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“Development on the margin”

Cooperatives as Service Providers: The Revival of Agricultural cooperatives in Uganda

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Abstract

Since the liberalisation of markets, the cooperative sector in Uganda has gone through a dynamic process of restructuring and adjusting to the conditions of a liberalised economy. Following a trend that is also observed in other countries, the reformed cooperatives are expected to avoid the mistakes of the past that had led to an almost complete collapse of the cooperative sector. They aim to increase rural incomes and to link farmers to markets with the overall goal of reducing rural poverty. This paper presents the results of a survey of 407 cooperative members from eight Area Cooperative Enterprises. The paper focuses on the recent revival and restructuring of agricultural cooperatives in Uganda and the ways in which they contribute to improving rural livelihoods and reducing poverty. Evidence shows that strategies employed to reform the cooperatives included **(1)** strengthening grassroots organisations, **(2)** introducing Area Cooperative Enterprises to improve market access and realise competitive prices for Rural Producer Organisations, and **(3)** building stronger linkages with Savings and Credit Cooperative Organisations. The analysis of the data collected from cooperative members shows that participation in the reformed cooperatives contributed to increased incomes, acquisition of basic household items, increased production and productivity, increased ability of members to feed their families two to three meals a day, and increased household savings. Reviving the agricultural cooperatives proved effective in linking rural farmers to profitable markets, enabled them to more successfully bargain for higher prices, improved their access to financial services, and increased their farming knowledge to increase production and productivity. The study also indicates that there is, however, a need to address the challenges of under-capitalisation and to promote full member participation.

Keywords: Area cooperative enterprise, cooperatives, poverty, rural producer organisation, savings and credit organisation, Uganda