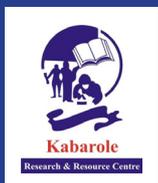


PROFILING OF AGRICULTURAL CROP MARKETING COOPERATIVES AND ASSOCIATIONS AND THEIR SUPPORT ORGANISATIONS IN THE RWENZORI REGION

A Research Report



August 2015



Kabarole Research
and Resource Centre



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List of acronyms

BD	Broederlijk Delen
CABCS	Community Agri Business Capacity Services (CABCS)
CDD	Community Driven Development
COSIL	Community Sustainable Initiative Link
DCO	District Commercial Officer
ESCO	ESCO Uganda
FFLG	Farmer Family Learning Group
JESE	Joint Effort to Save the Environment
KDA	Kamwenge Development Association
KIOFA	Kibuye Organic Farmers
KRC	Kabarole Research and Resource Centre
MFA	Micro Finance Associations
NAADS	National Agricultural Advisory Services
PRICON	Private Sector Development and Consultancy centre
SACCOs	Savings and Credit Cooperative Societies
SATNET	Sustainable Agriculture Trainers' Network
UNBS	Uganda National Bureau of Standards
USADF	United States Africa Development Foundation
ZARDI	Zonal Agricultural Research and Development Institute

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1

Executive summary

The profiling study was conducted to document the status of marketing cooperatives and associations in Rwenzori region with an objective to improve understanding of their scope and scale, the range of services they receive and offer with the associated terms and conditions and in turn, determine how best to support them while improving the synergy of BD partners and the food cluster members of the Rwenzori regional Development Framework.

The report comprises of background information on marketing cooperatives in Uganda for purposes of context, a description of the methodology that was used in the study, a discussion of the findings and the conclusions and recommendations.

The methodology of the study was a combination of qualitative and quantitative techniques applied on a purposive sample of 67 marketing cooperatives and associations engaged in any of the six priority value chains¹, the 6 BD local partners, 5 food security cluster partners under the Rwenzori regional framework and District Commercial Officers in the Rwenzori region and some key informants who were presumed to have useful knowledge and insights on the research topic.

The study found out that;

1. More generally, there is a significant inclination to collective marketing strategies judging by the number of marketing cooperatives and associations recently (≤ 5 years old) formed. Farmers are appreciative of marketing together although they sometimes bypass the group structure and sell individually.
2. There is a higher concentration of marketing cooperatives and associations in Kasese and Bundibugyo districts and the least in Kyegegwa and Ntoroko districts (also the newest districts in the region). This nature of distribution was presumed to be linked to a number of factors but majorly, the value chains around which farmers come together. Where high value chains like coffee and cocoa are involved, marketing cooperatives and associations tended to not only be more but organizationally stronger. Low value chains like cassava and beans, which also have a dual purpose (i.e. food and cash) seemed to lend the least strength to marketing cooperatives, especially when value addition and crop financing are absent at cooperative level.
3. The bulk of services whether offered by cooperatives or support organisations are training related. Depending on the choice of value chain(s), farmers are supported to acquire the appropriate skills in production, post-harvest handling and marketing. Additional training services in record keeping, village savings and credit, business planning, cooperative governance, gender mainstreaming and group dynamics are offered but on a limited scale.
4. The most critical services gaps that cut across board are working capital and value addition support. All of the interviewed cooperatives expressed the challenge of limited or no working capital and value addition equipment. Conversely, this is the area where support organisations interviewed have offered the least support. Without adequate working capital, the cooperative management is constrained to pay farmers on delivery - leading to some farmers bypassing the group structure. Equally still, without any value addition especially of maize, there isn't much incentive left for the farmers to sell through the group structure as the price on the open market is as competitive as the price offered by the cooperative.

5. The key service providers are local NGOs within the context of the study and to some extent, the government through the sub county level support programs like Community Driven Development (CDD). There are isolated cases of individuals as service providers and the private sector. Where they exist, they are highly valued and ranked as the most important partners.
6. The key services required and considered to be key in strengthening marketing cooperatives are working capital, value addition equipment and transport support. In a few cases, training particularly in cooperative management, preparation for transition into a formal cooperative and certification by UNBS are most needed.
7. Most services offered by support organisations (particularly the NGOs) to the marketing cooperatives are financed through grants from funding partners like BD, CRS, SNV, Organic Denmark and Hima cement and offered at no cost. Even private companies like Esco Uganda offer services at no cost anticipating a return on a quality product from the farmers.
8. The key benefits accruing from the services farmers' access from their cooperatives are better market access leading to increased incomes and a mechanism to save through their savings and credit schemes. Where collective marketing is functioning fairly well, farmers affirm an increase in their incomes which in turn helps them meet their basic needs a lot more easily.
9. Most cooperatives (75%) assert their businesses are growing even though they have setbacks. Setbacks caused by poor harvests due to unfavourable weather conditions are common but overlooked in determining the performance of the cooperative. They consider the willingness of the farmers to increase their production, the number of partners willing to support them and the skills acquired through training. As far as these aspects are concerned, all cooperatives relate to all or some of them.
10. In terms of governance, all cooperatives have at minimum monthly meetings through which members jointly discuss and make decisions about their group. Where AGMs and board meetings apply, they are conducted on schedule and the level of satisfaction among farmers is high in regard to the opportunity to participate in decision making processes with the cooperative leadership. Equally important, farmers are aware of how the cooperative leadership transacts business on their behalf. Prior to a collective sale, a special meeting is convened to openly share the results of the market search and jointly take a decision. The level of satisfaction with the level of openness is very high.
11. There are several challenges cooperatives are encountering and they mostly stem from the limited capital which translates in the inability of the cooperatives to aggregate members' produce for bulk sales which in turn, would put them in a better position to bargain for higher prices. Most of these weaknesses can be reduced with some specific interventions and with already valuable strengths such as: trust among the members, a high sense of ownership, a transparent and accountable leadership and a good asset base.
12. Accordingly, key recommendations revolve around the financial challenge such as capitalization of marketing cooperatives through exploration of different options such as increasing the share value, re-directing the savings and credit schemes to capital generation and top up grants extended by support organisations on a strict criteria.
13. Other non-financial recommendations included; enhancing the service brokerage role of support organisations and member patronage as major improvements towards strengthening the cooperative movement in the Rwenzori region.

2

Introduction

Broederlijk Delen (BD), a Belgian NGO, executes a program in the Rwenzori region aimed at food security through increased incomes driven by improved marketing of agricultural products in five major value chains (coffee, cocoa, maize, beans and cassava). BD believes that strong and professionally managed marketing cooperatives and associations are viable means to enhance the influence of farmers in value chains forming the economic backbone of many peasant movements.

In line with that, BD supports a group of local partner organizations (i.e. SATNET, JESE, KRC, CABCS, KIIMA FOODS and COSIL). A number of partners under the support of like CABCS, in the area of value addition, and markets and others supporting a number of marketing cooperatives and associations suffered significant overlaps and several with similar services. In essence, the capacity building support to marketing cooperatives and associations was not coordinated between BD partners nor within the Food Security Cluster. This left in the BD program strategy a significant service delivery gap in the capacity building of marketing cooperatives and associations, but also meant, BD lacked crucial information to base its support to strengthen cooperatives in an efficient way.

In light of the gap, BD commissioned a profiling study to document the status of marketing cooperatives and associations in Rwenzori region with an objective to improve understanding of their breadth, better ways to strengthen them and improve synergy of BD partners and the food cluster members.

The research team led by KRC traversed all the 7 districts of the Rwenzori region and visited a sample of cooperatives and associations and their support organisations to answer the key areas of inquiry but also made an inventory of all marketing cooperatives and associations in the region involved in coffee, cocoa, maize, banana, beans and cassava value chains.

This report provides feedback from an extensive study covering 69 marketing cooperatives and associations of mixed backgrounds - large and small, weak and strong, young and old. However, the analysis is based on 67 cooperatives for purposes of keeping the focus on the priority crops. The two other were cattle cooperatives based in Ntoroko, who were interviewed given the minimal presence of crop cooperatives and for exploring this little known successful occurrence of cooperative marketing. It also combines feedback from 18 major support organisations and stakeholders who act as service providers and in other instances, promoters of marketing cooperatives and associations. The full list and the details thereof is provided in annex I

The report is organized in three major sections. Section 1 contains the introduction and background information on marketing cooperatives in Uganda for context on the not so easy terrain of the cooperative movement building involving acts of rehabilitation, restructuring and adjustments to compete in a liberalized economy. It is then followed by a summary of the findings which also introduces what cooperatives are like, more or less in the present day through the situational study of the cooperatives in the Rwenzori region and a description of the methodology that was used in the study. Section 2 presents and discusses the findings against the study objective of finding out what marketing cooperatives and associations exist, their scope and scale, the kind of services they need, and the kind of support they are obtaining, from which actors and their conditions and lastly, the conclusions and recommendations in section three.

2.1 The cooperative movement in Uganda - Historical overview

The beginning of the cooperative movement in Uganda can be traced as far back as 1913 in present day Mubende District when four farmers decided to market their crops collectively. They became known as “The Kinuakulya Growers.” (Kyamulesire, 1988). This was in response to the exploitative marketing systems that were against the native farmers. The colonial arrangement had positioned the native farmers as producers of cash crops, such as coffee and cotton, while the Europeans and their Indian allies were to concentrate on the processing and marketing of such produce. The racial division gave Europeans and Indians a chance to gain from the production of these crops at the detriment of the Africans.

In 1920, five groups of farmers met in Mengo, Kampala to form the “Buganda Growers Association” whose supreme goal was: to control the domestic and export marketing of members’ produce. Counterparts in other parts of the country shared this vision and acted accordingly. A cooperative movement was therefore born to fight the exploitative forces of the colonial administrators and alien commercial interests which thought to monopolize domestic and export marketing (Mukasa, 1997). Nonetheless, exploitation of African farmers continued and this ignited strikes that culminated in the formation of many other parallel farmers’ associations, such as the Buganda Growers Association in 1923 and the Uganda Growers Cooperative Society in 1933. The proliferation of these associations saw Africans agitate for a law to address the injustice, which was enacted as the Cooperative Ordinance of 1946.

By the time of Uganda’s political independence in 1962, the cooperative movement had gained shape and with attainment of independence, the first Cooperative Societies Act was enacted in 1962, which made several amendments to the 1946 Ordinance. The period before 1971, the cooperative sector had become an active sector of the economy engaging in marketing, processing and export of cash crops and the growth was rapid as the business handled by these cooperatives increased progressively and prosperity for the farmers was evident (Kyamulesire, 1988). However, this growth didn’t last. The military governance under Idi Amin (1971 - 1978) didn’t favour cooperative development and the economy as a whole suffered from the bad governance, absence of the rule of law and insecurity. Cooperatives became sites for mismanagement, nepotism and corruption and discontent inevitably grew in various rural areas and all of it simply collapsed.

Hope returned for cooperatives in 1986 when NRM took over the administration of the country. Consequently, the National Resistance Council enacted coop societies statute in 1991 that was later transformed into an Act Cap 112 in the laws of Uganda; this is still the legislation for coops up to this day in Uganda.

After the collapse of most cooperatives in Uganda, civil society and Government did their best to revive them. This was not an easy task to convince majority of the farmers who lost their produce to cooperatives which collapsed. This gave birth to the new name of cooperatives that are still very young in operations as marketing associations. That is why today, most small groups selling jointly are referred to as marketing associations. Most of them have registered as community based organizations at district level.

2.2 Methodology

This research report is gleaned from the literature and extensive interviews conducted by the research team in the Rwenzori region over the months of June and July, 2015. A combination of qualitative and quantitative techniques were used to obtain primary data from a purposive sample of 67 marketing cooperatives and associations engaged in any of the

six priority value chains under the BD program of strengthening the cooperative movement. Other purposively sampled respondents included 6 BD local partners, 5 food security cluster partners under the Rwenzori regional framework and District Commercial Officers in the Rwenzori region. The less strict category of respondents were the key informants who were presumed to have useful knowledge and insights on the research topic. Most interviews with the respondents were conducted physically and in few cases, through the telephone. Initial efforts involving phone calls to District Commercial Officers were to populate the cooperatives' matrix (see annex 1) which, at the initial level was to help the research team draw out a sample to participate in the research and later, with further improvements, provide an overview of marketing cooperatives and associations in the region, each with basic descriptive information such as location, crop traded in, volume sold, capital, number of support actors, partners etc.

A detailed methodology of the research is explained below:

I. Constituting a research team

The research team was composed of representatives from the local BD partners; one from each partner organization and coordinated by KRC. The team worked with an independent lead researcher from design to implementation of the research, with the latter responsible for report writing.

II. Tool development and training on research methodologies

The initial tool development was done by the lead researcher and refined jointly with the research team in a one day meeting at KRC. Separate data instruments for the different groups of respondents (i.e. large cooperatives, small cooperatives, major support organizations and key informants) were developed, reviewed and subsequently used for data collection. In the same meeting, the lead researcher held a briefing on research methodologies focusing mainly on qualitative techniques for the benefit of the research which was largely qualitative.

III. Sample selection

Selection of the sample was essentially limited to the priority value chains (i.e. cocoa, coffee, maize, beans, banana and cassava) but other considerations within the sub group were made such as a balance in distribution in terms of location, and small vs. large cooperatives to ensure an all-round sample.

IV. Data collection and entry

Data collection was done by the research team for approximately five weeks. Deborah Baguma from CABCs coded and entered the data into excel for part of the analysis.

V. Data analysis and report writing

The lead researcher analysed and compiled the report. The first draft was shared with the research team and BD team for input and comments before the production of a second draft shared at the dissemination workshop and the final report after the comments from the dissemination workshop. The entire exercise from the start up meeting to the final report lasted two months from July to August, 2015.

2.3 Strengths and Limitations of the research methodology

The key strengths of the methodology were in the composition of the research team, the big sample and the combination of qualitative and quantitative methodologies.

Strengths

- The research team was made up of BD partners who, given their regular work with cooperatives researched on aspects they were familiar with and people they have worked with or are still working with. The research was therefore, not a typical extractive research exploring unfamiliar concepts but one where the research team connected with and could probe for accurate information.
- Another key strength was the big sample of cooperatives which means, the results can be generalized. Lastly, the combination of qualitative and quantitative techniques which helped quantify and show the scale of the different aspects like capacity gaps and service needs.

Limitations

- The major limitation is the low number of service providers and key informants interviewed. This limitation makes the generalization of the findings on the part of support organisations less plausible.

The profile information initially gathered and against which the sample was determined was not very accurate. There were cooperatives that were listed but did not exist anymore. The process of compiling profile information was cumbersome with some DCOs not having or not so willing to give information about the cooperatives in their localities. These barriers could have affected the ultimate sample by listing cooperatives where information was relatively easily available.

3

Results and discussions

3.1 Marketing cooperatives and associations - scope and scale

According to the cooperatives' profile list compiled by the research team for the research, there are 205 marketing cooperatives and associations in the Rwenzori region. Of these, interviews with 67 marketing cooperatives and associations were analysed which represents 34% of the total.

Table 1a: Distribution of interviewed cooperatives/associations by district.

District	Large coops (% of total)	Small coops (% of total)	All Coop (% of total)	Total per district (#)
Kasese	33%	11%	24%	16
Bundibugyo	28%	18%	24%	16
Kyenjojo	10%	21%	15%	10
Kamwenge	5%	29%	15%	10
Kabarole	15%	7%	12%	8
Kyegegwa	5%	14%	9%	6
Ntoroko	3%	0%	1%	1
Total (#)	39	28	67	67

Out of the 67 cooperatives, Kasese and Bundibugyo districts had the highest number of cooperatives while the least was in Kyegegwa and Ntoroko districts (also the newest districts in the region) in the context of the six major agricultural value chains. This nature of distribution was presumed to be linked to a number of factors but majorly, the value chains around which farmers come together (see table 2). Where high value chains like coffee and cocoa are involved, marketing cooperatives and associations tended to not only be more but organizationally stronger. For example, about half (51%) of all cooperatives interviewed were coffee and cocoa cooperatives while 62% of the large cooperatives interviewed were coffee and cocoa cooperatives.

Low value chains like cassava and beans that also have a dual purpose (i.e. food and cash) seemed to be less characterized by collective marketing approaches or lend the least strength to marketing cooperatives especially when the aspects of value addition and crop financing are absent at cooperative level.

Table 2a: Distribution of crops by district.

District	Large cooperatives							Small cooperatives							Total
	Coffee	Maize	Cocoa	Beans	Bananas	Cassava	Others	Coffee	Maize	Cocoa	Beans	Bananas	Cassava	Others	
Kabarole	3	1	0	0	2	0	0	0	0	0	0	2	0	0	8
Kasese	8	3	1	1	0	0	0	1	0	0	0	0	2	0	16
Kamwenge	0	1	0	1	0	0	0	2	3	0	1	1	0	1	10
Kyenjojo	0	3	0	1	0	0	0	1	5	0	0	0	0	0	10
Kyegegwa	0	2	0	0	0	0	0	0	3	1	0	0	0	0	6
Bundibugyo	2	0	9	0	0	0	0	1	0	4	0	0	0	0	16
Ntoroko	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Total	14	10	10	3	2	0	0	5	11	5	1	3	2	1	67

Table 2b: Membership of interviewed cooperatives/association

Membership	% Men per cooperative	% Women per cooperative	Avg. # members per coop (excl. Nyakatonzi)	Total membership (incl. Nyakatonzi)	# of coop
Large	42%	58%	633	33,365	30
Small	47%	53%	43	1,168	27
All	43%	57%	349	34,533	57

Note: Large cooperatives have membership equal and above 100 persons. Small coop have below 100. In case of federations, the famers belonging to the members is counted. Gender disaggregated data are affected by missing data



Cooperatives report a membership of 33,365 people. Large cooperatives (excluding the largest one) mobilise on average 633 farmers, while small cooperatives have only 43 members. The proportion of women is bigger in large cooperatives (57%) than in small cooperatives (43%). Membership is unequally distributed (see figure 1). Out of the total recorded membership of 33,365, 43% belong to one marketing cooperative. The largest 5 cooperatives represent 74% of all cooperative membership. This unequal distribution explains the big difference between the average membership of 349, and the median cooperative which has 120 members.

3.1.1 Legal status

We found out that 96% of the interviewed marketing cooperatives and associations are registered (see table 3) which is a stride in the cooperative business. Many cooperatives, especially those registered at subcounty, level have the desire to move up their legal status although the benefits of doing so are not always known beforehand.

Table 3: Legal status of the marketing cooperatives.

Level of registration	Large coops (% of total)	Small coops (% of total)	All Coop (% of total)	Total per level (#)
National level	56%	21%	42%	28
District level	21%	39%	28%	19
Sub county level	18%	36%	25%	17
Non registration	5%	4%	4%	3
Total (#)	39	28	67	67

3.1.2 Period (in years) of existence of the marketing cooperatives

The cooperative approach is gaining ground in the region judging by the number (29 or 43%) of marketing cooperatives and associations recently (≤ 5 years old) formed (see table 4). Remarkably is the formation in the last 2 years of 10% of the large cooperatives (4 cooperatives). Given the bad history of the cooperatives, seeing farmers return to them and especially forming larger ones is remarkable.

Table 4: Period (in years) of existence of the marketing cooperatives.

Period (in years) of existence	Large coops (% of total)	Small coops (% of total)	All Coop (% of total)	Total per years (#)
Under two years	10%	0%	6%	4
2-5 years	36%	39%	37%	25
6-10 years	26%	36%	30%	20
Over 10 years	28%	25%	27%	18
Total (#)	39	28	67	67

Services offered and obtained by cooperatives

3.2 Description of services cooperatives obtain from support organisations

3.2.1 Training

There is a wide range of services marketing cooperatives and associations are receiving from their support organizations with training as overarching (see table 5). Out of the total number of cooperatives and associations interviewed, only 3% had never received any form of training. The rest have had several training opportunities mainly in production, post-harvest handling, quality control and marketing of their selected enterprise(s), village savings and loan methodologies and business planning. Additional training areas available to some cooperatives included: gender, water conservation and cooperative rules and regulations. Large cooperatives received on average 1.9 services, while small received 1.5 services. Large cooperatives received substantially more frequently capacity building/advisory services than small cooperatives.

Table 5a: Services marketing cooperatives obtain from support organisations.

Major services accessed	Large coops (% of large c)	Small coops (% of small c)	All Coop (% of coop)	Count services (#)
Training (Capacity building/advisory services)	90%	71%	82%	55
Inputs	36%	32%	34%	23
Credit/Finance	15%	18%	16%	11
Infrastructure (store, roads)	15%	7%	12%	8
Market linkages/ Information	13%	0%	7%	5
Equipment (Machinery)	8%	4%	6%	4
Transport	5%	0%	3%	2

Major services accessed	Large coops (% of large c)	Small coops (% of small c)	All Coop (% of coop)	Count services (#)
Fair trade certification	5%	0%	3%	2
Exchange visits	5%	0%	3%	2
Others	0%	7%	3%	2
None	0%	7%	3%	2
Total # coops (n)	39	28	67	67

The extent of training support depends on the budget and the training needs identified. Where support organisations have identified jointly with the membership training needs in aspects like gender mainstreaming, climate change and village saving and credit, farmers have been trained and supported to integrate them in their core business of agricultural production and collective marketing. These additional training services have been found to be useful in the cooperatives where they are implemented. For example, in Kyakanyemera Women’s farmers association in Kamwenge district, it is the savings and credit scheme which is more active in the meantime as the group prepares for the collective marketing initiative. Members meet every Thursday to save together but those meetings also act as training avenues for their support organization (i.e. KDC).



Figure 1: Farmers from Busaiga Cooperative Society Learning from Kasenda Bataka Kweterana.

As far as training is concerned, it is reasonable to conclude that marketing cooperatives and associations have access to at least the basic training to help them produce and market their chosen enterprise(s). However, additional training in strategic areas like gender mainstreaming, group dynamics and resource mobilization appear to have a positive influence on the core mandate of these cooperatives. Most cooperatives where capacities of boards or executive members have been enhanced, addressed gender issues and mobilized their own local resources through savings and credit schemes, the cooperatives have a relatively better performance in collective marketing.

3.2.2 Inputs support

Besides training, input support is another important service some cooperatives are receiving from their support organisations. Out of the total number of cooperatives interviewed, 34% of the cooperatives reported to be receiving some form of input support such as planting materials, tarpaulins and fertilizers. Access to input support seems equal between large and small cooperatives. Input support is mostly considered inadequate and irregular. There were fewer support organisations providing input support at the time of study although some had done so in the past. Unlike training support which is continuous, input support is moderated on the part of the support organisations to avoid breeding a dependency syndrome but also due to budgetary constraints. Most support organisations consider input support at the initial level or as a boost. This viewpoint is not well understood or appreciated by the farmers. Farmers view input support as limited in comparison to training. Subcounty level programs like Community Driven Development (CDD) have provided some input support especially planting materials but this can be once in several seasons. There is a good level of effort by the cooperatives to address the inputs challenge especially on the part of planting materials but the more costly forms of input like post-harvest handling equipment such as tarpaulins, drying sheds - in the case of cocoa - are still a big problem in many cooperatives. Three cooperatives disclosed that they use a ratio of 1:2 to support their farmers who need planting materials at the start of the season. This translates into twice the amount of seed a farmer is expected to give back to the cooperative at the time of harvest.

To improve the situation, support organisations would need to embrace this role of input support but explore ways on how best to support cooperatives without entrenching a dependency syndrome. There are already schemes to build on like the 1:2 ratio and purposive saving to buy tarpaulins for farmers, one at a time like it is in some farmers' groups. It would be helpful to engage the farmers to discuss ways to address their input challenges and determine the additional support needed to lessen the magnitude of the inputs problem.

3.2.3 Seed capital/finance

The study found out that 16 % of the cooperatives reported having received seed capital or accessed credit from support organisations to support them in bulking and marketing. Access to working capital is one most sought after support but it is the rarest. Bulking and collective marketing is as successful as the mobilization of working capital to enable the cooperative pay their farmers on delivery or within reasonable time from the time of delivery, without which, farmers forego the group structure in favour of traders who pay on spot and also relieve them the transport burden by buying the produce at the farm gate.

This is an area where most support is needed not only by putting hard cash in the cooperatives' coffers but jointly exploring plausible financial streams. Some commercial banks like Centenary Bank and Post Bank have loan facilities tailored to farming but most cooperatives do not have the requisite registration and documentation or the viable businesses to qualify for this service. Internal savings and credit schemes of most cooperatives often have no bearing to the much needed working capital; farmers save and borrow for their individual needs and have not looked into local resource mobilization to increase working capital.

As it stands, the limited access to working capital is the biggest challenge to expediting the core mandate of bulking and collective marketing. In most cooperatives, about one third or slightly more of the members bypass their group structures and sell to

random traders who pay cash as opposed to their cooperatives which sometimes delay payments for lack of working capital. Cash on delivery is a major incentive for farmers to sell through the cooperative and most cooperatives are unstable on this aspect.

3.2.4 Equipment support

Like seed capital, equipment support is offered but on a very limited scale. Out of the total number of cooperatives interviewed, 6% confirmed having received value addition equipment such as maize milling machines and coffee and rice hurlers in the recent past. In only one case, farmers have been supported with ox ploughs and tractors for land opening and preparation. Support towards value addition is not an easy support area for support organisations because of huge costs involved but also the level of preparation of the cooperatives to receive and use this kind of support optimally.

The costs aside, it is not clear under what conditions would value addition be most appropriate. Most cooperatives allude to the absence of value addition as one of the major challenges of increasing their business performance especially for cooperatives dealing in maize (and presumably cassava). Without value addition, the cooperatives are stripped of one of the key edges they have with traders in the open market. This in turn stalls the cooperatives' progression into vibrant business entities as farmers continuously bypass their group structures.

However, most of these cooperatives aching for value addition support lack some basic infrastructure like land and the combined product from the farmers is still low. There is also no well-defined formula among support organisations on how this kind of support can be ordered to increase the chances of success. One support organisations disclosed that the manner in which cooperatives are being supported is ad hoc and ineffectual. Everyone coming and doing a little thing with the cooperatives whenever funds are available is not good for the growth of cooperatives into vibrant business entities. There is need to reflect on how support organisations envision the transitional steps of a cooperative and jointly determine the appropriate support rather than cooperatives making misguided demands and the risk of responding to them. For example, there are cooperatives that were supported with store construction but these stores are virtually empty yet there are cooperatives which would go a long way with the same support.

Description of the key services support organisations offer cooperatives (in addition to what is already implied above)

3.2.5 Market access and linkages

All support organisations have marketing as an integral part of their services and it is addressed at every stage of the value chain. For example, at enterprise selection, care is taken to ensure the selected value chains and the varieties therein are marketable. Support organisations give market information through different communication platforms like radio, periodic newsletters, farmers' meetings and agents in the community and carry out some form of market analysis with the farmers and during preparation of market information resources.

However, for some support organisations like CABCS, market access and linkages is a core support area and they go greater lengths to ensure market information is available, reliable and accessible in a timely manner. In light of that, they undertake activities like market research, market intelligence and business forums which bring together farmers and traders. At cooperative level, however, this support is not yet well

felt as farmers still exclaim the limited market opportunities. Most of the cooperatives still sell to the local traders just as an individual farmer would and the price offered by the traders to cooperatives and individual farmers is arguably the same.

From the cooperatives' perspective improved market access means selling their products beyond the local traders to superior commercial traders or private companies who would probably offer a better price than the local traders. There is a big relationship between better markets' penetration and other components of the cooperative like quality and quantity of the produce, resilience of the cooperative to shocks and robustness of the leadership but these aspects are sometimes ignored by the cooperatives and they assume they are not getting enough support to access better markets.

In the focused group discussion with the farmers of Kakyanyemera in Kamwenge district, the farmers self-critiqued themselves for demanding for market support when their aggregate product would be the least attractive to a commercial trader. A similar scenario was observed in marketing associations in Kyenjojo where stores are virtually empty and the leadership is laidback. It's plausible that, for some marketing cooperatives and associations, their narrow market niche is largely of their own doing rather than the failure of the support organisations in the provision of market related services. In addressing the gap, the cooperatives need to be helped to understand the way the different components of the marketing cooperatives and associations supplement each other and attempt to take corrective measures in a holistic manner.

3.2.6 Branding

Support to brand and acquire a UNBS quality mark is another service a few support organisations are offering to the marketing cooperatives and associations. Naturally, this is limited to those at the level of value addition and packing suffice for the support. As it turned out, there were not many cooperatives in value addition and packing simultaneously. Only 2 support organisations confirmed to have offered this kind of support but more generally, the branding aspect is still at proposal level for support organisations and cooperatives alike and at the bottom of the priority list. Many cooperatives are bulking and selling to intermediary traders who also later sell to others who probably do the branding. In only a few instances like Mahyoro Farmers Association, support to brand and acquire a UNBS mark is a key support area and is envisaged to increase the competitiveness of their products

3.2.7 Linkages to other support organization

All support organisations interviewed play a linkage role for the services outside their scope and similar to the BD program approach involving a team of local partners with different roles in regard to strengthening marketing cooperatives and associations in the Rwenzori region. Interviews and FGDs at the cooperative level corroborated this kind of support showing cooperatives to have worked with at least two BD partners within the same period of time. However, the frequency of interaction with the cooperatives varies depending on what the BD local partners regard as their groups and therefore, under their primary care. This inevitably has been the point at which the roles of the different partners have become blurred and less mutually supportive as BD partners have been acting on a speculative feeling that the other partners with other mandates are not doing enough as needed and in the worst scenario, not reaching the farmers. In addressing this gap, there is need to revisit the program framework. The proposed amendments to the program framework are covered under section 3.4

3.2.8 Marketing of farmers' products

While governmental and NGO support organisations support the marketing initiative through training and market information, private sector organisation actually buy directly the farmers' products. This is the case with Esco Uganda which is the largest private cocoa company in the region. Just as other support organisations, Esco supports the farmers with training, inputs and extension services free of charge with an expectation that the farmers will sell to them a quality product. Each farmer has a unique number under which he or she sells to the company and individual targets based on the capacity assessment done by Esco. The marked difference between other support organisations and Esco is that the latter relates with the farmers as individuals as opposed to groups of farmers and the net benefit of the farmer is the price at which Esco buys the farmers' cocoa. In contrast farmers in marketing cooperatives supposedly share the dividends at the end of the year on top of the proceeds from the sale of their products. Unless, it is a private company, providing support services and a direct market at the same time is an exceptional combination. Three BD partners (SATNET, Kiima Foods and JESE) are attempting to set up companies to provide a direct market to supported farmers.

3.3 Description of services cooperatives offer their members

At cooperative level, there isn't a big difference between the services cooperatives offer their members and the nature of the services they (cooperatives) actually get from support organisations because what the latter offers is meant to benefit the association as a whole and this includes the affiliate groups. The obvious service by the cooperatives is to make them broad based and supplement them with additional services jointly agreed among the membership as equally beneficial.

3.3.1 Training

All marketing cooperatives and associations train their members to the scale they too have been trained or exposed. In all FGDs with farmers affiliated to large cooperatives, there was always a greater match between what the affiliate farmers had been trained in and the training support received at cooperative level.

3.3.2 Monitoring

Cooperatives conduct monitoring visits to their farmers to give on-site support as well as for learning purposes where the FFLG approach is used. Virtually all cooperatives have subcommittees such as market, finance and monitoring committees which play specific roles and monitoring is one of specific roles played by the monitoring committees where they exist. Some cooperatives such as KIKA in Kabarole district have a paid staff to perform a monitoring role alongside other functions in management and documentation. The salary is paid by an Austrian individual partner who is supporting the cooperative to exploit a premium coffee market through the coffee to cup initiative in USA.

3.3.3 Planting materials

Some cooperatives provide planting materials to their members at the ratio of 1:2 and maintain multiplication plots as their own initiative. Such cooperatives include: Mahyoro farmers association and Ibanda farmers association in Kamwenge district. Additional sources of planting materials are support organisations and sub counties through the CDD program in which case, the cooperative plays a distribution role to their affiliate farmers.

3.3.4 Market access

Market access is in principle the core service cooperatives give to their members. Table 5b and 5c give an overview of the sales by the cooperatives studied.

Table 5b: Annual Sales (volume and value) of the marketing cooperatives per crop (Average 2012,'13 and 14)

Sales	Total volume	Volume per cooperative	Unit	Total value (sh.)	Avg. per cooperative	# of coop (n)
Coffee	645	40	Tonne	4,900,344,975	306,271,561	16
Maize	426	30	Tonne	371,283,480	26,520,249	14
Cocoa	198	25	Tonne	1,454,940,900	181,867,613	8
Beans	33	6	Tonne	35,036,800	5,839,467	6
Banana	43,553	10,888	Bunches	466,678,000	116,669,500	4
Cassava	1	1	Tonne	NA	NA	1

According to table 5b coffee is the most sold crop, followed by cocoa. Average coffee sales per cooperative are a substantial sh. 306,271,561. In the coffee and cocoa sectors organised farmers play a substantial role in the value chain. Average sales of the 4 marketing cooperatives dealing with bananas are closer to those dealing in cocoa than those dealing in maize. The sales data confirm the marginal presence of marketing cooperatives trading in beans and cassava. Table 5c confirms the research assumption that large cooperatives with more members have more sales than small coops (5 times higher sales on average).

Table 5c: Annual sales (volume and value) of the marketing cooperatives disaggregated per size (Average 2012,'13 and 14)

Sales	Total value (sh.)	Avg. sales per coop (sh.)	# of coop
Large coop	5,157,879,025	224,255,610	23
Small coop	975,324,220	42,405,401	23
All	6,133,203,245	133,330,505	46

Note: All differs from the total of sales reported in table 5b due to missing data. Large coop have membership equal and above 100 persons. Small coop have below 100. In case of federations, the famers belonging to the members is counted.

Selling is affected in a number of cooperatives by the challenges covered under section 2.6. Where collective marketing is functioning fairly well, the cooperatives take the initiative to aggregate and store, search for markets and store where necessary in a bid to realize better markets to the extent possible.

3.3.5 Savings and credit

Many cooperatives offer savings and credit schemes to their members and in some cases of absence of vibrant collective marketing, these schemes have been the cooperatives' fabric holding the members together. Savings and credit is a key service cooperatives give their members and comes with a lot of work and risks as well which cooperatives shoulder. Farmers highly value their internal saving and loan schemes and some of the benefits farmers express (see section 2.1.7) follow from their operation.

3.4 Description of service gaps at cooperative level

The service gaps identified across the board were more often similar than not. This probably stems from the disproportion between software and hard ware support by the support organisations and the general demand and supply constraints of agriculture as a sector in a predominantly rural setting. Most service gaps relate to hard ware such as inputs, equipment, cash and construction and less on software such knowledge and skills in agriculture (see table 6). Large cooperatives reported 2 gaps against 1.6 gaps for small cooperatives. Large cooperatives seem to report more specific business gaps. The major service gaps identified include:

3.4.1 Input support

Out of the total number of marketing cooperatives and associations interviewed, 18% cited limited access to inputs such as improved planting materials, farm tools, fertilisers and tarpaulins as a major service gap. Some of these cooperatives have not had the least opportunity to input support except training.

3.4.2 Value addition equipment

Out of the total number of marketing cooperatives and associations interviewed, 27% cited lack of value addition equipment as a major service gap with a negative impact on the core mandate of marketing cooperatives and associations. The effect of lack of value addition equipment is more evident in maize based cooperatives than any other value chain. Without value addition, the farmers are more prone to by-passing the group structure because of the negligible difference between the cooperative price and the price on the open market at the time of harvest. Cooperatives could circumvent this problem through longer storage and subsequent processing. However, without value addition equipment coupled with limited working capital, the cooperatives buy grain and resell it as grain that fetches a low profit margin.



Many cooperatives are still struggling to acquire value addition equipment due to low capital.

3.4.3 Crop finance

Limited working capital is a deep and shared service gap among large and small cooperatives. All cooperatives and associations interviewed cited working capital limitation as one singular disservice to the act of collective marketing and in 36% of the large cooperatives and 25% of the smallest; it was the most important challenge. Without working capital, it's difficult to transport farmers' produce and pay them off immediately or within reasonable time. This leads farmers to other market means than the cooperative structures. Saving and credit schemes are partly supposed to be an alternative financial source for the farmers and buy time for the cooperative to sell when the market is at an optimal level but these funds are constantly drawn as loans and at the time of collective marketing, there is not much left in the cooperatives' coffers.

Despite the need for working capital, there is only a handful of support organisations supporting cooperatives with working capital but even then, it's not adequate. Other possible sources of financing such as commercial banks have not been approached for lack of requisite registration and documentation, viable businesses and in other cases, some cooperatives are not aware of such opportunities.

Table 6: Most critical services required but not accessing.

Most critical services required but not accessing	Large coops		Small coops		All
	Count	% of coop	Count	% of coop	% of coop
Working capital	14	36%	7	25%	31%
Machinery (i.e. processing plants)	12	31%	6	21%	27%
Crop financing/other financial services	9	23%	7	25%	24%
Inputs	7	18%	5	18%	18%
Capacity building in financial management, coop rules and others	7	18%	2	7%	13%
Store house for storage	5	13%	2	7%	10%
Training agribusiness planning & management	4	10%	1	4%	7%
Transport	4	10%	1	4%	7%
Marketing	2	5%	1	4%	4%
Packaging materials	2	5%	0	0%	3%
Infrastructure development (roads)	2	5%	0	0%	3%
Power	1	3%	3	11%	6%
Networking	1	3%	2	7%	4%
Land	1	3%	0	0%	1%
Exposure visits and networking	1	3%	2	7%	4%
Certification	1	3%	0	0%	1%
National level registration	1	3%	0	0%	1%
Data base development for farmers	1	3%	0	0%	1%
Website development	1	3%	0	0%	1%
Internet services	1	3%	0	0%	1%
Exposure visits and networking	0	0%	3	11%	4%
Relevant information	0	0%	1	4%	1%
Capacity building in management, leadership and good governance	0	0%	1	4%	1%

3.4.4 Inadequate knowledge of the cooperatives rules and regulations

Knowledge of cooperative rules and regulations is another service gap identified in 14% of the marketing cooperatives and associations. A few are aware of the gap and have sought support especially from DCOs. The majority however do not fully comprehend the cooperative rules and regulations and are oblivious of a number of clauses on changing leadership, sharing of dividends, constitutional amendments, audits and statutory requirements (ref section 2.13 on compliance). Once a certificate is attained, most cooperatives usually do not check with the rules to ensure their operations comply. Others need support to attain the certificate because they basically do not know how to run the process. As a result of the gap, some cooperatives have found themselves without the requisite documentation such as audited accounts to apply for loans from financial institutions. Others have executive committees that have held office for more than the stipulated period of time while others have not reviewed their constitutions and by-laws to ensure they remain useful and applicable in the current context.

3.4.5 Inadequate knowledge on the process of acquisition of certification for a UNBS mark

A few (3%) marketing cooperatives cited limited knowledge on the process leading to the attainment of a UNBS quality mark. For cooperatives such as Mahyoro farmers' cooperative association at the level of processing and packaging, the absence of a UNBS quality mark on their products is a gap and limits the competitiveness of their products on the market. Support to attain a UNBS quality mark would be valuable support to help them increase their market participation.

3.5 Description of service providers

There were four major categories of service providers identified and these include: NGOs, lower local governments, private companies and individuals. Although they do not necessarily coordinate their support, there is a striking similarity in the nature of support and the terms under which the services are provided. They can all be of high importance depending on the services they offer to a given cooperative although overall, NGOs are the biggest service providers in the context of the study with nearly every cooperative having at least accessed a service from an NGO in the last six months as opposed to the other categories of service providers. The different categories of service providers are described below:

3.5.1 NGOs

NGOs are the commonest service providers with the most extensive reach. All of them have closely related objectives for agricultural development and a shared path (i.e. agricultural skills, organizational capacity enhancement + market access support) of how improvements in agriculture can be achieved. As thus, their service package is almost the same, although with marked differences in the scale of delivery. NGOs with better financial resources are able to work with the cooperatives in a relatively continuous manner and for a relatively longer period than those who have limited financial resources. It's worth noting that all NGOs finance their activities through grants from funding agencies. In the absence of funding, the support services slow down and in many cases, cease. This also accounts for the key challenge NGOs face in the provision of support services. Being dependent on external funding to offer support services such as training means they are as consistent as the funding itself and the reverse is true.

3.5.2 Government

The government is nearly as active as the NGOs in the provision of support services through a semblance of the former NAADS program at the sub county level. Some sub counties have a Community Driven Development program which supports farmers' cooperatives with trainings, inputs and to a little extent, equipment and construction. Just like with NGOs, some government programmes can be present in some places and absent in others depending on the government's roll out plan. In all the 7 districts of the region, it is the cooperatives in Kamwenge and Kabarole districts that repeatedly mentioned government as a key service provider and mainly because of the presence of programmes like CDD at sub county level.

3.5.3 Private companies

Private companies are also service providers ultimately to a farmer although they may not directly work with farmers' cooperatives and associations as the case is with Esco Uganda. Their services are tied to their interests and would support to the extent of the returns on the service. For example, Esco invests a lot in training of farmers in agronomic practices for cocoa because they have quality standards they want to maintain for their export markets. Any other support is primarily evaluated on its returns to the business unlike other support organisations, whose support focuses on the holistic development of the farmer, involving socio-cultural and political aspects like governance, gender and child labour within the farming community.

3.5.4 Individuals

Occasionally, individuals also provide support services and where it is the case, the support is highly valued and well-focused on the key barriers of the cooperative. Individuals align their expertise with a particular need as the case is at KIKA cooperative society in Kabarole district. An individual Austrian partner is supporting the cooperative to exploit a premium coffee market through the "Coffee to Cup" initiative in USA. He is helping them with communication and translation of information in the language and formats best understood by the market overseas. He is also individually paying a trained worker at the cooperative to keep records and oversee general operations.

3.6 Terms and conditions of services

Typically, services are offered free of charge and where the recipients make a contribution, it is usually in kind such as food, training venues, self-transport to training events and land in case of setting up a demonstration site. This is mainly because the bulk of services are by NGOs which receive grants to implement development projects. In only a few instances, the farmers are asked to contribute in monetary terms a percentage on the cost of the service. This has been the case with audits services by CABCS although it was not that frequent among its partners; all other services were offered at no cost. The different kinds of terms and conditions are described below:

3.6.1 Free of charge

Most services are free of charge and farmers only need to show up if it is training or receive in case of inputs. Depending on the level at which a training event is conducted, farmers may, on top of the knowledge and skills be provided with food and transport during the training.

3.6.2 Cost sharing

Cost sharing involves the support organisations and cooperative contributing to the cost of the service. It is much less applied even with the organisations that have used it before like KRC; the bulk of services would still be free of charge.

3.6.3 Local contribution

In a few cases still, support organisations provide services on the condition that the cooperatives contribute locally to the service. Local contribution is usually in the form of resources easily available to the farmer or the affordable items on the project against which farmers can locally and easily mobilise resources to cover them. This is relatively common with KRC for the support it extends to cooperatives at the level of processing. While KRC contributed to huge expenses like machinery, training and branding costs, the cooperative is tasked to cover other costs like packaging materials, labour and the raw materials.

3.7 Financing at cooperative and support organisations level

The main method of financing the services at support organization level is through grants from funding agencies for NGOs and company resources for private companies. In a few cases, NGO based support organisations have supplementary means involving revenue from proceeds from income generating activities such as seed multiplication projects and processing of farmers' produce as the case is at KDA although this revenue is a very small fraction of these organisation's budgets and its generation is rarely sustained as the case was with the piggery multiplication project of COSIL.

At the cooperative level, besides the activities financed by the support organisations, most of the work is done without budget support except for developed and strong cooperatives like Bukonzo joint cooperative and Nyakatonzi union which have direct support from funders. In many cooperatives, there exists small revenue streams which keep the cooperative afloat but cannot meaningfully finance large basic services.

Where savings and credit schemes are functional, some money is earned through interest on loans and through crop finance where a cooperative is in partnership with a support organization with such services. More generally, there is no substantial financing mechanism for the majority number of cooperatives and very few receive funding directly from funding organisations.

3.8 Benefits of the services to the farmers

There are a number of benefits members of the cooperatives have achieved and are optimistic about in the near future. Over 90% of the members interviewed confirmed improvements in their economic situation due to improved farming practices and market access. Other key benefits relate to training beyond agronomic practices to include issues related to the functioning of the cooperatives such as group dynamics and savings and credit. More generally, member participation in the cooperatives appears to be contributing to poverty reduction even though the challenges of cooperatives seem too deep to generate this high level of impact and optimism among the farmers as explained below

3.8.1 Increased income

In interviews with members of cooperatives, all reported changes in their incomes with examples ranging from being able to meet basic needs of their households,

improving housing conditions, acquiring more assets and increasing household savings.

3.8.2 Better markets

The study also found out that, 55% of the interviewed cooperatives reported having better markets for their produce due to working together in a cooperative. Even members who do not sell through their cooperatives appeared to acknowledge the benefits of doing so and hope the barriers to selling through the cooperative such as limited crop finance will be addressed so to allow more members to sell through the cooperative.

3.8.3 Improved agronomic practices

In all interviews, members of the cooperatives reiterated the improvements in agronomic practices which has led to increased production and productivity. When asked what business growth opportunities had been identified, most leaders of the cooperatives reported the increase in production and productivity among their farmers as a key opportunity even though cooperatives would need to make improvements in their operations to harness it.

3.8.4 Culture of savings

In the study, 50% of the cooperatives interviewed reported improvements in the culture of savings due to the savings and credit schemes operational at Producer Organisation level. 35% of the cooperatives have semi-autonomous savings and credit association built bottom up from the producer level while others are aspiring to do the same because of the direct benefits to the members and the financial services they offer to the marketing function.

3.9 Business performance

Also, 75% of the cooperatives rated their business performance as progressive (see table 7) and remained optimistic about future growth given the many other positive aspects in their favour such as: farmers' skills and knowledge, group cohesion, market accessibility and trust in the leadership by the members. Large cooperatives seem to be doing better than small cooperatives.

Table 7: Description of business performance.

Business description	Large coop		Small coop		All	
	Count	% of coop	Count	% of coop	count	% of coop
Growing/progressive	30	77%	20	71%	50	75
Receding	4	10%	2	7%	6	9
Static	3	8%	4	14%	7	10
N/A or Unavailable	2	5%	2	7%	4	6
Total	39	100%	28	100%	67	100

The cooperative leaders in general are of the view that their members' capacity at production level is above average (except the weather can fail, of which, they have no control) and therefore, are poised for growth. The cooperatives see many opportunities for growth (see table 8). Large cooperatives seem more advantaged (1.6) against small cooperatives (1.2). Large cooperatives see higher availability of financial services/institutions and more participation of members than small cooperatives.

The weak link in the cooperative approach seems the inadequate capital to invest sufficiently to take advantage of economies of scale. In many instances, the cooperative is unable to pay all its farmers on delivery and this inevitably pushes some of the members to other markets with a promise of immediate cash. The recommendation to specifically address this challenge is three fold:

To support cooperatives with crop finance, support them to qualify for financial support from financial institutions and refocus the Saccos to generate agricultural loans rather than entirely serving individual savers' interests (i.e. personal loans).

Table 8: Key opportunities for growth.

Key opportunities for growth	Large coop		Small coop		All	
	Count	% of coop	Count	% of coop	count	% of coop
Appropriate support from partners/ Availability of willing partners	9	23%	7	25%	16	24%
Availability of financial services/ institutions	7	18%	4	14%	11	16%
Renewed interest/eagerness/trust by the members	6	15%	3	11%	9	13%
Well mobilized members	5	13%	2	7%	7	10%
Bountiful production	4	10%	4	14%	8	12%
Increased market options	4	10%	3	11%	7	10%
Market availability	4	10%	3	11%	7	10%
Certification	4	10%	0	0%	4	6%
Availability of other farmers dealing in the same enterprise	3	8%	1	4%	4	6%
Infrastructure development	3	8%	0	0%	3	4%
Product diversification	2	5%	2	7%	4	6%
Monopoly	2	5%	0	0%	2	3%
Registration to National level	2	5%	0	0%	2	3%
Strategic location	1	3%	2	7%	3	4%
Access to relevant information	1	3%	1	4%	2	3%
Increased share capital	1	3%	1	4%	2	3%
Contract with buyers	1	3%	0	0%	1	1%
Asset ownership	1	3%	0	0%	1	1%
Machinery ownership	1	3%	0	0%	1	1%
Bulking centres	1	3%	0	0%	1	1%

3.10 Cooperative governance and member participation

All groups affiliated to large cooperatives that responded to the question on joint participation with the leadership reported the existence of the basic governance structures and that they operated through a participatory approach with the members jointly participating in the decision making with their leaders (see table 9 and table 10).

Table 9: Mechanisms for joint participation in decision making.

Mechanisms to jointly participate with the coop in decision making (large coop only)	Frequency	%age
Yes	22	79%
No	0	0%
Non response	6	21%
Total	28	100%

They also reported that they have AGMs, executive committees or board members and several sub committees, which number and functions may vary from one cooperative to another. All of the interviewed cooperatives reported having functional mechanisms for inclusive decision making processes (i.e. annual general meetings and monthly executive meetings) and were satisfied with the space available to contribute ideas and to decisions. When need be, the leadership organizes extra ordinary meetings to address emergencies or seek additional views in case a decision needs to be passed.

In terms of institutional arrangements for joint participation and decision making, over 70% of the cooperatives are at a satisfactory level (see table 10) but in terms of engagement, there is gap. Attendance of the members in meetings is rarely full even at executive level due to logistical shortfalls and low levels of interest in leadership. Some of the executive/ board members who were interviewed reported that some individuals even with leadership positions abandon their posts and stop participating in meetings when they do not get quick returns or sense their high expectations are likely not to be met.

Table 10: Governance structure of cooperatives.

Governance structure	Large coop		Small coop		All	
	Count	% of coop	Count	% of coop	count	% of coop
3 level governance system comprising of: AGM, Executive committee and management or working committees	32	82%	21	75%	53	79
2 level governance system comprising of the AGM and executive committee	6	15%	7	25%	11	19
Other	1	3%	0	0%	1	1
Total	39	100%	28	100%	67	100

Table 11: Extent of satisfaction with the level of involvement/participation in the decision making processes.

Ranking	Count	% of coop
Satisfied	13	46%
Highly satisfied	7	25%
Moderately satisfied	2	7%
Dissatisfied	0	0%
Less satisfied	0	0%
Non response	6	21%
n=	28	100%

3.11 Partnerships

All cooperatives have at least a partner who is helping them on one or more of the typical support services (i.e. training, monitoring, inputs, equipment support and crop finance). In many cases, the partner who provides financial or material support is highly valued and ranked in the first position in the assessment of the level of importance of different partners. Some of the BD partners (i.e. SATNET, CABCS, JESE and KRC) came out often, with SATNET only recognized for the approach of Family Farming Learning Group (FFLG) (Farmer Field School). This is probably influenced by the method of compiling the population of the research. NAADS is 5 times mentioned. Members recognize also the contributions of their federations or unions (E.g. BCA, Bukonzo Joint, Kabarole District Farmers' Association, Nyakatonzi). Many foreign organisations were mentioned such as USAID, RABOBANK foundation, but they were typically mentioned only once. The listing of Fair trade organisations reflect their focus on coffee and cocoa. In the high value of the coffee and cocoa crops, also private companies are providing services to the cooperatives (see table 12).

Table 12: Most important partners in cooperative development in the Rwenzori region.

Most important partners	Type	All	Large coops Count	Small coops Count	Key services offered in relation to the priority value chains
SATNET	NGO	11	1	10	Trainings using the FFLG
NAADS	GoU	5	0	5	Trainings and planting materials
CABCS	NGO	4	0	4	Training in business planning, records keeping and cooperative formation
JESE	NGO	4	0	4	Training in agronomic practices; provision of seeds
KRC	NGO	4	2	2	Value addition support for banana and grants for produce stores.
Rabo bank Fdn.	FO	4	1	3	Loans
BCA	Union	3	1	2	Collective marketing of cocoa
USAID CPM-FTF	FO	3	1	2	Improved maize seed
Bukonzo Joint	Union	2	2	0	Inputs-pulping machine and coffee washing station.
PRICON	NGO	2	0	2	Trainings in business management and leadership
Progresso	FO	2	2	0	Training and personnel cost for coffee extension staff
USADF	FO	2	2	0	Grants for store construction; processing and post-harvest equipments for coffee and Maize
MFSC	GoU	2	2	0	Provision of loans for production and marketing
Great Lakes	Ltd	2	1	1	Buys coffee; advance payments for buying coffee
COSIL	NGO	1	0	1	Extension services, trainings in financial management
Good African Coffee	Ltd	1	1	0	Trainings in wet coffee processing and buying of parchment coffee

Most important partners	Type	All	Large coops Count	Small coops Count	Key services offered in relation to the priority value chains
East African Grain Council	FO	1	1	0	Training in Grain quality management
BTC	FO	1	1	0	Grants for capacity building
Fair trade USA	Fair trade	1	1	0	Certification
ICAM	Ltd	1	1	0	Buys cocoa; provides extension services
Kabarole district farmers association	Union	1	1	0	Storage premises for coffee-temporary arrangement.
Mr. Rupert (an Austrian national)	/	1	1	0	Personnel support; communication
Mt Rwenzori Coffee Farmers	Union	1	1	0	Buys coffee; market information; interest free crop finance
Hanns Neumann Stiftung	FO	1	1	0	Training in GAP and coffee seedlings.
Nyakatonzi Union	Union	1	1	0	Buys coffee
Hima cement	Ltd	1	1	0	Coffee seedlings
Olam	Ltd	1	1	0	Buys cocoa and provides pre-finance
TJX–Europe	Ltd	1	1	0	Capacity building in business management
Twin and Twin trading	Fair trade	1	1	0	Grants for training in cocoa production
UCDA	GoU	1	1	0	Coffee nursery establishment
ADP Fort portal Diocese	NGO	1	0	1	Maize store construction
ESCO	Ltd	1	0	1	Buys cocoa and provides extension
Kabarole DLG	GoU	1	1	0	Coffee seedlings, roads and electricity extension.
Kamwenge DLG	GoU	1	0	1	Trainings, planting materials
Kyegegwa DLG	GoU	1	0	1	Trainings, planting materials
Kyenjojo DLG	GoU	1	0	1	Trainings, planting materials
New Eden	NGO	1	0	1	Training in agronomic practices and FFLG
Post Bank	GoU	1	0	1	Loans
Sasakawa	FO	1	0	1	Agro business trainings
Swiss contact	FO	1	0	1	Training and Support for farmers collective marketing of Cocoa
WFP	FO	1	0	1	Training; buying maize; grant for machinery for maize drying and cleaning

3.11.1 The role of partners in cooperative strengthening

Partners are a key component of the cooperative's fabric and can be the difference between weak and strong cooperatives. This is because most cooperatives on the onset have a number of shared characteristics such as a subsistence-based membership, leadership with limited formal education, limited financial resources and the general supply side constraints of agriculture such as poor road network, limited access to inputs and extension services. However, with good partnerships coupled with committed leadership, some cooperatives manage to circumvent these challenges and become more. Where partnerships have been most helpful and the members bear witness to the fact, they were found to have one or more of the following traits:

- Partners have worked longer and consistently in a stepwise way linking all the aspects of the value chain like in the case of Kasenda banana marketing association supported by KRC.
- Partners have promoted SACCO as an integral part of the marketing activities. All farmers are members of the marketing association and the SACCO at the same time and the activities are interdependent. Farmers can access loans from the Sacco and use their produce as security and payments to the farmer are made into the individual accounts of the members held at the SACCO. This creates a big advantage to the SACCO in the sense that: repayment of loans is guaranteed, the savings grow and the marketing is more likely collective as the case is Bukonzo Joint and Busaiga cooperatives in Kasese and Kabarole respectively.
- Partners have conducted regular monitoring and used more of experiential learning involving exchange and learning tours.
- Partners have used a holistic approach and incorporated strategic aspects like gender, best practices in the operations of agricultural cooperatives and income diversification strategies.

3.12 Strengths and weaknesses of cooperatives

Speaking of strengths and weaknesses, there are several challenges cooperatives are encountering, quite significant that one worries if they leave any chances of benefits to the members in the face of a relatively shorter list of strengths. Many of the weaknesses spring from limited capital which translates in the inability of the cooperatives to aggregate members' produce for bulk sales which in turn, would put them in a better position to bargain for higher prices. The brighter side however, is that most of these weaknesses can be reduced with some specific interventions and with already valuable strengths such as: trust among the members, a high sense of ownership, a transparent and accountable leadership and a good asset base, it is possible to dream of a strong cooperative movement in the region provided the support is appropriate.

Table 13: Perception of strengths.

Strengths	Count	% of coop
Savings and Credit services	14	21%
Implementation of standards in agronomy and quality management	12	18%
Asset ownership	11	16%
Group ownership / Unity among members	10	15%
Commitment to group work/collective activities	6	9%

Strengths	Count	% of coop
Transparent and accountable leadership	6	9%
Equipment for processing	5	7%
Clear systems in place	3	4%
Meetings are conducted on schedule	1	1%
Registered up to National level	1	1%
Fair trade certification	1	1%
Enthusiastic members	1	1%
Accessible store	1	1%
Big membership	1	1%
N=67	67	100%

Table 14: Perception of weaknesses.

Weaknesses	Count	% of coop
Weak resource mobilisation and management	16	24%
Limited crop finance leading to members selling outside the group structure	13	19%
Inconsistent meetings/attendance	5	7%
Poor infrastructure	4	6%
Poor market research and intelligence/marketing systems	3	4%
Premature sale of crops (i.e. selling the crop while still in the garden)	2	3%
Non registration	2	3%
Limited opportunities for knowledge sharing through exchange visits	1	1%
Limited value addition services mainly due to low capacity processing plants	1	1%
Lack of land to construct permanent premises for administration and storage	1	1%
Dependence on one product	1	1%
Inadequate level of registration	1	1%
Limited group cohesion	1	1%
Limited networking	1	1%
N=67	67	100%

3.13 Compliance levels of cooperatives with the cooperative Act

Besides their perceived strengths, the cooperatives were in addition subjected to a cooperative compliance tool to assess their strengths as entities for business and farmer empowerment. The scores came to average and the kind of gaps identified pointed towards limited knowledge being underneath the average levels of compliance recorded. For example on a very basic requirement of display of certificates as the cooperatives act demands, all interviewed cooperatives/marketing associations were below the middle score. Those who met the standard were 40% and those who had them in their offices and could be accessed on request were 38.2%. On having copies of the Cooperatives act, regulations and bylaws at the offices, 38.5% were found having all copies and easily accessed while 26.4% had policy documents like human resources, transport and financial manuals.

On having a physical address of the society/association to which notices and communications are sent, 38.5% had clear addresses with their names and addresses on a sign post in an eye catching place, while 28.8% of cooperatives/marketing associations interviewed had their books of accounts audited annually by certified auditors and the cost of the audit is borne by the cooperative societies. On audit reports and annual returns being approved by the registrar of cooperatives before presenting them to the AGM, 18.8% had ever submitted reports to district commercial officers for approval before presenting to AGM annually. On using different audit firms; 25% reported having used different certified auditors for more than 3 years as the law requires and 18.8% confirmed their auditors submitted management letters annually.

Regarding cooperatives giving dividends and bonus to members, only 34% have given dividends to their members every financial year.

On the requirement to state share capital in money figures and multiples, only 29.2% of the interviewed cooperatives/marketing associations stated their share capital in clear figures and multiples with all members paid up. About the list of shareholders, only 53.2% of the cooperatives/marketing associations had them available with fully paid up members and easily accessed by all members/stake holders. It was also found that 14.9% of the interviewees amended their bylaws/constitutions and filed them registrar with the registrar of cooperatives and have certified copies in their offices

There are however, areas of good performance such as preparation of work plans, financial controls, membership and AGMs. 69.2% were found to be preparing work plans annually which was good. Similarly, on the cooperative/association having bank accounts, 71.2% confirmed having bank accounts with commercial Banks/MDI's (Centenary, Stanbic, Barclays...) which was good. 1.9% have accounts with SACCOs, 5.8% have accounts with savings group/VSLA and only 21.2% have no bank accounts.

Membership (where minimum is 30 members and minimum age is 18), 79.2% of them had all their membership that was over and above the minimum required numbers and above the age of 18 years. With secondary cooperative membership, all interviewees (100 %) met the entire required standard with all qualifying by age.

On conducting AGMs, 93.8% said convened annually and 87.8% Executive committees of the cooperatives are elected every after two years and 53.8% held meetings monthly. This was a very good score as per the statute. About meeting statutory obligations, only 13.5% of the interviewees said meet all statutory obligations, while the majority don't.

From the findings, it is clear that a good number of primary cooperative societies operate below average in complying with the cooperatives Act of 1991. The cooperative unions really do try to comply. For marketing associations however, after registration with CDOs office, majority of them never make any return or report. There is a great concern for primary cooperatives and marketing associations to comply with the cooperative statute and guidelines under which they register accordingly. However, the statute is also long overdue for review, it needs revision with the involvement of the stake holders. It was revised in 1991 and a lot of changes have happened which need to be incorporated in the cooperatives Act. The Registrar of cooperatives and District commercial officers need to consult the stake holders on what needs to be revised in the statute to capture and incorporate the changes that have taken place since 1991.

3.14 Challenges and mitigation

3.14.1 Challenges of coops in providing services and mitigation

The challenges of the cooperatives are tied into the weaknesses and in some cases, the line between the two is very thin. The issue of working capital appears to be the origin but at the same time a symptom of some other weaknesses. There is no single cooperative regardless of how established that has effectively addressed and eliminated it from the list of the challenges. Every one laments about the financial barrier. In the due course, the cooperatives will have to make more reflections with their support organisations and determine the appropriate response. There are already three proposals on how to raise working capital and they are not necessarily new but each approach has to be carefully examined and determine what is feasible and sustainable in the medium and long term.

The mitigation measures (see table 16) also generated during the study show a comparable proportion of measures towards the financial challenge. Observing the high ranking of the financial challenge nearly brings to the conclusion that it is inherent in the cooperative strategy but the picture changed when the research team came across and interviewed two cattle cooperatives - Butuku cattle cooperative society limited and Karugutu agro based livestock cooperative society limited in Ntoroko district (where livelihood is largely based on livestock). Their feedback is a stark contrast of what the major challenges of the crop cooperatives are. In these cattle cooperatives, working capital doesn't feature as a challenge and the need for it is negated by the marketing model. We thought documenting this unique marketing model could help crop cooperatives think of alternatives to collective marketing from the current one dimension marketing model riddled with financial constraints to be effective.

The cattle cooperatives' approach to collective marketing takes place in an open space locally called "vando". The cooperatives manage these market spaces and open them up to everyone with cattle to sell. All traders regardless of belonging to the cooperative or not pay the tax of 12,000 Uganda shillings every market day (i.e. every Thursday) for using the market space. The cooperatives use the revenue to improve the market space with cattle dips and offer on-site veterinary services. The cooperatives give dividends to the cooperative members and contribute to sub county projects as the present case where the cooperative is supporting the construction of the sub county headquarters in Karugutu. Selling outside the market space for cooperative members is penalized and the cooperatives dominate the cattle markets to the extent that they fit the description of a monopoly. It could be rightly argued that this marketing model is suited for livestock but there is food for thought for crop cooperatives.

Table 15: Major challenges faced by cooperatives.

Challenges	Large		Small		All	
	Count	% of coop	Count	% of coop	count	% of coop
Working capital	12	31%	7	25%	19	28%
Crop financing	10	26%	6	21%	16	24%
Transport	7	18%	3	11%	10	15%
Store house for storage	6	15%	5	18%	11	16%

Challenges	Large		Small		All	
	Count	% of coop	Count	% of coop	count	% of coop
Machinery (i.e. low capacity or ineffective processing plants)	4	10%	1	4%	5	7%
Price fluctuation	4	10%	2	7%	6	9%
Competition from other business operators & middlemen	3	8%	0	0%	3	4%
Pests and diseases	3	8%	0	0%	3	4%
Marketing	2	5%	3	11%	5	7%
Fixed price by buyers	2	5%	2	7%	4	6%
Limited capacity in general (i.e. Human resource, asset base, finances)	2	5%	1	4%	3	4%
Poor systems	2	5%	1	4%	3	4%
Unreliable input suppliers	2	5%	1	4%	3	4%
Relevant information	2	5%	0	0%	2	3%
Non-functional governance structures	2	5%	0	0%	2	3%
Inadequate human resource	2	5%	0	0%	2	3%
Power	1	3%	2	7%	3	4%
Limited leadership capacity	1	3%	1	4%	2	3%
Unreliable markets	1	3%	1	4%	2	3%
Packaging materials	1	3%	0	0%	1	1%
Limited group cohesion	1	3%	0	0%	1	1%
Climate change	0	0%	2	7%	2	3%
Poor financial management skills	0	0%	1	4%	1	1%
Total	39	100%	28	100%	67	100%

Table 16: Mitigation measures.

Mitigation measures	Large		Small		All	
	Count	% of coop	Count	% of coop	count	% of coop
Increasing share capital/local resource mobilization/fundraising	19	49%	14	50%	33	49%
Networking with development partners	8	21%	7	25%	15	22%
Loan Acquisition	5	13%	1	4%	6	9%
Mobilization and sensitization of more members	2	5%	1	4%	3	4%
Lobbying and advocacy	2	5%	0	0%	2	3%
Asset acquisition	1	3%	3	11%	4	6%
Product diversification	1	3%	2	7%	3	4%
Negotiations with buyers	1	3%	1	4%	2	3%

Mitigation measures	Large		Small		All	
	Count	% of coop	Count	% of coop	count	% of coop
Share roles within existing structures of the cooperative	1	3%	1	4%	2	3%
Capacity building	1	3%	1	4%	2	3%
Changing leadership	1	3%	0	0%	1	1%
Transport hire	1	3%	0	0%	1	1%
Contract farming	1	3%	0	0%	1	1%
Irrigation	1	3%	0	0%	1	1%

3.14.2 Challenges of support organisations in the provision of support services

Support organisations, particularly NGOs, have a number of challenges in providing support services. This stems mainly from the fact that they depend on external funding to finance the services they offer. Without which, they delay services, cut back on the support and in the worst case, terminate the support. Unlike private companies, all other support organisations (KDA exceptional) and the lower governments do not internally generate the money they use in the provision of services. When funding is unavailable, support services start to diminish and eventually cease. There are a few cases where NGO based support organisations can continue giving support services without direct budget support such as program/project integration and when services are demand driven and the cooperatives are likely to contribute towards the expenses of the service. The latter worked for some formerly KRC supported marketing associations such as Bamugisa farmers association in Kabarole district which once requested for a review visit and were willing to meet the cost of the service. Other key challenges are a confluence of unsustainable practices and lack of a good philosophy for cooperative development as explained below.

3.14.2.1 *The handouts “wars”*

Much as many organisations are cognizant of the debilitating effects of handouts to the farmers, there is still a lot of accusation and counter accusation by organisations against each other entrenching the unsustainable practice. Each organisation presumes their difficulties with farmers are a result of other organisations that give allowances and other free things. No single support organisation equates their support to farmers as a hand out, even though the services are usually free of charge (cf. section 2.1.5 above). The resultant challenge for most support organisations is the low levels of interest of the farmers to participate in the activities especially training because the services lack the “incentive”. This same mentality contributes to low adoption and in turn, low productivity.

3.14.2.2 *A weak business orientation*

Despite the investment in training in a wide range of relevant topics such as managerial and entrepreneurial skills, value addition and functioning of agricultural cooperatives, the shift from subsistence to business as anticipated has not happened yet for the majority of the cooperatives. Support organisations appear to be moving in a cyclic motion with their support as opposed to an accelerative advance. Some cooperatives that were supported by KRC about 5-7 years such as KIOFA in Kyegegwa seem to have fallen back to virtually nothing yet they had then the signals for growth.

This is the case with the other marketing cooperatives and associations in Kyenjojo which have significantly declined and lost the vibrancy they had then. A closer look into the sedentary state of these cooperatives mainly maize cooperatives, particularly in Kyenjojo led the research team to imagine hypotheses on the relationship between different value chains and the performance of the cooperatives. It appears that low value chains like maize are less likely to be successful than high value chains in the current context of cooperatives characterized by inadequate working capital and limited to no value addition to the produce they handle. This would require more rigorous research to come to plausible conclusions.

3.14.2.3 Irregular monitoring

Most support organisations do not conduct monitoring as needed due to budgetary constraints. Also, the technical capacity to correctly monitor, document and plough the lessons back into programming is limited and a major hindrance in making use of the few opportunities of monitoring.

3.14.2.4 Lack of a proven methodological approach

All support organisations lack a documented methodology underpinning their actions and strategies in the promotion of marketing cooperatives and associations. It is common to find isolated activities with a range of cooperatives. It is not clear how support organisations determine when, what and how to do it and for which results/effects. Some interventions are ad hoc and there are unexplained breaks in the delivery of services which leave cooperatives wondering what next as the case is with a number of cooperatives supported by CABCS with the funding from Broderlyjik Delen.

4

Conclusions and Recommendations

The purpose of this study was to document the status of marketing cooperatives and associations in Rwenzori region with an objective to improve understanding of their breadth, better ways to strengthen them and improve synergy of BD partners and the Food Security Cluster members. The information synthesized here describes the services offered, the gaps and the ways the cooperatives and their support organisations can reposition for a stronger cooperative movement in the Rwenzori region. Evidence from the field shows progress expressed as benefits in the main body but against a myriad of weaknesses and challenges. Conversely, there are several opportunities for growth from different standpoints which can be harnessed and this is what this section is about. There are a number of recommendations arising from this study and they are divided along the broad lines of inquiry for easy follow up. Throughout the main body, most of these recommendations have been hinted on without necessarily giving some details. The section below draws recommendations and hope in combination, they will result into better marketing cooperatives and associations able to successfully bargain for higher prices.

4.1 Recommendations for cooperatives to improve market access

- Marketing cooperatives and associations need to remobilize their membership and revitalize the collective spirit for the new era of the cooperative movement. There is a high sense of ownership and trust which is not yet exploited to try new and somewhat risky solutions to the old problems.
- Marketing cooperatives and associations need to use creative approaches to minimize and eventually eliminate the practice of farmers selling their produce outside the cooperative structure. This is so far the most debilitating practice and anti-cooperative development. An exposure visit to cooperatives with a good level of success in eliminating the practice can be useful. Additionally, improvements in record keeping, acquisition of appropriate registration and compliance with the cooperative principles can open doors to financial services of the financial institutions with an interest in cooperatives.

4.2 Recommendations for cooperatives to improve compliance with the cooperative Act

- Most primary cooperative societies need to acquaint their membership on the cooperatives statute and regulations to avoid being violation of provision in the cooperative Act.
- The cooperatives which, since inception have never shared dividends/bonus should reconsider a fresh start or at least explain to their members this entitlement even when there is no surplus made yet.
- Most cooperatives need to request for support probably from District Commercial Officers to help them correctly interpret the Cooperative Act terms such as share capital and working capital which hitherto are not well understood or differentiated. Better performing cooperatives also need to be sensitized on statutory requirements to avoid being caught off guard by the relevant authorities like URA, which may charge them as tax invaders.

4.3 Recommendations on strategies for support organisations to strengthen marketing cooperatives and associations

4.3.1 Capitalization of marketing cooperatives

To obtain the needed capital, there is need for support organisations to support marketing cooperatives to internally mobilise financial resources for purposes of capitalizing their businesses. The means to capital through grants as previously looked up to by some as a key solution is not sustainable and can never be adequate. Instead of support organisations aiming at boosting capital through direct cash injections, they need to start exploring different options with the cooperatives such as increasing the share value and compulsory savings of the members. Some unorthodox ways of capitalizing the businesses will have to be explored too. For example, one participant shared his experience from his cooperative where the members agreed to contribute 10kgs of coffee each through which they raised one million Uganda shillings in one round to inject into the business. Such creative means will be explored and good practices of capitalization shared with others for adoption.

4.3.2 Groundwork to make cooperatives eligible for financial support

Support organisations need to support the cooperatives to stand a chance for financial support from financial institutions. This will include making information about financial services more accessible through information translation services and supporting them towards the attainment of basic standards such as regular audits and realistic business plans which are usually reviewed by financial institutions during the appraisal process.

4.3.3 Top up grants

Still in light of the financial challenge, top up grants could be used to boost the cooperatives' capital based on a strict criteria. Top up grants should serve two purposes; first as an incentive to cooperatives that have made an effort to raise their own capital and secondly to boost the capital. Instead of "free money", support organisations with the ability to extend financial support should do it in a way that the money is seen as earned as opposed to be freely given. This idea builds on what was remarked in the dissemination workshop about cooperatives bringing something on the negotiation table. Where top up grant has been used before like in the KRC Micro Finance Association program, the top up amount is equivalent to what has been locally mobilised and accessed after certain targets have been met. These targets can include growth in shares, membership, savings, collective marketing events, trade volumes etc.

4.3.4 Checking the free service behaviour

Support organisations need to reflect on the range of free services and ascertain that they are not killing the spirit they ought to be building. At the moment, a lot of services are indiscriminately free which does not send the right message for what is supposed to run as profitable businesses.

4.3.5 Use of business plans

Support organisations have to support and require marketing cooperatives to make business plans upon which to partner with them as opposed to isolated activities as the case has been. The support by support organisations should be informed by the business plans which have been reviewed and checked on a number of aspects which give indication of viability and local ownership of the businesses.

4.3.6 Service brokerage

Support organisations should play a key role in service brokerage to increase uptake of the different services available on the market. This recommendation builds from what was observed in the dissemination meeting about the availability of money in the market yet inaccessible to cooperatives. To bridge the divide, the role of support organisations would therefore be to make information about relevant services and products easily accessible. For example, if Centenary Bank has an agricultural loan, the support organisations should promote it among the cooperatives through giving correct and simplified information about it and creating awareness around to increase the chances of utility of the service.

4.3.7 Promotional campaigns

Support organisations could run promotional campaigns for products produced within the cooperative movement in the region to increase the local market for the products such as sunflower oil, banana wine and maize flour. This recommendation builds from what was remarked in the dissemination meeting about the little information and small market share of the agri-products generated by the cooperatives. Support organisations can borrow ideas from marketers or procure services of marketers for this to happen.

4.3.8 A Rwenzori region platform for cooperatives and support organisations

There is need to regularise a sharing platform for cooperatives and service providers similar to what the dissemination meeting entailed. This could be annual or bi annual with clear objectives of doing it.

4.3.9 Standardised indicators

Support organisations need to standardise/harmonise parameters for determining progress. Regardless of the different approaches employed by support organisations, there should be a shared view of what progress or lack of it looks like to provide the basis for support. For example, if growth in shares is agreed as a progress indicator, the lack of it should point to a specific gap which can be addressed specifically than providing general support. This recommendation builds from the experience from Toro dairy cooperative shared at the dissemination meeting. According to the official from Toro dairy, farmers know the quality of milk demanded of them. If delivered milk is rejected more than twice consecutively, this signals a potential problem on the farmer's farm. In turn, the cooperative specifically visits the farm and gives support to a specific farmer. In the same way, standardized parameters on cooperatives as institutions can help support organisations provide support where it is most needed and is likely to lead to improvements.

4.3.10 Moderations in training support

Given the amount of training in agronomic practices received by cooperatives in the past three years, there is need to moderate training by limiting it to strategic issues like certification, product development and standards for large cooperatives. More generally, training should be demand driven and when requested, the cooperative should clearly show the gap(s) it is meant to fill. Small cooperatives may still require basic training in agronomy but there has to still be an element of demand to ensure the skills training match the needs.

4.3.11 Increasing member patronage

Support organisations need to support the marketing cooperatives to be more relevant to their members through additional services beyond market access. Support organisations can support the collaboration between research institutions and cooperatives in establishing seed multiplication projects which in turn can enable the latter to provide genuine planting materials at a subsidized cost. The Zonal Agricultural Research and Development Institute (ZARDI) in the Rwenzori region has seed multiplication as one of its core functions but sometimes, they work with small farmers' groups which can't take the improved seeds to scale. A cooperative on the other hand, with its large membership can be a viable place for the ZARDI to realize impact while at the same time, giving the needed service to the farmers. The relationship between the ZARDI and the cooperatives is likely to be mutually beneficial.

4.4 Recommendations on the BD program framework

Against the current BD program framework described in the introductory section, the study picked the following recommendations to the structure:

4.4.1 Total control of the entire value chain as opposed to compartmentalization of the value chain

Views from BD partners suggest a shift from compartmentalization of the value chain to total control of the value chain by a partner. This shift means a BD partner takes the primary responsibility of strengthening the farmers' organisations along the entire value chain as opposed to the current compartmentalized approach with different BD partners playing overlapping roles. This however, does not mean other BD partners do not play any role but they do so on invitation as different expertise will be needed time to time. This was mainly suggested to correct the weak linkage at farmers' organisation level prevalent in the current BD strategy.

4.4.2 District specific partners as opposed to partners across the board

BD partners further suggested a concentration of partners in specified districts than a crisscross from one district to another which is also not very cost effective. A staff from one of the partner organisations reasoned that it is not cost effective for a staff based in Fort Portal to travel all the way to Mahyoro in Kamwenge to conduct a farmers' training. The logical view is for a partner in Mahyoro to conduct the training. This strategy also goes with a capacity building plan for BD partners to enhance their knowledge and skills in matters of agricultural cooperative development.

4.4.3 Funding more hard ware as opposed to soft ware

BD partners also suggested a shift in funding from largely software (i.e. training) to more of hard ware related support such as value addition equipment, storage facilities, packaging and branding to meet the utmost need of the farmers' organisations well covered by the study.

4.4.4 BD roles

The roles of BD largely remained the same on funding, monitoring and oversight of the program but more active technical backstopping in M&E and other need based technical areas of the partner organisations.

Specific suggestions relating to funding partner approaches included:

4.4.4.1 Capacity enhancement of the staff of partner organisations

Partners suggested that BD supports capacity enhancement of the staff of partner organisation to match the level at which cooperatives are at. This could mainly be through exposure to other places where this kind of work is being implemented. There is a general feeling that, cooperatives particularly the large ones are calling for advanced support which has surpassed the capacity of some staff from BD partners to provide. In light of this gap, one staff remarked that one of the shortcomings of ABCs was the extent to which their skills in the area of marketing sufficed for the cooperatives they were intended to support. Capacities of staff need to evolve with the appreciation that some of the cooperatives are no longer basic in their needs.

4.4.4.2 Budget support

Another suggestion relating to funding was for BD to revisit their budget support in light of the results of the study particularly the varying needs of large and small cooperatives. For BD to make a difference in the cooperatives regardless of the level at which they are, it has to be decided what level of support goes for what level of cooperatives and the threshold BD is willing to go. Large cooperatives which have transitioned from the basic level and are probably moving into value addition will need support beyond training while some small cooperatives may still benefit from training support. Working with large cooperatives meaningfully also means more investment than it has been in the past. This is not a matter of increasing funding but for BD to decide what level of cooperatives they want to work with within the resources available. The current support through the BD local partners is not differentiated between large and small and it therefore, treats the cooperatives as though they were a homogenous group with similar needs. This translates into the support being ineffective on the part of large cooperatives.

4.4.4.3 Appreciation of the different models used by BD local partners and their primary purpose

Views on different approaches used by different partners suggest that some models are not marketing models but production models and for partner organisations to expect vibrant marketing activities to ensue from them is flawed. Approaches like FFLG by SATNET and “Nyumba kumi” by KRC are largely production models which, without supplementary action may not lead to better market access for the farmers. BD’s technical role is most needed to re-evaluate the partners’ methodologies to ensure the combined efforts from the BD program framework results into better market access for the farmers.

5.1 List of marketing associations/coops interviewed

Attached separately in excel

5.2 List of support organisations interviewed

	DCUs (Ntoroko, Kamwenge)	Kamwenge Development centre(KDC)	COSIL	Kamwenge district farmers ass (KADIFO)	Kamwenge community development project	Esco Uganda	CABGS	JESE	PRICON	SATNET	KRC	Great Lakes
Support services												
Training	Training the boards in management	Agricultural training covering all aspects of the value chain (Production to marketing)	Agronomic practices	Agronomic practices through extension services	Agricultural training covering all aspects of the value chain (Production to marketing)	Agronomic practices through extension services		Agricultural training covering all aspects of the value chain (Production to marketing)	Agricultural training covering all aspects of the value chain (Production to marketing)	Agricultural training covering all aspects of the value chain (Production to marketing)	Agricultural training covering all aspects of the value chain (Production to marketing) Training in Kitchen gardening at household level	Trainings in harvesting and post-harvest handling
	Self-sustaining strategies		Gender perspectives	Group dynamics		Inspection of farmers		Water conservation	Gender perspectives	Training in business planning	Kitchen gardening	Group formation
	Coop rules and regulations		Coop rules and regulations	Village savings				Quality control			Coop rules and regulations	
	Induction of newly elected members		Quality control								Quality control	

	DCOs (Ntoroko, Kamwenge)	Kamwenge Development centre(KDC)	COSIL	Kamwenge district farmers ass (KADIFO)	Kamwenge community development project	Esco Uganda	CABCS	JESE	PRICON	SATNET	KRC	Great Lakes
Financial services	Audit and general book keeping		Village savings and loan methodologies	Village savings and loan methodologies			Business plans	Village savings and loan methodologies		Seed capital	Village savings and loan methodologies	Crop finance Pre-season financing. Pre harvest loans.
							Preparing final accounts				Grants until 2012	
							Capital funds-advance for bulking					
Marketing services	Market Information	Market Information	Training in marketing	Training in collective marketing	Market Information	Marketing for farmers	Market linkages	Market linkages	Market linkages	Market linkages	Trainings in collective marketing	Buying coffee
							Market research			Training in collective marketing	Market research	
							Market intelligence				Market linkages and information	
Input support				Valley dams for irrigation	Tarpaulins, sprays, pumps		Business meetings				Business meetings	
				Planting materials	Planting materials						Post-harvest input	
				Farm roads							Store construction	

	DCOs (Ntoroko, Kamwenge)	Kamwenge Development centre(KDC)	COSIL	Kamwenge district farmers ass (KADIFO)	Kamwenge community development project	Esco Uganda	CABCS	JESE	PRICON	SATNET	KRC	Great Lakes
Equipment support				Tractor support (removal of tree stumps)					OX ploughs			
Others	Linkages to other support organizations	Linkages to other support organizations		Linkages to other support organizations	Linkages to other support organizations		Linkages to other support organizations		Linkages to other support organizations	Linkages to other support organizations	Linkages to other support organizations	

Support organisations interviewed –continued

Support services	Kiima Foods (The NGO)		Micro Finance Support Centre	Give a goat	Uganda Coffee Development Authority(UCDA) extension staff- Kasese, Ntoroko & Bundibugyo	Good African Coffee	Hanns R. Neumann Stiftung	ICAM Chocolate
		Kiima Food grain Company						
Support services								
Training	Training in Good Agronomic Practices (GAP), governance, Niche market and standards, Climate change Gender and HIV training	Training on quality standards	Training in business development services as an additional service to credit advance	Training in GAP	Trainings in coffee regulations and standards as per the UCDA standards for farmers, farmer groups and traders Training in GAP	Training in wet coffee processing	Trainings in GAP for coffee for lead farmers Training of producer groups in GAP through the lead farmers	Training in Cocoa agronomic practices, pest and disease management
Financial services			Provision of loans for production and marketing	Training in Savings and credit using the VSLAs Model				Gives advances to farmers (No interest) payable in 2 weeks

Support services	Kiima Foods (The NGO)		Micro Finance Support Centre	Give a goat	Uganda Coffee Development Authority(UCDA) extension staff- Kasese, Ntoroko & Bundibugyo	Good African Coffee	Hanns R. Neumann Stiftung	ICAM Chocolate
	Kiima Food grain Company							
Marketing services	Market linkages	Buys farmers groups produces and shares proceeds with them Wet processing of coffee			Monitor and inspect the coffee stores to ensure adherence to the set regulation Provision of coffee market information	Buys the parchment coffee(Wet processed)	Market linkages for farmers groups in coffee	Buys farmers fresh cocoa provides transport to company premises for farmers registered with the company
Input support					Monitor and inspect the coffee nurseries and support their establishment	Provision of pulpers		provision of cocoa seedlings and shade trees on a cost shared approach
Equipment support								
Others								

Collaborating Partners

