

Form co-operative to benefit from agribusiness

EDITOR: The importance of agricultural co-operatives in improving the lives of millions of smallholder farmers and their families cannot be overstated, considering that at the last reading of the National Budget, the estimated allocation for agriculture is sh883b, 3.3% of the total budget. This sector employs 66% of households in Uganda.

The World Bank estimates that the true level of poverty in Uganda is at 33%, arguing that the Government national rate of 19.7% is based on old parameters that were first used in the early 1990s. Earlier this year Oxfam reported that 10% of Uganda's richest own 35% of the country's wealth.

For the Agribusiness Development Centre (ADC) which works with Farmer Based Organisations (FBOs) and SME's in agribusiness, the prospect of

a sustainable future by making them bankable, is a necessity.

Commercial banks have credit schemes for agriculture, however; they are facing challenges that the farmers end up defaulting on the loans since they don't know how to manage them. It is intended by ADC to bridge the finance literacy gap in the reduction of poverty in Uganda.

Were farmers to be trained in management, governance and financial skills in respect of efficiency and creating economies of scale, we would be guaranteed development of strong organisations with the right expertise in so far as access to finance and markets is concerned. Farmers are empowered by being a part of a larger group, as small holder farmers can negotiate better terms and higher/guaranteed

prices in contract farming and lower prices for inputs such as seeds, fertilizer and equipment thus increasing their profit margins. FBOs being shareholder driven in governance and composition, periodic earning through dividends will address the question of sustainability.

Therefore, farmers willing to work with the ADC whose ultimate goal is to make the farmer groups bankable should not be reluctant since there is the involvement of the Rabobank Foundation, dfcu Bank whose aim is to ease access to finance and make credit more affordable for agricultural players.

My advice to farmers is to organise themselves into cluster groups so that they can be able to participate in the achievement of the Vision 2040.

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PICTURE BY RONNIE KIJJAMI

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