



Global Livingston Institute
Agricultural Cooperatives: From Subsistence to Commercial Farming
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EXECUTIVE SUMMARY

Without a doubt, agriculture - farming, forestry, fisheries and livestock - remains essential to the economic development of the world, generating USD 3.4 trillion in 2018.¹ While the number has decreased since 2000, in 2019, agriculture still employed 884 million people, comprising 27% of the global workforce.² This employment number increased in Africa to approximately 225 million people, with high representation from female farmers (52.1% in Uganda).³ Though the COVID-19 pandemic further pushed millions of vulnerable households into poverty, the World Bank notes that “chronic and acute hunger were on the rise due to various factors including conflict, socio-economic conditions, natural hazards, climate change and pests.”⁴ Agricultural cooperatives can “play a crucial role in reducing poverty, improving food security and generating employment opportunities” and subsequently, lessen the impact of such global shocks.⁵ If successful, cooperatives can offer its members a wide range of services, including access to markets, resources, technologies, credit, training and warehouses.⁶ The Global Livingston Institute (GLI) too has established an agricultural cooperative, in order to help small-scale farmers thrive in the conflict-ridden region of Lira, Uganda. Leveraging the team’s distinct knowledge and understanding of their customers and their problems, along with access to training, warehouses and markets, the GLI team has the potential to change the livelihood of thousands of farmers in Africa through this project.

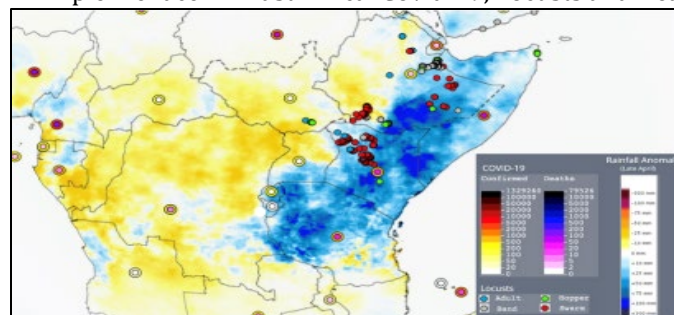
1. Food and Agriculture Organization of the United Nations, *World Food and Agriculture: Statistical Yearbook 2020* (Rome: FAO, 2020), 1.
2. Food and Agriculture Organization of the United Nations, *World Food and Agriculture*, 4.
3. Food and Agriculture Organization of the United Nations, *World Food and Agriculture*, 4.
4. “Food Security and COVID-19,” *The World Bank* online, December 14, 2020, <https://www.worldbank.org/en/topic/agriculture/brief/food-security-and-covid-19>
5. “Agricultural Cooperatives: Paving The Way for Food Security and Rural Development,” *FAO* online, 2012, <http://www.fao.org/3/ap088e/ap088e00.pdf>.
6. “Agricultural Cooperatives: Paving The Way,” under Cooperatives: a pillar for agricultural development and food security.

COVID-19: POVERTY AND FOOD INSECURITY AROUND THE GLOBE

Undoubtedly, the COVID-19 pandemic changed the world. It not only impacted and transformed every aspect of our daily lives, but had a severe economic impact on local economies and communities as well. Based on the World Bank's projection in the early summer of 2020, this global health crisis had the potential to push 71 million people (baseline scenario) into extreme poverty and food insecurity in 2020, increasing the rate from 8.23 percent in 2019 to 8.82 percent globally.⁷ It was further estimated that the new extreme poor will be concentrated in countries that were already experiencing high poverty rates like South Asia and Sub-Saharan Africa.⁸

The Food and Agriculture Organization of the United Nations (FAO) reported that COVID-19 pandemic hit the Eastern African sub-region, which includes countries like Rwanda and Uganda, at a particularly difficult time, when a number of these countries were recovering from “the impacts of recent droughts and severe flooding and dealing with the worst desert locust invasion in 25 years” (figure 1).⁹ The disruption along the agrifood value chain was felt more heavily by the local communities, particularly those that relied on agriculture as their sole source of economic income and livelihood.¹⁰ Preventative countrywide lockdown measures that restricted movements (i.e., stay-at-home orders, cross-border travel ban, etc.) disrupted access to agricultural inputs like seeds and fertilizer, caused labor shortages, “especially for high-value crops and sharecropping farmers,” and resulted in delays in delivery services and post-harvest losses.¹¹ This larger, nationwide disruption had a cascading effect and was negatively experienced at the household level (i.e., loss of job/income, reduced access to fresh and nutritious food, etc.) as well.¹² The pandemic, coupled with other natural disasters, have exacerbated the need for food security all over the world and particularly in east Africa.

Figure 1: A “Triple Menace” In East Africa: Covid-19, Locusts and Heavy Rains¹³



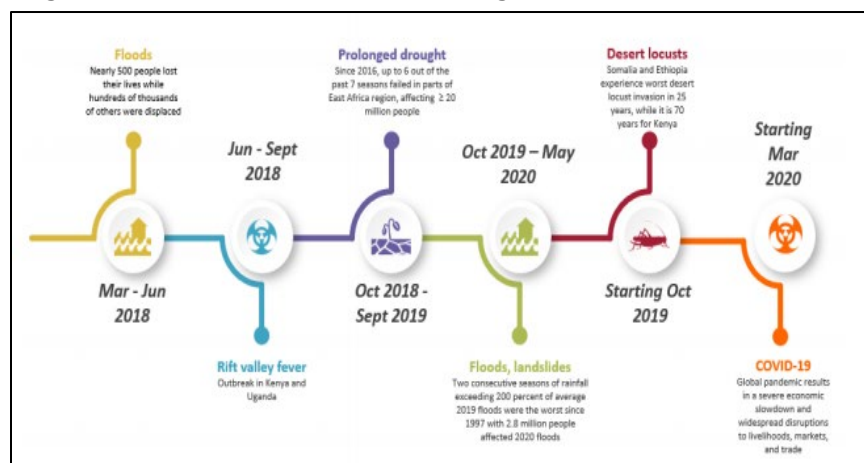
Source: FAO/Desert Locust Watch, Johns Hopkins CSSE /COVID-19 Data Repository, CHRIPS (Climate Hazards Group InfraRed Precipitation with Station data)

7. “Projected poverty impacts of COVID-19 (coronavirus),” *The World Bank* online, June 8, 2020, <https://www.worldbank.org/en/topic/poverty/brief/projected-poverty-impacts-of-covid-19>.
8. “Projected poverty impacts of COVID-19 (coronavirus),” 3rd paragraph.
9. Food and Agriculture Organization of the United Nations, *Impact of COVID-19 on agriculture, food systems and rural livelihoods in Eastern Africa: Policy and programmatic options*, (Ghana: FAO, 2020), 2, <https://reliefweb.int/sites/reliefweb.int/files/resources/CB0552EN.pdf>.
10. Food and Agriculture Organization of the United Nations, *Impact of COVID-19 on agriculture*, 3.
11. Food and Agriculture Organization of the United Nations, *Impact of COVID-19 on agriculture*, 2.
12. Food and Agriculture Organization of the United Nations, *Impact of COVID-19 on agriculture*, 4.
13. United Nations, *Policy Brief: The Impact of Covid-19 on Food Security and Nutrition*, (UN, 2020), 10, https://reliefweb.int/sites/reliefweb.int/files/resources/sg_policy_brief_on_covid_impact_on_food_security.pdf.

AGRICULTURE IN UGANDA

Agriculture is considered the backbone of Uganda's economy, employing 70% of Ugandans, with approximately 85% living in rural areas and practicing farming.¹⁴ The agriculture, forestry, fishing and hunting industry contributes approximately a quarter of the Gross Domestic Product (GDP) and agriculture products account for half of the country's exports.¹⁵ In a policy brief, prepared by the United Nations Country Team on the socioeconomic impact of COVID-19 in Uganda, it was expected that though the service and manufacturing sectors were going to be disproportionately impacted, the agriculture sector was not going to be immune either. The disruption in food supply chains was threatening food and nutritional security.¹⁶ The agricultural sector was experiencing labor shortage, "disruption in the supply of farm inputs for both crops and animals, increase in post-harvest losses, especially for perishables due to reduced demand, and price collapse; a temporary spike in prices of cereals and dry products due to panic buying and convenience for bulk storage by households".¹⁷ Though many families had lost access and their purchasing power, subsistence farmers with access to their own production had minimally weathered this health and socioeconomic storm.¹⁸ As a result, projects like the Global Livingstone Institute's agricultural cooperative initiative, which aims to create supplemental income and consequently, a sustainable livelihood for small-scale farmers in Lira, Uganda, can be essential in creating more sustainable and resilient farming communities.

Figure 2: Timeline of Recent Shocks Facing Households in Eastern Africa¹⁹



Source: FAO

14. "Making Farming More Productive and Profitable for Ugandan Farmers," *The World Bank Online*, June 2018, <https://www.worldbank.org/en/country/uganda/publication/making-farming-more-productive-and-profitable-for-ugandan-farmers>.

15. "Making Farming More Productive and Profitable for Ugandan Farmers," 5th paragraph.

16. United Nations Uganda, *Leaving No One Behind: From the Covid-19 Response to Recovery and Resilience-Building*, (Uganda: United Nations, 2020), 5.

17. United Nations Uganda, *Leaving No One Behind*, 6.

18. United Nations Uganda, *Leaving No One Behind*, 6.

19. Food and Agriculture Organization of the United Nations, *Impact of COVID-19 on agriculture*, 2.

AGRICULTURAL COOPERATIVES AROUND THE GLOBE

Cooperatives are not a new concept. At its core, a cooperative is defined as “member-controlled association for producing goods and services in which the participating members, individual farmers or households, share the risks and profits of a jointly established and owned economic enterprise”.²⁰ Agricultural cooperatives have operated with varying degrees of success around the world, in both developing and developed nations, over the past century.²¹ This farmer controlled initiative has usually developed in rural economies and has allowed farmers to transform from “self-sufficiency farming to full market production”.²² By joining forces and sharing the benefits and risks, cooperatives have empowered small scale farmers, who otherwise wouldn’t have the skills, resources, access to bigger markets, bargaining power and protection against large competitors, to improve their position and obtain better prices.

Similar to other types of cooperative organizations, the agricultural cooperatives are open and voluntary in nature. It is controlled by its members and driven by the needs and priorities set by the collective.²³ It is also democratic and independent and provides education, training and information to its members.²⁴ The surpluses generated by the cooperative is re-invested and members/farmers share the benefit and risk, proportionately to the use made by the members of the cooperative services.²⁵

Though different types of cooperatives are geared towards different services, agricultural cooperatives generally focus on input supply (seeds, fertilizer, machinery, etc.), collecting and processing of farm products (cooling, storage, ginning, etc.), marketing of products and finance (banking, credit supply, insurance, etc.).²⁶

HISTORY OF AGRICULTURAL COOPERATIVES IN UGANDA

Cooperatives, particularly agricultural co-ops, have been a part and parcel of the Ugandan society for over a century. As one of the few British Colonies, Uganda “advocated for the establishment of cooperatives as early as 1900” and a few pseudo cooperatives were formed as well.²⁷ However, with the passage of the Cooperative Ordinance of 1946, formal cooperatives began to form and after the Cooperative Societies Act of 1962, in post-colonial Uganda, the cooperative movement gained further momentum.²⁸ Albeit, the impressive success was “short-lived as political

20. Reitse Koopmans, *Starting A Cooperative: Farmer-Controlled Economic Initiatives*, (Netherlands: Agromisa Foundation, 2006), 8.

21. Reitse Koopmans, 6.

22. Reitse Koopmans, 3.

23. Reitse Koopmans, 10.

24. Reitse Koopmans, 11.

25. Reitse Koopmans, 10.

26. Reitse Koopmans, 16-17.

27. Lawrence M. Kyazze, *Cooperatives: The Sleeping Economic and Social Giants in Uganda*, (Tanzania: International Labour Organization, 2010), vii.

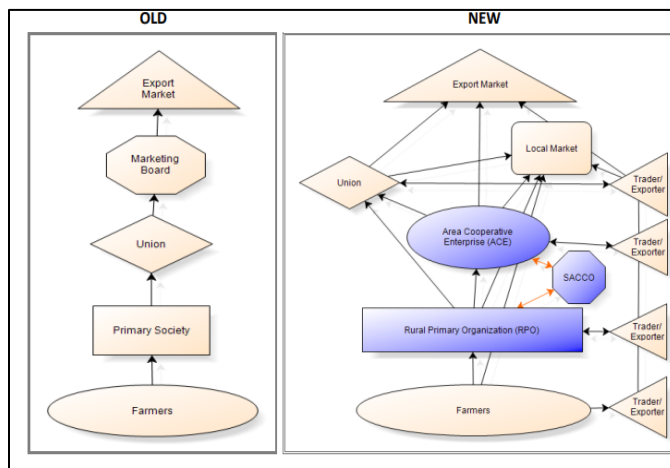
28. Lawrence M. Kyazze, vii.

interference and insecurity started to trickle in the 1970s,” setting a downward trend that continued for decades.²⁹

Today, the Ugandan government and other non-state entities are eager to revive the cooperative scene once again. The limited number of organizations that survived and remained active post the political instability, liberalization of markets in the early 1990s and gross mismanagement, have been strengthened and promoted by the government, with the greater goal of improved livelihoods and reduced poverty.³⁰ The country’s cooperatives operate under the independent umbrella of organization of cooperatives, Uganda Cooperative Alliance (UCA), and have access to financial services through the “Savings and Credit Cooperative Organizations (SACCOs) with bulk-marketing services for farmer produce through Area Cooperative Enterprises (ACEs) and Rural Producer Organizations (RPOs)”.³¹

The old and new model of cooperatives in Uganda differ substantially, with the current model expected to avoid the mistakes and pitfalls of many agricultural cooperatives in the past. While the older model was vertical and hierarchical, the restructured model brought new stakeholders, providing additional financial and marketing resources for the local farmers (figure 3).³² Under the revised model, a “tripartite system” was formed, which is the linkage between RPOs, ACEs and SACCOs.³³ “In this system, the RPOs, who are the producers, supply produce to the ACE, which looks for markets for the produce. The SACCOs provide financial assistance to the farmers, who are registered members of the SACCO, and to the ACE.”³⁴

Figure 3: Old and New Models of Agricultural Cooperative Marketing Activities in Uganda³⁵



Source: International Food Policy Research Institute

29. Lawrence M. Kyazze, *Cooperatives: The Sleeping Economic*, vii.

30. Nana Afranaa Kwapong and Patrick Lubega Korugyendo, *Revival of Agricultural Cooperatives in Uganda*, (United States: International Food Policy Research Institute, 2010), 1.

31. Nana Afranaa Kwapong and Patrick Lubega Korugyendo, 1.

32. Nana Afranaa Kwapong and Patrick Lubega Korugyendo, 2.

33. Nana Afranaa Kwapong and Patrick Lubega Korugyendo, 2.

34. Nana Afranaa Kwapong and Patrick Lubega Korugyendo, 2.

35. Nana Afranaa Kwapong and Patrick Lubega Korugyendo, 2.

PITFALLS TO AVOID AND SHARED SUCCESS FACTORS

Developing cooperatives is a complex process which requires substantial time and effort. Even with careful planning, such organizations tend to function with limited degrees of success. While some cooperatives have thrived and improved the livelihood of smallholder farmers, others' performance have been less than ideal. The failure to succeed can be attributed to multiple reasons, which the United States Department of Agriculture (USDA) has identified as ten potential pitfalls which renders cooperatives vulnerable.

These reasons include:

- Lack of clearly identified mission,
- Inadequate planning,
- Failure to use experienced advisors and consultants,
- Lack of member leadership,
- Lack of member commitment,
- Lack of competent management,
- Failure to identify and minimize risks,
- Poor assumptions,
- Lack of adequate financing, and
- Inadequate communications.³⁶

While the above mentioned reasons are self-explanatory for the most part, it is important to discuss how such pitfalls can be avoided. The USDA recommends that cooperatives should be established with a clear mission and defined goals. Consecutively, a detailed plan, which includes a feasibility study and comprehensive business plan, should be developed that clarify the path to reaching the mission and vision of the cooperative.³⁷ The USDA further suggests the use of advisors and consultants in order to save effort and expense; however, they discourage the use of external agents and advisors in leadership and decision-making roles. Rather, members and users should be fully committed and should serve in leadership and decision-making positions. Furthermore, cooperatives should be managed by experienced and dedicated individuals.³⁸ Potential risks should be identified and minimized in advance, which includes a careful study of governmental rules and regulations.³⁹ Finally, adequate financing is vital to the survival and sustainability of cooperatives. In many respects, cooperatives resemble businesses and should function and be managed as an independent profitable business unit.⁴⁰ In fact, as part of the establishing the new model in Uganda, "reformed cooperatives ensure that both the ACE and the RPO are organized as business entities with some form of self-generated revenue from commission charges, shares, and membership fees."⁴¹ This strategy ensures that a collapse in one area does not have a domino effect.

36. James J. Wadsworth, *How to Start a Cooperative*. (United States: United States Department of Agriculture, 2015), 17.

37. James J. Wadsworth, 17.

38. James J. Wadsworth, 17.

39. James J. Wadsworth, 17.

40. James J. Wadsworth, 17.

41. Nana Afranaa Kwapong and Patrick Lubega Korugyendo, 3.

The USDA also highlights some general factors for success. These include:

- Effective use of advisors and committees,
- Keeping members informed and involved,
- Maintaining good board/manager relations,
- Following sound business practices,
- Conducting businesslike meetings, and
- Forging links with other cooperatives.⁴²

Similar to other organizations, the USDA recommends the formation of a Steering Committee, where interested and experienced individuals, who better understand the language and concepts of cooperatives, can represent members. Additionally, in the case of a large group, subcommittees can be created to focus on specific areas like membership, facilities, finance, and communications.⁴³ Individuals, who represent diverse communities and backgrounds (i.e., youth, women, etc.) in these groups can be useful in managing different aspects of the cooperative, at the discretion of the board. Active membership, commitment and loyalty is essential to the success of cooperatives.⁴⁴ When individuals are informed and involved, they are more likely to take ownership and responsibility towards the cooperative's performance and conduct. As mentioned earlier, cooperatives should be managed like businesses. Therefore, cooperative's meetings must be well planned and conducted like businesses as well. In fact, establishing a reasonable quorum, where a minimum percentage of members are required to be present to conduct official business, is recommended.⁴⁵ Finally, "to get a good start, the cooperative needs to develop and install a systematic accounting system, properly organize and employ human and financial resources, prepare financial reports—including operating and capital improvement budgets—and conduct short- and long-range planning, among other business duties."⁴⁶ Sound business practices will allow the cooperative to keep track of their progress and pivot when necessary.

As a caveat, it is important to acknowledge that the USDA approaches these issues through a developed and western lens. But, it is essential that each initiative is designed to recognize and cater to the strengths and limitations of every individual country and their circumstances.

GLI AGRICULTURAL COOPERATIVE PROJECT

After conducting years of research and studies in partnership with various institutions like Cornell University, the GLI team determined the need to establish an agricultural cooperative with the purpose of supporting small scale farmers in the post-conflict region of Lira, Uganda. In an implementing partnership with Children of Peace Uganda (CPU), this project is designed to reduce poverty, improve food security and provide economic opportunity. The cooperative's goal is to support the farmers, which includes former child soldiers, by taking advantage of economies of scale. By storing large volumes of produce together in a storage warehouse for preservation (until the prices improve), farmers are not only able to reduce per-unit cost of storing, monitoring and

42. James J. Wadsworth, *How to Start a Cooperative*, 22.

43. James J. Wadsworth, 22.

44. James J. Wadsworth, 23.

45. James J. Wadsworth, 23.

46. James J. Wadsworth, 24.

transactions but can sell their products at a profit as well. Ultimately, the cooperative farmers receive a higher price for their harvest compared to what the middlemen offer to the rest of the rural communities. While increased income is an immediate outcome, many farmers are able to improve, generationally, their quality of life (i.e., increased access to health and educational opportunities) and standard of living.

Through this internship opportunity, I was tasked with conducting focused research on the role and history of agricultural cooperatives in Uganda and worldwide. By studying successful case studies from around the world, my work was intended to inform the GLI team on how to successfully transition from a pilot program this year (2020) to a well-functioning and sustainable cooperative project in the upcoming years. In addition to researching, I also completed a Lean Canvas template (see Appendix A) for the cooperative project with Jerry Amany, who serves as the project manager for this initiative. Given that business plans take too long to write, the Lean Canvas serves as a one page business plan template that helps organizations create a quick snapshot of their idea using a few basic but fundamental building blocks. My intent in conducting this exercise was to introduce a quick and useful tool to the GLI team and support the organization in thinking about the different components and key assumptions of the cooperative project moving forward.

Lean Canvas is an easily accessible, universal tool that is designed to help present a business model to a variety of audiences, including funders. By focusing on purpose, specific problems, intended impact and customer segment (blocks 1-4), the Lean Canvas places a strong emphasis on understanding and “falling in love” with the problem. Without a deeper understanding of the problem, many social enterprises spend time, money and effort, only to fail at the end. The GLI team, however, has a clear understanding of the problems that impact their customers (small scale farmers). The history of conflict in the region has posed serious challenges and has led to unequal development between the northern region and the rest of the country. Additionally, low prices due to market disparities, poor infrastructure and poor post-harvest handling mechanisms have only exacerbated these challenges.

The Lean Canvas model also pushes for organizations to question their solution, unique value proposition (UVP), and channels that will reach customers in a scalable way (blocks 5-7). Only once the organizations have a comprehensive understanding of their problem, can they design a possible solution. Ash Maurya, the creator of the Lean Canvas, describes the UVP as the marketing promise that stems from the intersection of the problem and solution blocks.⁴⁷ Through the agricultural cooperative, the GLI team certainly offers a unique combination of benefits to the farmers. Most immediately, these benefits include increased and steady income through frequent, year-round sales, technical and financial training which could lead to increased and enhanced crop production, access to larger sales markets and reputable branding and marketing status.

Lastly, the Lean Canvas addresses the sustainability of a project/venture by looking at the revenue model, cost structure, key performance indicators and unfair/competitive advantage (blocks 8-11). While the financial stability is self-explanatory, identifying and tracking key metrics can save a project from failing. Maurya, once again, notes that failure to identify the right key metrics can be catastrophic and often lead to wasteful activities, particularly when resources and funding are constrained.⁴⁸ The unfair or competitive advantage block is meant to encourage organizations to find or build their unfair advantage as this can serve as a defense mechanism against competitors in the

47. Ash Maurya, “Why Lean Canvas vs Business Model Canvas?” Leanstack, February 27, 2012, <https://blog.leanstack.com/why-lean-canvas-vs-business-model-canvas/>

48. Ash Maurya, Key Metrics.

market. The GLI team’s deep understanding of the market, demographic and problems, as well as a collaborative team culture, are certainly strengths and unique advantages.

It is important to acknowledge that this is a new endeavor for GLI and in the first year of operation. Through sensitization and training, farmers are slowly buying into the vision. The work of this project happens in a purely rural setting, and therefore, requires ample time and patience for the rural communities to grasp and buy into the idea. However, with its many strengths that serve this project and organization well, there are potential areas of growth as well.

These include:

- **Develop key performance indicators to measure the project’s intended impact.** Currently missing, a finalized set of metrics can inform GLI’s strategy and truly captures the initiative’s value added.
- **A sustainable financial model should be identified for this project as cooperatives are meant to function like businesses.** An early grant has been provided to fund the cooperative’s initial programming, but a subsequent funding strategy should be identified, until the cooperative reaches a self-sustaining and revenue generating level.

The GLI team has already recruited over 200 farmers to pilot this program. Understanding the farmers and the community in Lira, along with the CPU partnership, and a strong market network are some of this project’s biggest strengths. The technical and financial training as well as the GLI/CPU marketing and branding will serve the farmers and this cooperative well and make the farmers stand out from the rest of the community members who are involved in agricultural practices.

INSIGHTS FROM OTHER AGRICULTURAL COOPERATIVE MODELS

There are a wide array of successful cooperatives and social enterprises that support farmers at different stages along the production chain. Given GLI’s goal of increasing access to market and training for farmers, some of the organizations discussed below might serve as a source of inspiration and ideas for the organization.

ONE ACRE FUND

One Acre Fund is a non-profit social enterprise that “supplies financing and training to help smallholders grow their way out of hunger and build lasting pathways to prosperity.”⁴⁹ Founded in 2006, the organization serves over one million farm families, with more than 5 million people living in those families. The organization operates in Kenya, Rwanda, Burundi, Tanzania, Uganda, Malawi, and Zambia. Similar to the work of agricultural cooperatives, One Acre Fund takes a holistic, longer-term approach. Using a market-based model, the organization tackles the entire production chain, so farmers are not missing a link.⁵⁰ First, farmers receive high-quality seeds and fertilizers on credit, with a flexible repayment system. This revenue-generating model covers 70 percent of One Acre Fund’s field expenses, with donor dollars covering the rest. Second, these inputs are delivered to locations close to the farmers. Given the importance of agricultural education, farmers then receive

49. “About Us,” *One Acre Fund* online, October 30th, 2020, <https://oneacrefund.org/about-us/>.

50. “Our Model,” *One Acre Fund* online, October 30th, 2020, <https://oneacrefund.org/what-we-do/our-model/>.

training throughout the season on modern agricultural techniques. And finally, the organization offers “crop storage solution and teaches farmers about market fluctuations, so that they can time crop sales to maximize profits.”⁵¹

Positive impact has served as the North Star for One Acre Fund since its inception. As a result, they religiously measure their impact, which allows them to adjust to the needs of their famers accordingly. Given that the Lean Canvas exercise indicated developing performance indicators as an area of growth, the GLI team could use this organization as a source of inspiration.

For every country and program, the One Acre Fund team attempts to measure total impact which is the number of farmers times (x) impact per farmer. They define impact as \$USD of new profit generated for farmers but are continuously looking at quality-of-life metrics like hunger and school attainment. For more detailed information on each of the metrics below (see figure 4), please visit their impact dashboard [website](#).⁵²

Figure 4: One Acre Fund Impact Dashboard⁵³

	2016 Actual	2017 Actual	2018 Actual	2019 Actual
Scale Farm families served	445,630	614,800	809,800	1,004,700
Scale Full-time staff (95% rural jobs created)	5,400	6,600	7,300	8,280
Impact*** \$ gain in farmer income (annual + asset impact)	\$114	\$140	\$91****	\$96 ****
Impact*** % gain in farmer income (annual + asset impact)	56%	53%	42%****	44%****
Sustainability % loan repayment	99%	98%	97%	97%
Sustainability % field sustainability	73%*	69%**	71%	73%

Source: One Acre Fund

INTERNATIONAL DEVELOPMENT ENTERPRISES (iDE) – AGRICULTURE

Similar to One Acre Fund, the iDE group too takes a holistic approach and business mindset to support poor farmers across 14 different countries. Like GLI’s agricultural cooperative initiative, iDE’s goal is to increase poor farmers’ quality of life by increasing their income. In addition to providing customized resource-smart technologies⁵⁴ like solar pumps and micro-irrigation, iDE teaches farmers to form collectives - a Commercial Pocket- that increases their purchasing power and attracts buyers.⁵⁵ For example, in Nepal, the iDE team connects farmers who are growing and selling high-value crops to suppliers and buyers. Through “Collection Centers,” farmers can come together to not only gather their harvests but share market information and agricultural methods and techniques as well.⁵⁶ Furthermore, the organization works with Farm Business Advisors (FBAs),

51. *One Acre Fund* online.

52. *One Acre Fund* online.

53. *One Acre Fund* online

54. “Resource-smart Technology,” *iDE* online, October 30th, 2020, <https://www.ideglobal.org/story/resource-smart-technology>.

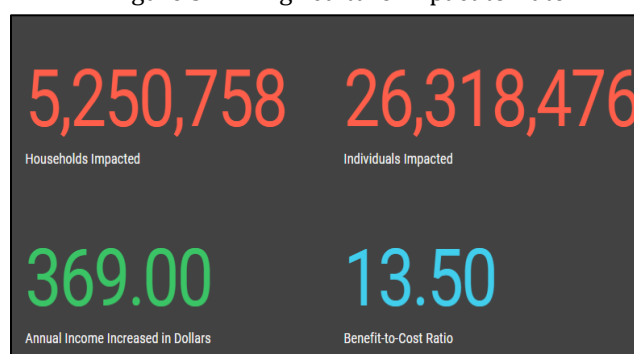
55. “Power in Numbers,” *iDE* online, October 30th, 2020, <https://www.ideglobal.org/story/access-to-markets>.

56. *iDE* online, Collective Action.

who are “entrepreneurs who go door-to-door and field-to-field, supporting small-scale farmers to grow crops that can be sold for attractive returns.”⁵⁷ Working alongside farmers in remote areas, the FBAs offer problem solutions and growth strategies unique to each farmer. They sell input and agricultural tools, earning commission on each sale. The GLI agricultural cooperative initiative too could employ such individuals who could provide constant and customized support to the cooperative members.

Like all successful organizations, iDE also measures three high-level key performance indicators for organizational and country-level performances. These are: scale, impact and cost-effectiveness. Scale is the number of individuals and households served. Impact measures the average annual net household increase in both income and savings. iDE farmers see an annual income gain of \$386. And finally, iDE promises a minimum cost-effectiveness ratio of 10:1 to their donors, which means that for every one dollar invested in iDE programs, it will result in at least a \$10 increase in annual income for farmers.⁵⁸

Figure 5: iDE Agriculture Impact to Date⁵⁹



Source: iDE – Agriculture

MYAGRO

With a mission to increase the incomes of one million smallholder farmers by \$1.50 a day by 2025, myAgro was founded in 2011. The winner of the prestigious Skoll Award in 2018, myAgro “uses a mobile layaway model that enables smallholder farmers in West Africa to invest their own funds in high-quality seed, fertilizer, and agricultural training to increase their harvests and income.”⁶⁰ The organization tackles the cash flow problem that often faces small scale farmers. Most often, farmers have earnings at harvest time but are often cash poor in planting season. Using a business model that utilizes a mobile layaway plan, where the farmers save earnings from harvest time and reinvest in the planting season, myAgro currently serves 89,000 farmers and has helped 120,000 farmers and their families out of poverty.⁶¹ The organization’s model has increased farmers’ net income by \$150-

57. *iDE* online, Collective Action

58. *DE* online, Our Impact.

59. *iDE* online, Our Impact.

60. Bruce Usher, “MyAgro: Planting the Seeds of Opportunity,” Columbia Business School, 2019, <https://www8.gsb.columbia.edu/caseworks/node/723>.

61. “myAgro in Numbers,” *myAgro* online, October 30, 2020, <https://www.myagro.org/>.

\$300 and has scaled to three countries (Mali, Senegal and Tanzania). myAgro’s success in scaling can be traced to their strategy of innovation, testing and scaling. The organization starts with desk research and collaboration with research institutes. Before fully launching a new product, myAgro pilots with 30-100 farmers.⁶² If successful, it is then expanded to a few hundred farmers. If it proves impactful, the programs are launched more widely and training materials are developed.⁶³ The GLI cooperative initiative can certainly use this de-risking approach when initiating new programming within the project as well.

BABBAN GONA

Similar to myAgro, Babban Gona is an organization that aims to move one million farmers out of poverty by 2025. The organization won the Skoll Award in 2017. Located in Nigeria, Babban Gona tackles the issues of low economies of scale by focusing on four different areas: financial services, agricultural input services, training and development and marketing services.⁶⁴

Through innovative approaches to de-risk members, the organization raises cost effective capital to finance the farmers. They provide agricultural input, ensuring that farmers reach optimal levels of productivity and quality with minimal environmental impact.⁶⁵ In addition to credit and input, the farmers receive appropriate training on planting and harvesting and access to good markets. Through partnerships, Babban Gona offers several opportunities for agricultural companies, who can be input suppliers and purchase high quality maize. So far, the organization has managed to disburse 16,000 profitable loans with 99 percent loan repayment rate.⁶⁶ Their holistic model and offerings appear closest to GLI’s project goal; therefore, it can surely serve as an inspiration.

Figure 6: Babban Gona Service Delivery Model⁶⁷

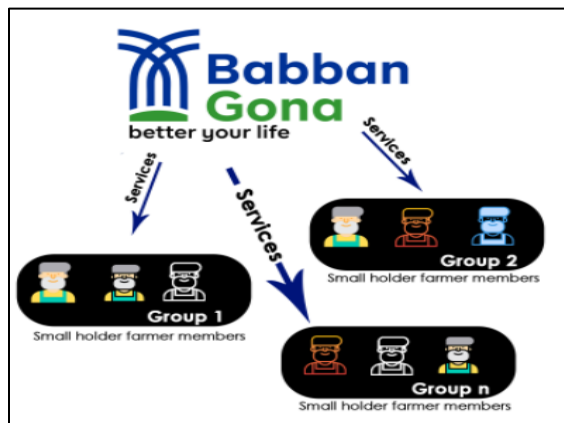


Figure 7: Babban Gona Franchise Model⁶⁸



62. myAgro online, Our Model of Impact.

63. myAgro online, Our Model of Impact.

64. "Our Focus," Babban Gona online, October 30, 2020, <https://babbangona.com/>.

65. Babban Gona online, Our Model.

66. Babban Gona online, Our Impact.

67. Babban Gona online, Our Model.

68. Babban Gona online, Our Model.

CONCLUSION

Agriculture serves as the job creation engine for billions of people across the world and low economies of scale is a major challenge that keeps families in endless cycle of poverty. As an answer, agricultural cooperatives have the potential to reduce cost by increasing the scale of economies and therefore, compete with larger corporations. Though agricultural cooperatives do not directly employ outsiders, it creates jobs among its members. For example, in 2008, UCA employed 80 people but created 4, 995 jobs for its members. These jobs were created in different economic activities like crop production, animal husbandry, retail trading and boda-boda taxi transport.⁶⁹ Additionally, cooperatives can generate and increase income for its members. This increase in revenue not only has direct impact but is essential in improving quality of life in the forms of paid school fees and building of permanent houses, shops and salons.⁷⁰ Clearly, this impact goes beyond the individual level and can lead to the development of entire communities. Uganda is an agricultural country and the promotion and rejuvenation of cooperatives can lead to great successes. It is important, however, that cooperatives are seen and operated as private businesses that are owned and controlled by its members. To ensure its sustainability, the cooperative should be pursued through a bottoms up, rather than a top down approach. Its objective should be primarily economic and if successful, it has the potential to play a critical role in rural development. The GLI agricultural cooperative initiative has the potential to serve thousands of farmers in various communities of Lira and subsequent locations. By staying true to its motto of Listen. Think. Act., the organization can build this cooperative to be truly by the people and for the people.

69. Lawrence M. Kyazze, *Cooperatives: The Sleeping Economic*, 24.

70. Lawrence M. Kyazze, *Cooperatives: The Sleeping Economic*, 25.

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Exhibit A

Purpose

Your reason for doing this venture, clearly defined in terms of the social or environmental problems you want to solve.

- Support small scale farmers in post-conflict region of Lira to help reduce poverty, improve food security, and provide economic opportunity (SDG 1, SDG 2, SDG8).

1

Impact

What is the intended social or environmental impact of your venture?

- Increase access to market and training through the formation of an agricultural cooperative in order to create supplemental income and subsequently, sustainable livelihood for small-scale farmers in post-conflict region of Lira.
- Theory of Change: By providing a collaborative/coordinated marketing and structured access to markets, the COOP will improve farmers' incomes through sales of their agricultural products.

2

Problem

What are the specific problems each of the different customer types face?

- Conflict ridden region pose challenges not only for the former child soldiers but the neighborhood as well
- What are other economic obstacles and challenges they face?
- Is transportation from Lira (a remote area) to Kampala an issue?
- Is access to market an issue?
- What kind of resource scarcity they face?

4

Solution

What is your product or service?

- Forming an agricultural cooperative that will provide easy access to market and training

6

Unique Value Proposition

What is the unique combination of benefits your product or service will offer to overcome problems the customer has?

This is from the perspective of customers-

- Increased and steady income through frequent, year-round sales
- Benefits of having a GI/COOP branding/marketing
- Connection to the larger sales markets
- Access to training (what kind of training? And how will it add value?)
 - Financial literacy/training/creation of saving accounts?
- Possibly access to better education or health care opportunities for families as a result of being involved in the CO-OP
- Access to exclusive market information? Weather information? Any additional benefits?

5

Unfair Advantage

Why will this venture succeed ahead of the competition?

- Local staff and understanding of demographic and problem
- Collaborative team culture
- Connection to market and other training resources

11

Customer Segments

Who do you need to serve to make your business model work?

- Small Scale Farmers (former child soldiers, women, older folks)
 - Rural or Urban?
 - What are their powers and characteristics?
 - Funders/Donors (they need to see evidence of impact and cost effectiveness)
 - Children of Peace as partner - what are they looking for? What is in this for them?
- Which customers will move first?
- Small Scale Farmers
 - Why would they be the first ones to accept?

3

Existing Alternatives

How are these currently being solved?

- There aren't (?) - these farmers only have access to local sellers with not much profit or revenue
- If transportation is an issue, do they drive now to get to the market? Is the goal to take advantage of GI resources?

Key Metrics

What are the numbers that will show your business model is working?

- Increased volume of sales and price over time
- Ability to provide products on demand
- Marketing increased sales due to branding advantage? Brand recognition?
- Increased number of households and individuals impacted
- Annual income increased (compared to base of \$50-\$100)

10

Cost Structure

What are the major costs associated with running this social enterprise.

- Cost of training resources
- Cost of potential equipments? Rent of space?
- Overhead cost of maintaining the cooperative (salaried staff?)

9

Revenue

What are the ongoing flows of income that will create financial sustainability for this venture?

- Initial grant to start the project
- Farmers pay?
- Donations/Loans?
- Mix of grants and revenue?

8