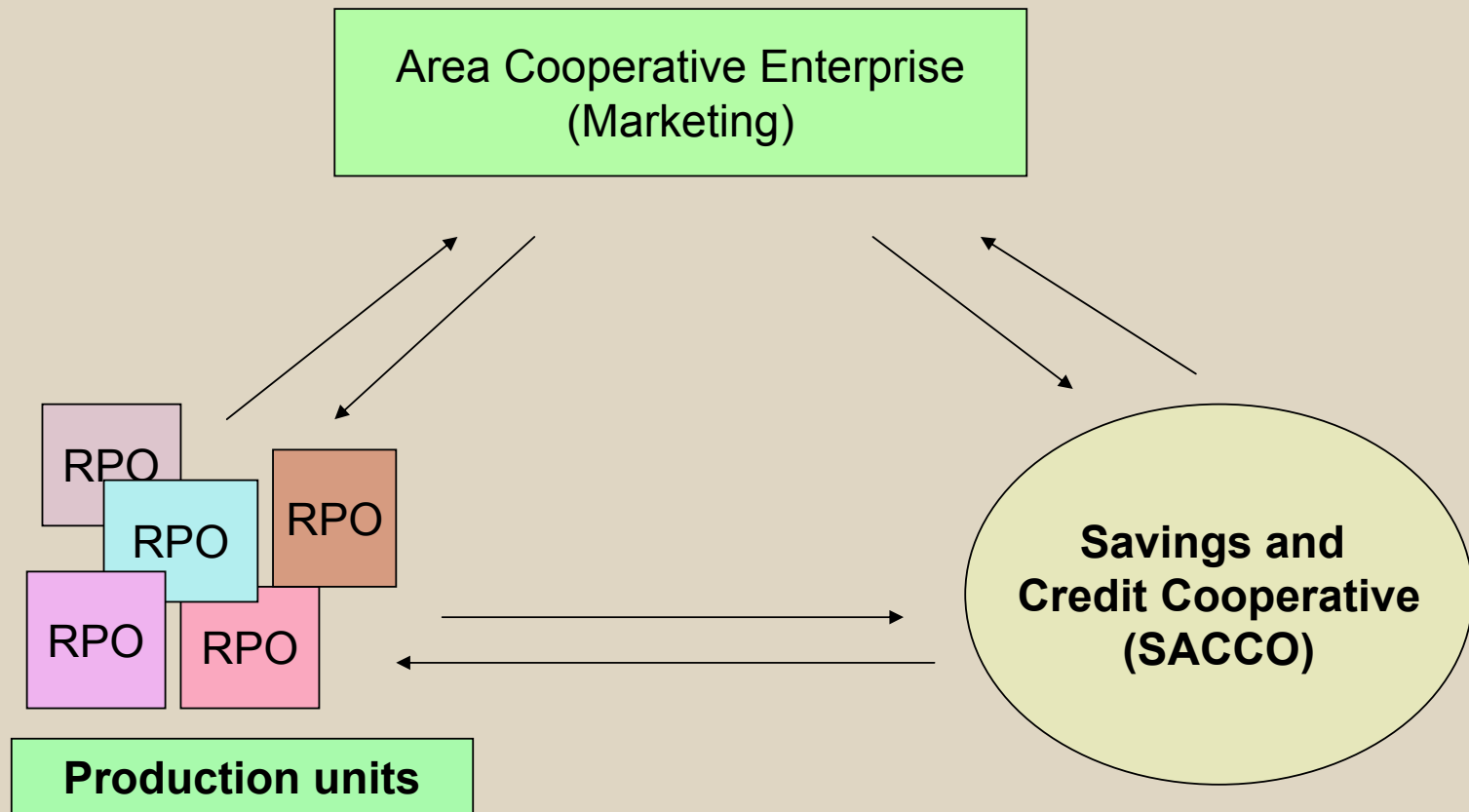
# The interventions by Uganda Cooperative Alliance

- ✦ Revive and Strengthen existing Rural producer organisations (RPOs)
- ✦ Facilitate formation of new RPOs & encourage their inter-linkages for economies scale
- ✦ Re-designed agricultural marketing system with gender perspective
- ✦ Sensitised and trained youth groups in agricultural prod
- ✦ Offer Capacity building needs for empowerment process

# Steps in formation of an ACE

- ✦ As a response to production & marketing challenges (to gain a strong voice & competitiveness)
- ✦ Mobilising Rural Producer Organisations and others similar
- ✦ Form an interim committee/leadership & agree on;
  - Name of ACE, membership fees & share capital
- ✦ Interim committee-arrange for more sensitisation for public awareness & trainings
- ✦ Draft bye-laws which are approved at 1<sup>st</sup> AGM meeting
- ✦ They register as Cooperative with registrar of Cooperatives
- ✦ Call for 1<sup>st</sup> AGM to elect leaders
- ✦ Open up an office & recruit a Manager to start full biz of ACE

# Tripartite arrangement



# Roles of Area Cooperative Enterprise

- ✳ Organize pre-production planning meetings for their members.
- ✳ Carry out collective procurement -inputs (seeds, labour etc.
- ✳ Enhance sharing of Mkt info with RPO members
- ✳ Finding market for a wide range of commodities members
- ✳ Diversification into high-value crops
- ✳ Identify buyers & Bargain acceptable prices for their member
- ✳ Initiate formation of rural markets & bulking centres
- ✳ Easy establishment of linkages with Uganda Commodity Exchange (UCE) and warehouse receipt system
- ✳ Source for agricultural extension services for its members at a cheaper rate



# **Access to agricultural extension services.**

And use of cost effective methodologies; including

- Farmer-to-farmer extension linkages,
- Study circle methodology (self directed learning)
- On-farm demonstrations easily organised & owned
- Farmer field schools easily organised
- Village libraries for references on their enterprises etc..



# Demonstration sites under ACE management





# Provision of market information services



- ✠ Simple boards+village phones, linked with UCE, Big buyers etc.
- ✠ Effects: Enhanced Mkt intelligence
- ✠ Improved bargaining power of members
- ✠ Improved price offered & incomes

## **C. Linkages with Financial institutions and ACEs.**

UCA facilitates formation of Savings and Credit Co-operatives (SACCOs) which are deliberately linked to production.

### **Roles of SACCOs**

- ✦ **SACCOs** are savings- driven, not credit-driven.
- ✦ Easy access to inputs
- ✦ Ability to engage in value addition
- ✦ Flexibility to produce & sell better prices



# Enterprise selection (3-4) recommended





# Value addition & farmers' shop



The system links input dealers with farmers through ACEs (Area Co-operative Enterprises) and Primary Societies/RPOs.

**Five** players who ensure high quality inputs are delivered on time:-

- The input dealers,
- The ACEs,
- The primaries/RPOs,
- The SACCOs and
- The farmers/members.

**Inputs** are procured in bulk by the ACEs and reach the farmers through the Rural Producer organisations. The financing may be from personal savings of the farmers or loans from the SACCOs. ACEs may also take loans from the SACCOs to purchase the inputs and sell directly to the members at a discount.



## Value Addition for: Perishable products such as fruits and packaging





# Value addition; banana flour



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# Rural bulking centers under ACE



# Tracking business performance in ACE

ACE	Commodity	Qty	Farm gate price	ACE price	Farmer price	Total revenue	Commis sion earned

# Conclusion

- ✦ Integrated approach through; Production (RPOs), (ACE) for marketing and financial services (SACCOs) should be explored and coordinated in a rural development context
- ✦ Institutional Capacity building of all organizations (RPOs, ACEs and SACCOs) involved in the integrated system, including access to markets, how to bargain effectively, how to set up the market information system and operate it effectively. through training of leaders and managers, setting up management systems and sometimes providing logistical support for a limited period of time
- ✦ Market oriented production & value chain devt should be emphasised to enhance competitiveness and environmental management of producers