

Networks of Rural Producer Organizations in Uganda: What Can be Done to Make Them Work Better?

EVGENY LATYNSKIY and THOMAS BERGER*

University of Hohenheim, Stuttgart, Germany

Summary. — Rural producer organizations (RPOs) are currently seen as mechanisms of reducing transaction costs and improving market access of smallholder farmers. Yet little is known about the determinants of RPO effectiveness, especially in Sub-Saharan African countries. In this article we assess functioning of Ugandan RPO using a combination of participatory research and survey methods. We recommend areas for development interventions that would enhance the positive impact of RPO on livelihoods of their members. The proposed interventions refer to monetary transactions between RPO and their members, information channels within RPO, access to inputs and finance, member knowledge capacity and motivation of leaders.

© 2015 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Key words — rural producer organizations, participatory methods, agricultural development, rural networks, coffee farmers, Sub-Saharan Africa

1. INTRODUCTION

The Green Revolution in Asian countries showed that reaching small farms through agricultural growth can be an effective pathway for poverty reduction (Evenson & Gollin, 2003; Hazell, Poulton, Wiggins, & Dorward, 2010). Accordingly, the *Agriculture-for-development* strategy formulated by the World Bank (2007) identifies the smallholder farm sector as the foundation for achieving the development of rural economies. Still, smallholder agriculture is often subject to inefficient allocation of goods and services and other forms of market failures. Smallholder agricultural producers are typically unable to capitalize on the benefits of economies of scale and have lower market access and bargaining power, especially in rural areas. Therefore, they face higher transaction costs in most of non-labor transactions, such as the purchasing of inputs, capital access, or the selling of output (Key, Sadoulet, & De Janvry, 2000; Poulton, Dorward, & Kydd, 2010). The need to respond to these market barriers and related government failures has led to the emergence of many grassroots farmer-controlled organizations in developing countries in the recent past (Arcand, 2002; Uphoff, 1993; Wanyama, 2008, chap. 14). Such collective action in the form of rural producer organizations (RPOs) is widely seen as a way of reducing the transaction costs of smallholders and of improving their level of commercialization by creating linkages to high-value markets (Markelova, Meinzen-Dick, Hellin, & Dohrn, 2009; Markelova & Mwangi, 2010; Shiferaw, Hellin, & Muricho, 2011; Shiferaw, Obare, & Muricho, 2008). Hence, over the past two decades governments and development agencies have put more attention in the empowerment of rural farmers and communities through collective action institutions, identifying them as important partners in the implementation of agricultural development programs (IFAD, 2001, 2010; World Bank, 2007). A lot of hope nowadays is put on RPO with regard to their potential for supporting agricultural growth, reducing poverty, providing access to services and markets, and creating employment opportunities in rural areas. For instance, the United Nations General Assembly declared 2012 as the International Year of

Cooperatives, with the theme “Cooperative Enterprises Build a Better World”.

Empirical evidence, however, shows that in Sub-Saharan Africa RPO have had mixed success (Akwabi-Ameyaw, 1997; Bernard, Collion, de Janvry, Rondot, & Sadoulet, 2008; Bernard & Taffesse, 2012; Fischer & Qaim, 2012; Gabre-Madhin, 2001). Scientific explanations of this evidence are scarce, since as yet little is known about the determinants of RPO effectiveness in developing countries and their ability to provide benefits for their members. The knowledge gap is caused by high degrees of complexity and diversity of RPOs and a lack of research evidence (Ragasa & Golan, 2014). This creates a need for thorough and comprehensive studies of RPO performance in order to better understand the functioning of RPOs and to design adequate measures for their support (Bernard & Spielman, 2009; Ragasa & Golan, 2014). This article contributes to the development of RPO-related knowledge by presenting and analyzing the results of our

* We would like to thank the IFPRI researchers who were involved in the project “Working together for market access: Strengthening rural producer organizations in Sub-Saharan Africa”: Dr. Maximo Torero, Dr. Ruth Hill, Dr. Eduardo Maruyama, Dr. Angelino Viceiza and others. We thank them for their support in organizing field trips to Uganda; in particular, for facilitating communication with key informants and rural producer organizations. Their assistance with the design of the participatory research sessions and the final group selection was very helpful. Funding of the project provided by Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Ministry of Economic Cooperation and Development) is gratefully acknowledged. We also would like to thank David Muwonge from NUCAFE and the administration of Kibinge DC for providing the contacts of primary RPO. Many thanks to Florence Odolot for her assistance and language support during the participatory research. We thank all the experts and respondents that were interviewed for their willingness to participate in the study. We acknowledge the help of William McClain with proofreading. We thank the two anonymous reviewers whose comments and suggestions helped to improve this article. Final revision accepted: October 2, 2015.

research of RPOs conducted in Uganda. The aims of the article are to assess the functioning of Ugandan RPOs and identify ways for their improvement. In this paper we seek to investigate what are the specifics of the researched organizations, what are their structures and surrounding environments, and what kind of services and benefits they may provide to their members. The goal of this study is to provide an understanding of what hinders the performance of RPOs in Sub-Saharan Africa, what their underutilized potentials are and what kind of development interventions could assist RPOs in tapping into these potentials.

As our research methodology we applied a combination of participatory research techniques, including participatory mapping, public goods games, group discussions, and key expert interviews. As a case study for participatory research, we focused on organizations of Robusta coffee producers from the central part of the Lake Victoria Crescent. Additionally, in this article we provide general information about RPOs in Uganda based on our estimations from household and RPO surveys conducted in Uganda by IFPRI (2010) and based on our analysis of focus group research conducted by Dejene-Aredo, Hill, Keefe, Maruyama, and Viceisza (2009).

This paper provides detailed information on the functioning of RPOs in Uganda in general and of RPOs dealing with marketing of Robusta coffee in particular. It identifies a niche for development support in the strengthening of RPO and increasing the welfare of their member farmers. To this end, we propose target areas for development interventions supporting RPO and provide practical recommendations for their implementation. The results communicated in this paper are, therefore, valuable for donor organizations and governments, as they could assist the design of the respective policies, programs, and projects.

2. RESEARCH SETTING AND THE CASE STUDY

(a) *Research project*

This study was conducted as part of the international research project, “Working together for market access: Strengthening rural producer organizations in Sub-Saharan Africa” funded by the German Federal Ministry of Economic Cooperation (BMZ) and led by the International Food Policy Research Institute (IFPRI). The project was focused on the analysis of the abilities of RPO in improving their members’ access to input and output markets. Its goal was to propose viable measures that could support RPO and assess their impacts by conducting field and virtual (i.e., computer simulation) experiments. The baseline project survey (IFPRI, 2010) approached members and administrations of RPO. It was accompanied by the participatory research reported on here, which explored the functioning of RPOs and identified possible interventions for further implementation and testing in experimental set-ups.

(b) *RPO in Uganda*

The first organizations of agricultural producers were formed in Uganda during the first half of the 20th century under the British colonial government and were traditionally involved in the marketing of coffee and cotton (Kasozi, 2008; Masiga & Ruhweza, 2007; Mrema, 2008, chap. 5). Until the market liberalization reforms undertaken by the Ugandan government in 1990’s, these local cooperatives had been mostly state-managed (Baffes, 2006; UCTF, 2013). Since then,

the environment and functioning of farmer cooperatives has changed considerably. On the one hand, the rapid liberalization and consequent increase of market competition caused excessive failures of state-affiliated cooperatives (Kasozi, 2008; Kwapong & Korugyendo, 2010; Mrema, 2008, chap. 5). On the other hand, more limited government influence in the cooperative sector led to the emergence of member-owned grassroots RPO in the country during the 2000’s (Kwapong & Korugyendo, 2010; Mrema, 2008, chap. 5). Thus, state-owned RPO were replaced by member-owned RPO. These new RPOs are autonomous entities independent of the government and intend to function as self-sustaining profit-generating businesses, unlike the RPOs from the past aimed at securing the export commodity supply (Kwapong & Korugyendo, 2010). Accordingly, the role of supporting RPOs has been assumed by various NGOs.

As was confirmed during our field research, RPO in Uganda are commonly formed around one or several agricultural commodities that they deal with (coffee, maize, sunflower etc.). Usually, producers are organized on two levels: (i) primary farmer organizations (locally called PO), unifying farmers from the same village or parish; (ii) county or sub-county-level associations, usually called depot committees (DC) or area cooperative enterprises (ACE). Typically, a PO is responsible for bulking the produce of individual farmers and coordinating transport for delivering produce to the DC/ACE. Collection of PO-gathered quantities, product transformation, value addition, coordination of market sales, and input procurement is organized at the level of the DC/ACE. Farmers, however, may deliver the produce to the DC/ACE directly, bypassing the first-level organization. The DC/ACE is a small-scale producer union consisting of several POs from the same county or sub-county. It is usually not tied to a certain buyer and is able to bargain for better deals. Further, the DC/ACE may be a member of a country or region-wide union or federation, such as the National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE), Uganda National Farmers Federation (UNFFE), and others. These umbrella organizations have advocacy and representative functions. They serve for lobbying interests of agricultural producers, further facilitating access to buyers, financial services, and certification schemes. Some umbrella organizations may have established market connections with downstream trading partners. In such a case, these organizations may also buy agricultural commodities from the DC/ACE. In order to attain a higher turnover and stimulate farmers to sell their produce through the organization, the DC/ACE may offer additional services to its members. The services are typically associated with agricultural extension and the marketing and transportation of member produce.

(c) *Case study description*

As mentioned in the previous section, present-day RPOs in Uganda are relatively new. Hence, detailed and concrete information about these organizations and their functioning has been scarce up to now. A case study research strategy is a good way to provide a first comprehension of the topic, since it allows for an in-depth analysis using multiple methods. We used this strategy in order to close the existing knowledge gaps related to RPO in Uganda. Our case study focuses on the RPO called “Kibinge coffee farmers association” (Kibinge DC), which is a sub-county-level farmer-owned organization from Kibinge sub-county, Masaka district of Central Uganda, a traditional coffee-growing area. The organization engages in the marketing of Robusta coffee, which is the main marketable

Download English Version:

<https://daneshyari.com/en/article/7393405>

Download Persian Version:

<https://daneshyari.com/article/7393405>

[Daneshyari.com](https://daneshyari.com)