

## AGRA Impact Series



# Smallholder agricultural commercialization on track for trade opportunities in regional markets, Bigando Area Cooperative – Uganda

March 2021

### THE REGIONAL EAST AFRICAN COMMUNITY TRADE IN STAPLES PHASE-II (REACTS-II)

Limited access to reliable markets has been identified as one of the main constraints to the commercialization of agriculture among smallholder farmers. Partly attributed to limitations of market research and end market engagement by farmers and other value chain actors, it is responsible for the mismatch between market requirements and actual production.

The market access failures faced by smallholder farmers negatively affected cooperatives like Bigando Area Cooperative in Kasese district, leaving them unable to aggregate produce from farmers, leading to the underutilization of available storage facilities. Other failures included poor quality products resulting from poor pre- and post-harvest handling, limited access to trade finance, limited preparation of farmers towards fulfilling the requirements of identified markets, and poor cooperative administration among others.

Prior to the Regional East African Community Trade in Staples Phase-II (REACTS-II) project funded by AGRA and implemented by Kilimo

Trust for three years between April 2018 and March 2021, Bigando Area Cooperative, with over 600 members, could barely handle 50MT of maize per season for the market. This was despite being located in the maize-rich production hub of Kasese.

Other than international food relief organizations as the principle off-takers, the cooperative could not sustain competitive trade.

“Before the business-to-business engagements initiated by Kilimo Trust, the cooperative did not have grain buyers,” says Jimmy Baluku, the chair of Bigando Area Cooperative. “Bulking was done for between four and five months in anticipation of attracting a better price, only to sell at even lower prices than what was on offer at the time of aggregating.”

Farmers were unwilling to bulk their produce with the cooperative because of the three-month wait for payment, preferring instead to sell it to middlemen at lower prices. Frustrated by the unreliability of markets, farmers were unwilling to



invest in production for bigger volumes, and grain quality was difficult to enforce.

In addressing the challenges creating sustainable, structured and integrated trading systems, REACTS-II linked the cooperative to reliable markets through the Network of Producers and Exporters Uganda (NePEU), after identifying national maize buyers, regional grain processors such as the Agro-processors Association of Kenya (APAK). To meet buyer requirements, the project supported Bigando to invest in post-harvest handling technologies such as cleaners and moisture meters. Members of the cooperative also received training on maintaining East Africa Community grain standards, market-oriented production, financial literacy, cooperative governance and management as well as continuous business coaching.

The cooperative also received a 28MT fertilizer grant from REACTS-II to increase maize productivity. As a result of project support, Bigando Area Cooperative exported 1,300MT of maize directly to Kenyan importers in an eight-month period from July 2020, compared to 50MT sold in the same period in the preceding year.

As a result of the shift in the cooperative's business operation model from bulking to turnover, the commissions earned have increased from UGX2 million to UGX37 million per season. The change in fortunes has enabled the cooperative extend its services to include extension for members. In the words of Jimmy Baluku: "More farmers are keen to join the cooperative because they are assured of a ready market, translating into more maize available for trade in the next season."

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Chair of Bigando Area Cooperative