

Innovations in Agricultural Marketing for Exploring the Economic Potentials in Drylands: A Case of Uganda Cooperative Alliance Ltd.

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Background information on Uganda

Location of Uganda

- Drylands in Uganda are referred to as 'Cattle corridor' & stretches 84,000 sq.km
- Desertification process is compounded by lack of information, limited economic opportunities, and inadequate infrastructure such as warehouse produce and political insecurity.



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Uganda Cooperative Alliance's interventions in dryland: Starting afresh

- ✦ After the withdrawal of government from marketing activities in the early 90s, the traditional cooperative marketing system collapsed and left small-scale farmers in chaos, as market failures were rampant.
- ✦ While the need for finding markets was very strong among the farmers, the marketing unions did not appear to appreciate the need for change.
- ✦ This situation compelled UCA to search for sustainable solutions in agricultural marketing, taking into account the experiences and lessons learnt from the collapsed system.

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Uganda Cooperative Alliance's interventions in dryland: Starting afresh

- ✦ Revived and strengthened existing Rural Producer Organisations (RPOs)
- ✦ Facilitated formation of new RPOs & encouraged formation of second-level strategies called ACEs.
- ✦ Offer continued capacity building services for empowerment process.
- ✦ Re-designed agricultural marketing system with gender perspective

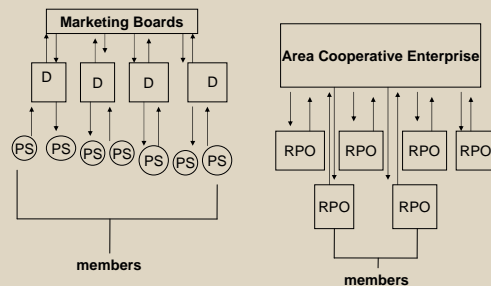
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Steps in formation of an ACE

- ✦ 5 to 10 RPOs in a given geographical area (which must not be too big)
- ✦ Identified problems/common interest
- ✦ Solicit participation of other stakeholders
- ✦ Formation of the committee
 - Agree on membership fees & share-capital
- ✦ Committee arranges for more sensitisation of public, create awareness & training by UCA
- ✦ Draft bylaws which are approved at 1st AGM meeting
- ✦ Register the Cooperative with registrar of Coops
- ✦ Open up an office & recruit a Manager to start full biz of ACE

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Old and New agric.mkt system.



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Roles of Area Cooperative Enterprise

- ✳ They have lean management structures
- ✳ Organize pre-production planning meetings for their members.
- ✳ Collective procurement of Agri-inputs
- ✳ Market information gathering & dissemination
- ✳ Value addition
- ✳ Finding market for the members' produce and selling for them
- ✳ Promoting production of high-value crops
- ✳ Source advisory services/agricultural extension services for its members
- ✳ Establishing of outlets for value added products for members
- ✳ ACEs offer brokerage services to the members at an agreed upon fee. They do not take title to the commodity

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Sharing agricultural information and knowledge

Use cost effective methodologies, including:

- Farmer-to-farmer visits
- Study circle methodology (self directed learning)
- Setting up demonstration of plots
- Village libraries etc.

Lack of market information makes the markets continue to operate imperfectly in which the loser is usually the farmers. Traders will usually have their own source of information.

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Demonstration sites under ACE management



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Provision of market information services



- ✳ Notice boards+village phones, linked with potential buyers etc.

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Financial services and ACEs.

UCA facilitates formation of Savings and Credit Co-operatives (SACCOs) which are deliberately linked to production and marketing. This is an integrated approach.

Roles of SACCOs

- ✳ SACCOs are savings- driven, not credit-driven.
- ✳ Markets make it possible to access to inputs.
- ✳ Ability to engage in value addition
- ✳ Flexibility in deciding when to sell.

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Enterprise selection 3-4



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One of the many advantages of the new marketing system is that producers can link to different marketing channels through the co-operatives

Farmers may sell their produce through contract farming with a private buyer, or go into direct export or sell on the commodity exchange auction floor, or sell through co-operative shop

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Value Addition:
Solar drying for perishable products such as fruits and packaging of export products



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Rural bulking centers under ACE



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Challenges/Lessons Learned

- ✦ A) One of the challenges that ACEs face in mobilization of capital for future investments in infrastructure.
- ✦ B) ACEs have to compete with cash paying traders.
- ✦ C) How to select the right product mix that can sustain the ACEs.

Conclusion:

The new marketing approach has shown that agricultural marketing for small-scale farmers can be organized cost effectively and transparently in order to maximize the benefit for the farmers.

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