Ministry of Agriculture
Animal Industry and Fisheries

WORLD BANK

Analysing the performance and capacity of Rural Producer Organizations (RPOs) in Uganda

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By: Enterprise Uganda

The motivation of the study

▶ Uganda's aspiration to transform from **subsistence to commercial** agricultural need to be characterized by small holder farmers **joining and building strong Rural Producer Organizations (RPOs)**.

▶ It is critical to understand the **capacity and organization** of these RPOs in order to support them with appropriate extension services to enable them commercialise and grow.

▶ This study sought to highlight the performance and capacity of Rural Producer Organizations (RPOs) in Uganda using the **Producer Organization Sustainability Assessment (POSA) Tool**.

Producer Organisation Sustainability Assessment (POSA) tool

The Producer Organisation Sustainability Assessment (POSA) tool was designed to guide RPOs in undertaking periodic self-assessments by scoring them out of 100% to; gauge/predict their progress towards sustainability, identify and prioritize gaps that need to be addressed in order for the RPO to gradually grow into a mature and sustainable collective business. The tool covered six priority sustainability dimensions for an organization of smallholder producers namely:

- Financial health;

- Engagement with output buyers;

- Effective and transparent PO leadership and management;

- Access to production inputs and services;

- Relations with external environment; and

- Member loyalty.

Material and Methods:

▶ The study applied the Producer Organization Sustainability Assessment (POSA) Tool that assesses the performance and capacity of Rural Producer Organizations (RPOs) against the 6 dimensions mentioned above.

▶ The POSA tool categorised the RPOs in 5 stages of development from the lowest capacity(Stage I) to the highest capacity(Stage IV). The stages include; Stage 1(0-20%), Stage II(20-40%), Stage III(40-60%), Stage IV(60-80%) and Stage V(80-100%).

▶ A descriptive research design was adopted for the study and a structured questionnaire (POSA Tool) was administered to RPO leaders.

METHODOLOGY

▶ Descriptive research design adopted

▶ Qualitative information was obtained through interactions with FO leaders.

▶ High level descriptive analysis

▶ A team of 6 interviewers were trained using the POSA tool manual

▶ Pretesting of the tool was done on 12 FOs in Iganga district

▶ A total of 471 out 567 FOs responded to the survey accurately without coercion.

▶ Response rate-83%.

▶ Data extraction and Data analysis

Response Rate

Data collection point	CLUSTER	DISTRICTS	Target RPOs	Actual Responded	Response rate
Iganga	Cluster 2	Iganga, Bugiri, Namutumba, Bugweri	58	42	72.4
	Cluster 3	Tororo, Butaleja, Pallisa, Butebo	39	22	56.4
Mbale	Cluster 4	Mbale, Kapchorwa, Bukwo	33	29	87.9
	Cluster 5	Soroti, Serere, Kumi	34	33	97.1
Gulu	Cluster 6	Gulu, Amuru, Nwoya, Omoro.	42	36	85.7
	Cluster 12	Nebbi, Arua, Maracha, Yumbe, Pakwach, Madi Okollo.	30	30	100
Kiryandongo	Cluster 7	Apac, Kole, Oyam, Kwania, Dokolo, Lira	44	44	100
	Cluster 10	Hoima, Masindi, Kiryandongo, Kikuube	27	27	100
Mubende	Cluster 1	Kalungu, Kyotera, Masaka, Mpigi, Rakai.	76	69	90.8
	Cluster 9	Mubende,Kyenjojo,Kyegegwa,Kakumiro,Kagadi,Kibaale,Kassanda	52	40	76.9
Mbarara	Cluster 8	Kabarole, Kasese, Kitagwenda, Bunyangabu, Kamwenge	41	41	100
	Cluster 11	Isingiro, Bushenyi, Ntungamo, Rukiga, Kabale, Rubanda	91	58	63.7
TOTAL			**567**	**471**	**83.1**

RPO Stage of operation

Stage	Score Range	No. of RPOs	Percentage of RPOs
Stage I	0-20	4	0.8%
Stage II	21-40	82	17.4%
Stage III	41-60	228	48.4%
Stage IV	61-80	151	32.1%
Stage V	81-100	6	1.3%
Total		471	100.0%

RPO Summary data by dimension

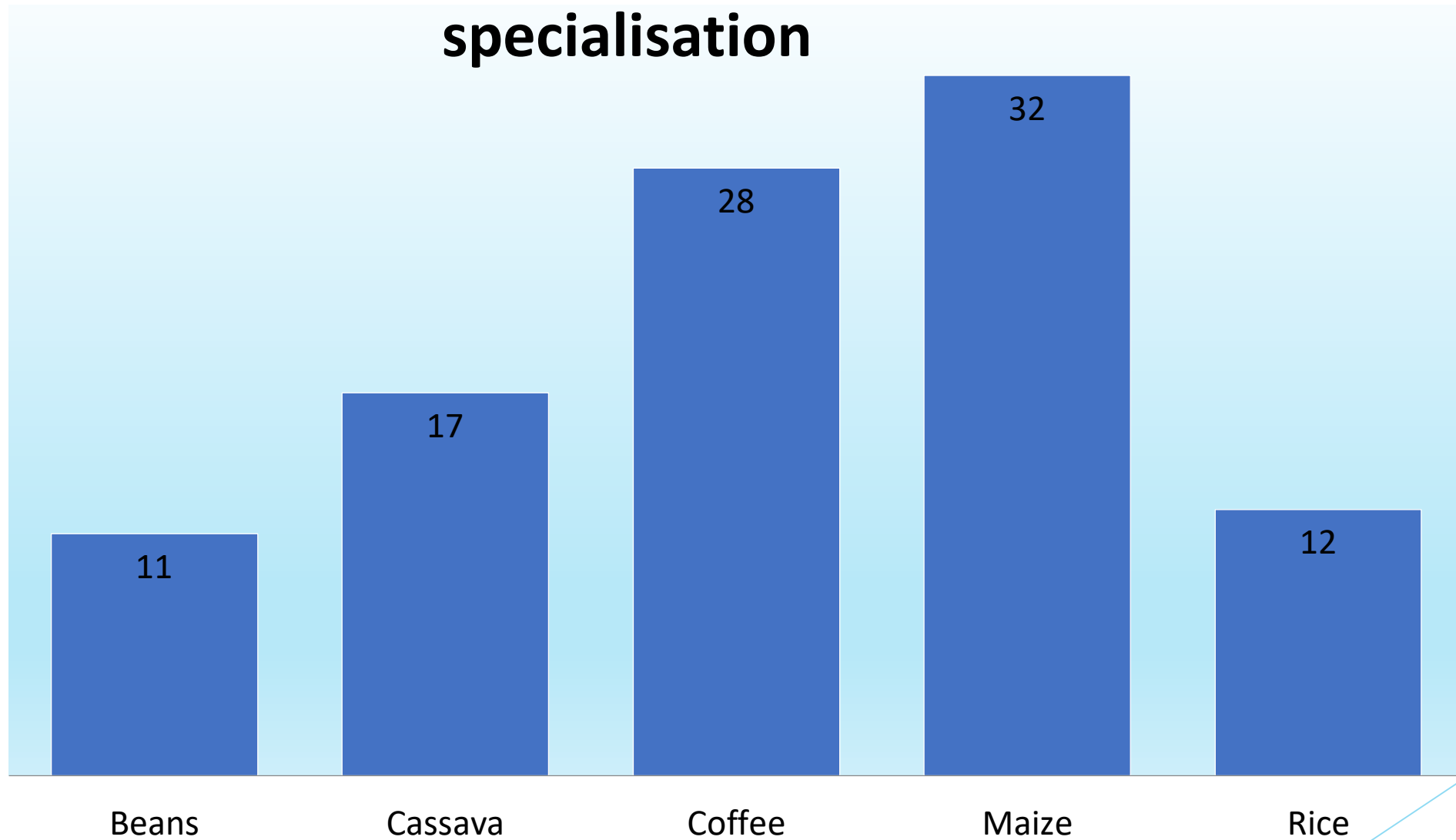| Dimension	Average score (%)	Percentage of RPOs scoring above 50%
Financial health	61.3	68
Access to production inputs and services	54.4	61
Effective and transparent PO leadership and management	52.4	52
Member loyalty	51.5	54
Engagement with output market	51.4	48
Relationship with external environment	49.8	55
Average PO score	53.4	

Score of RPOs by dimension
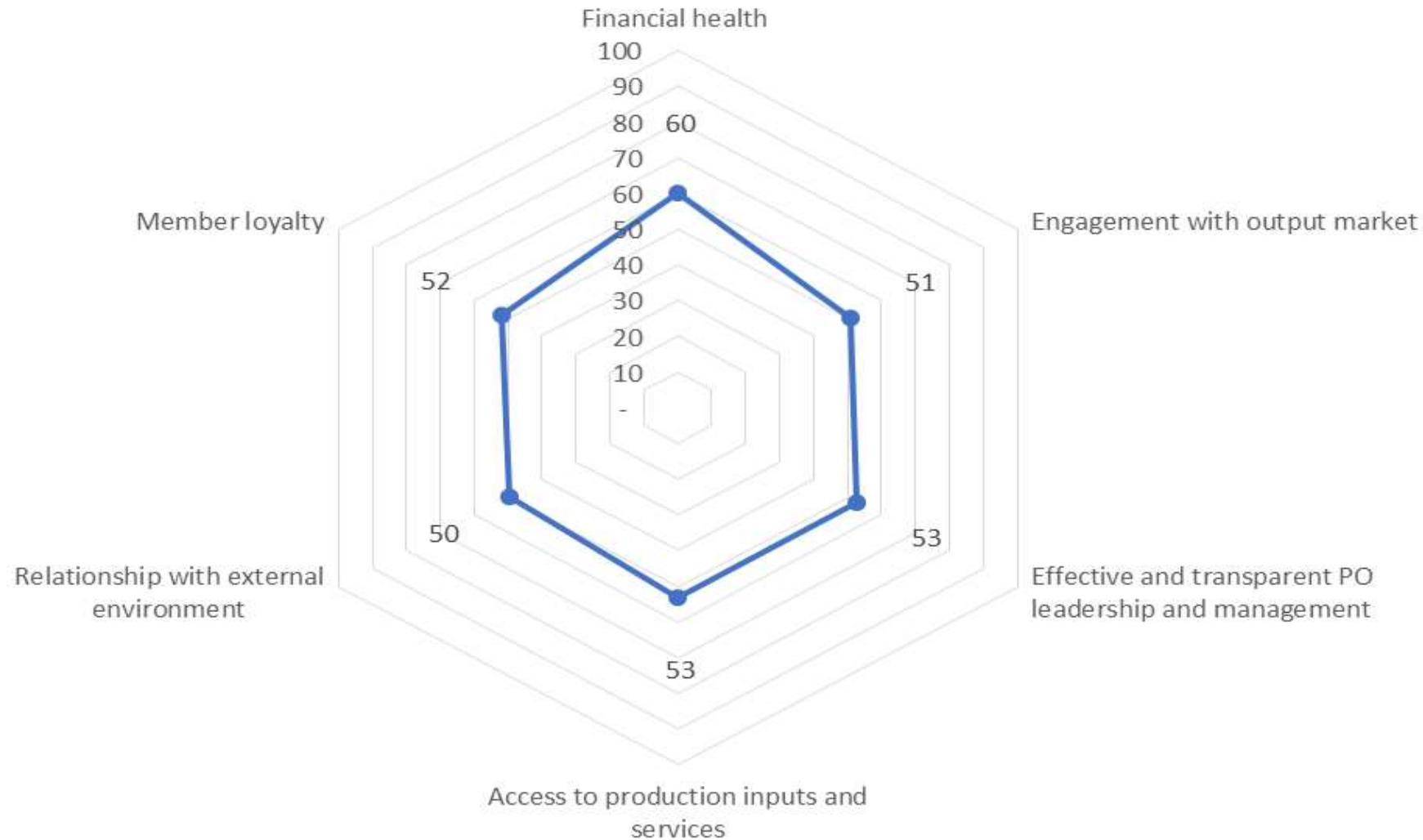
Weak vs Strong sub-dimensions
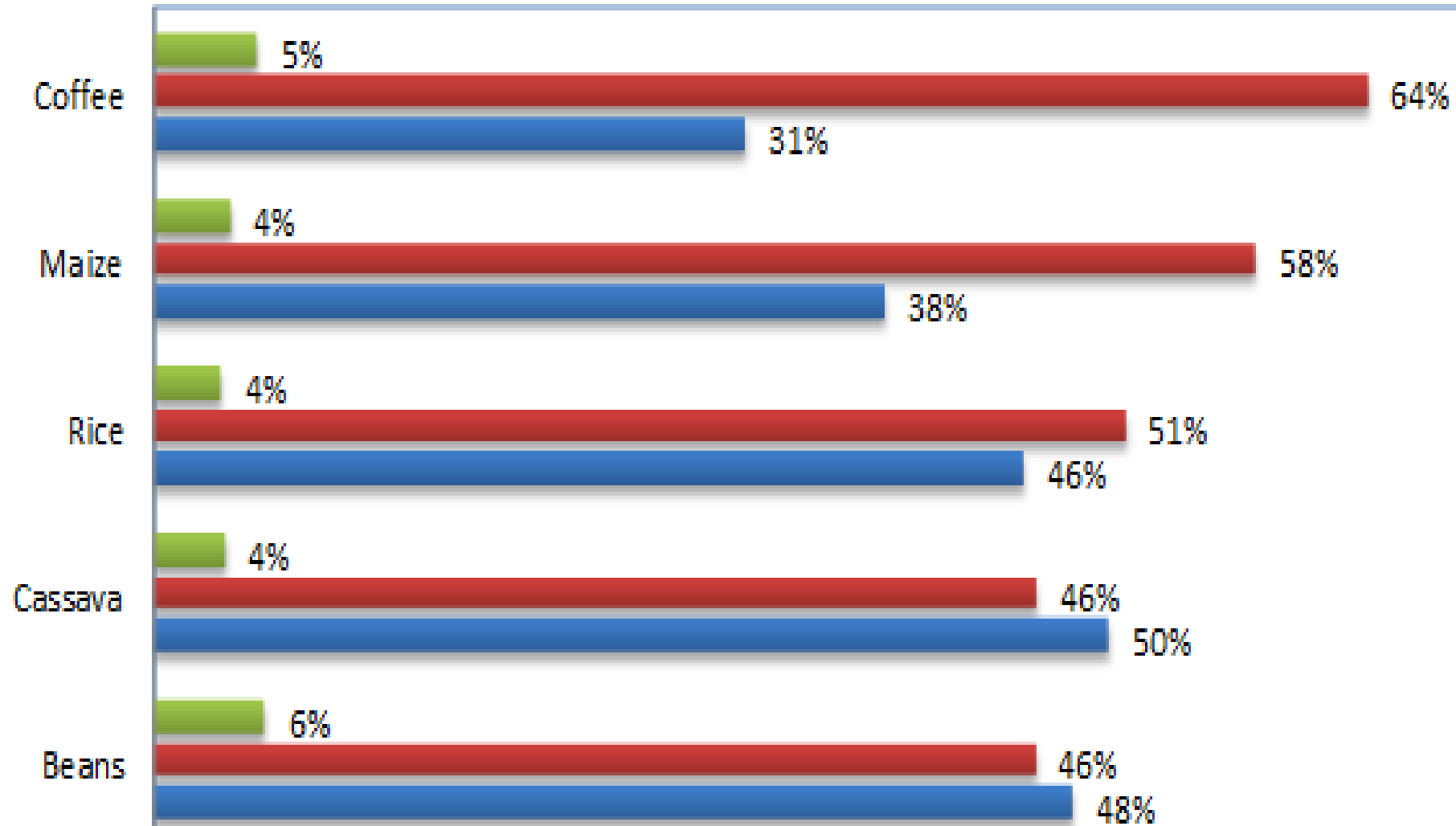
% of FOs scoring above 50% by sub-dimension

Sub-dimension	Value
Legal status	99
Leadership	87
Produce quality	82
Extension structure	80
Liquidity	79
Ownership	78
Capital structure	76
Partnership with actors	74
Corporate social responsibility	73
Representation and participation	72
Post-harvest handling	63
Financial services	59
Producers	52
Profitability	50
Effective PO supervision and control	48
Production inputs	44
Member loyalty programs	40
Patronage	37
Market reliability	28
Effective PO management	24
Risk management	19

% Distribution of RPOs by crop specialisation

Commodity Vs Total score

■ Above 75 ■ 50-75 ■ 25-50

Coffee
5%
64%
31%

Maize
4%
58%
38%

Rice
4%
51%
46%

Cassava
4%
46%
50%

Beans
6%
46%
48%

Commodity Vs Stages of operation

Commodity	Stage IV & V	Stage III	Stage I & II
Maize	38.7%	44.7%	16.7%
Coffee	37.3%	48.8%	14.0%
Rice	31.6%	50.9%	17.5%
Beans	25.0%	51.9%	23.1%
Cassava	24.4%	50.0%	25.6%
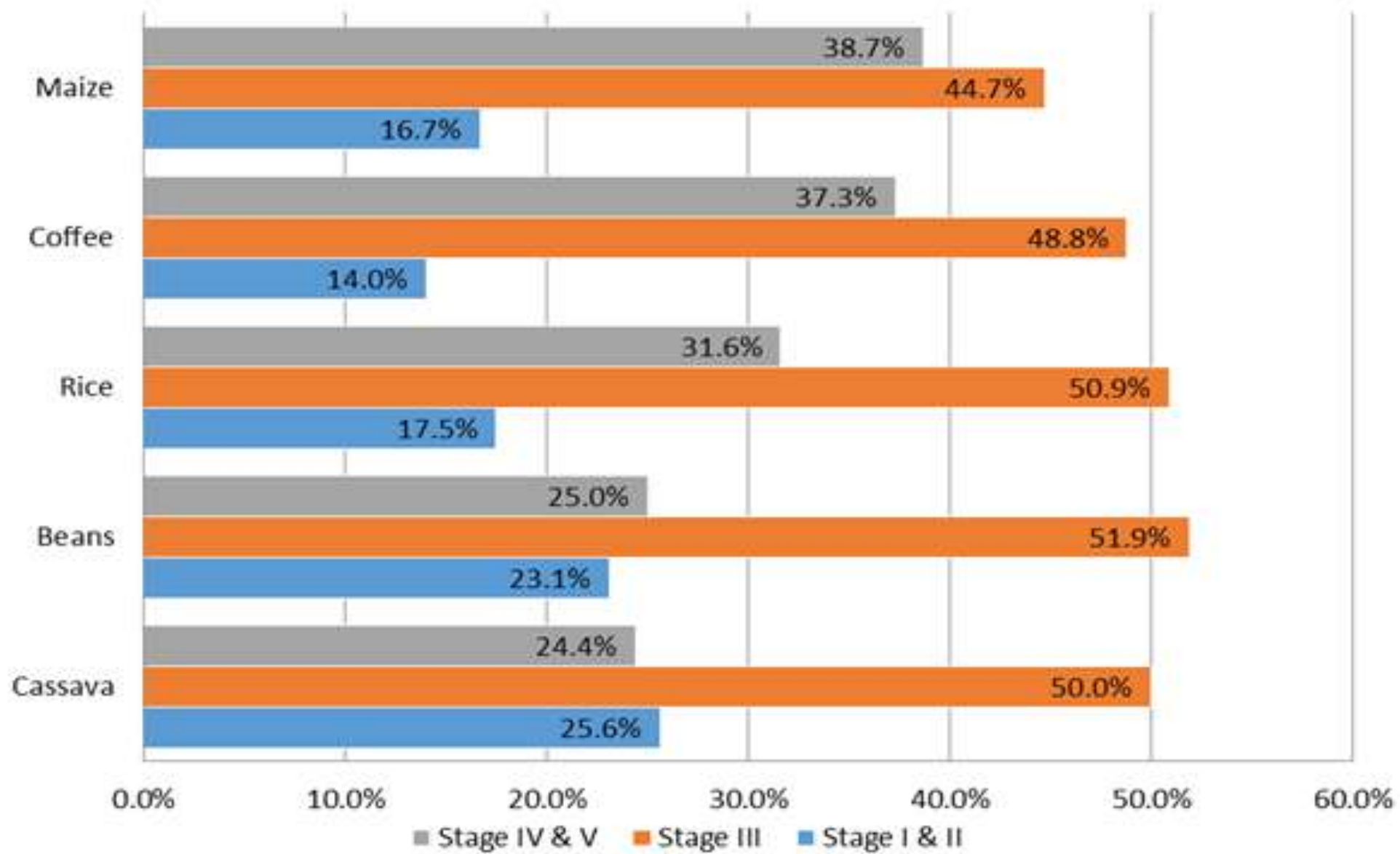
PO type Vs Total score
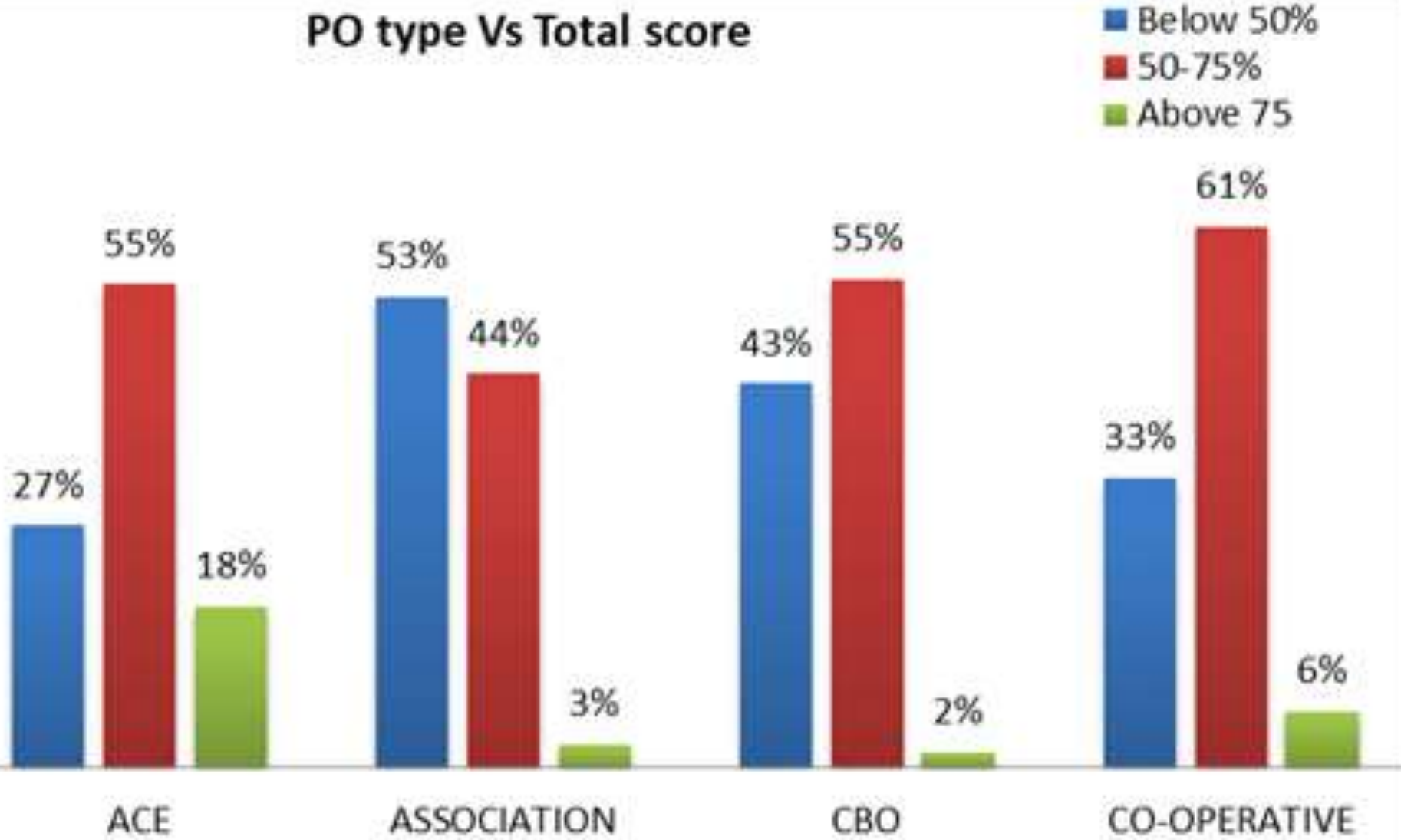
Rural Producer Organisation registration status

Area Cooperative 2%

Association 25%
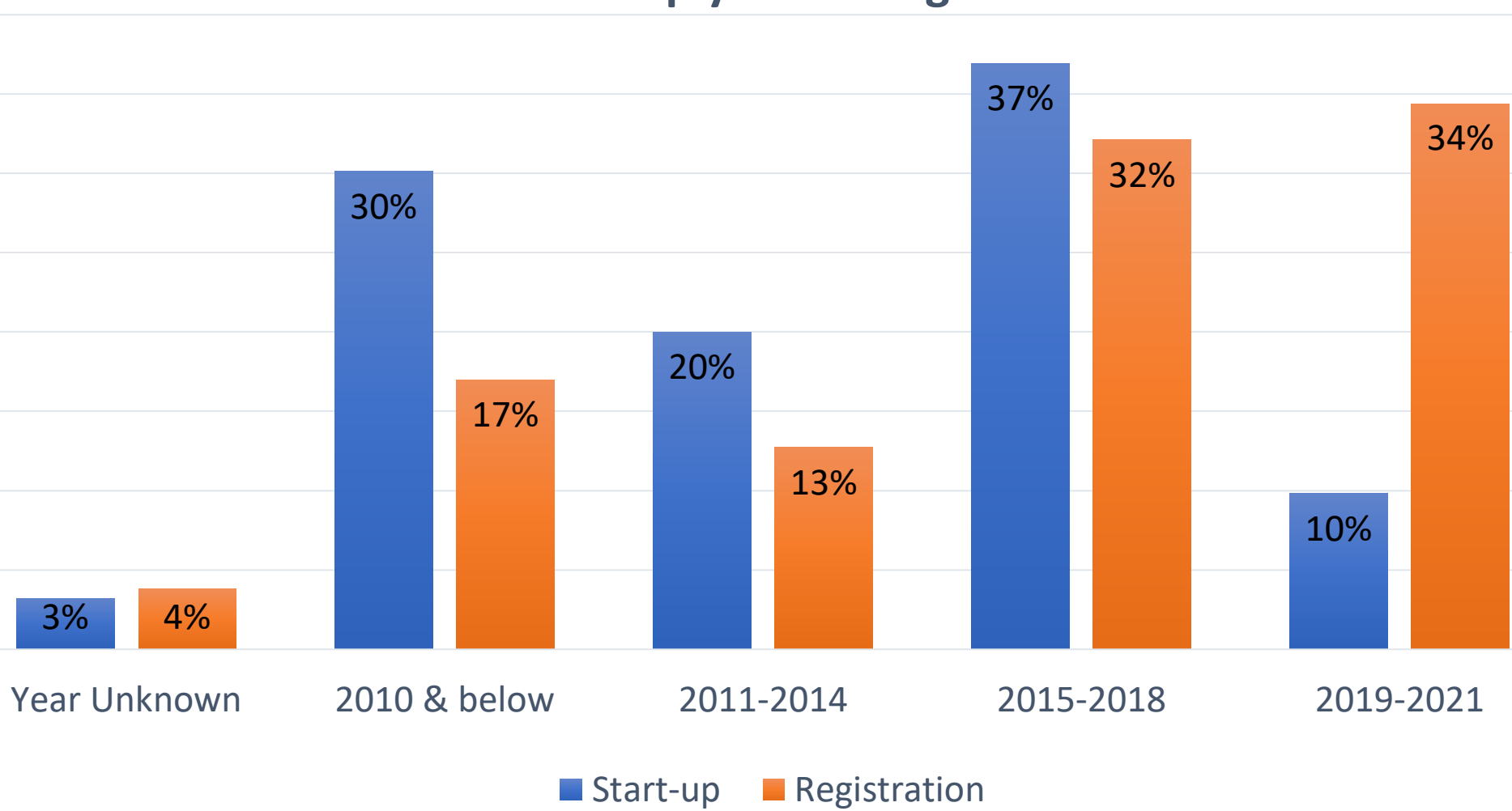
Co-Operative 47%

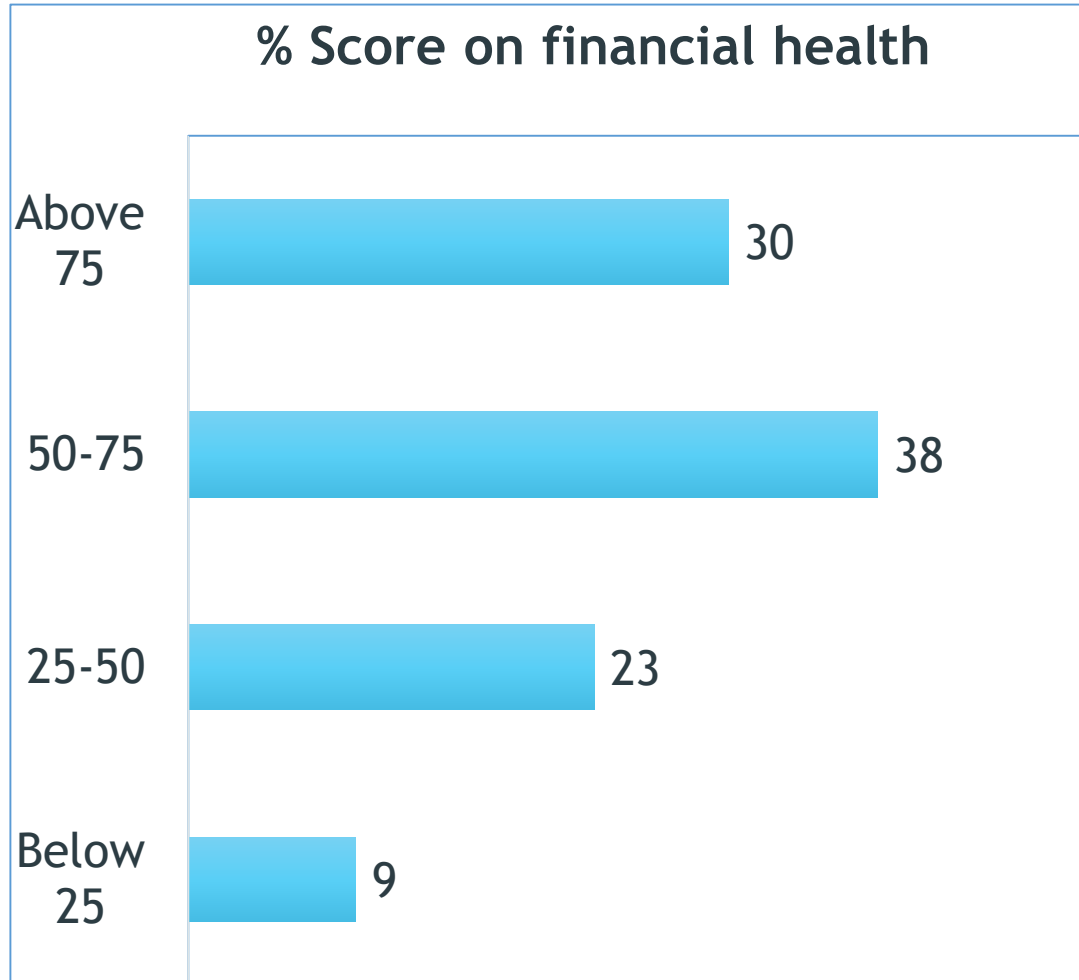Community Based Organisation 26%
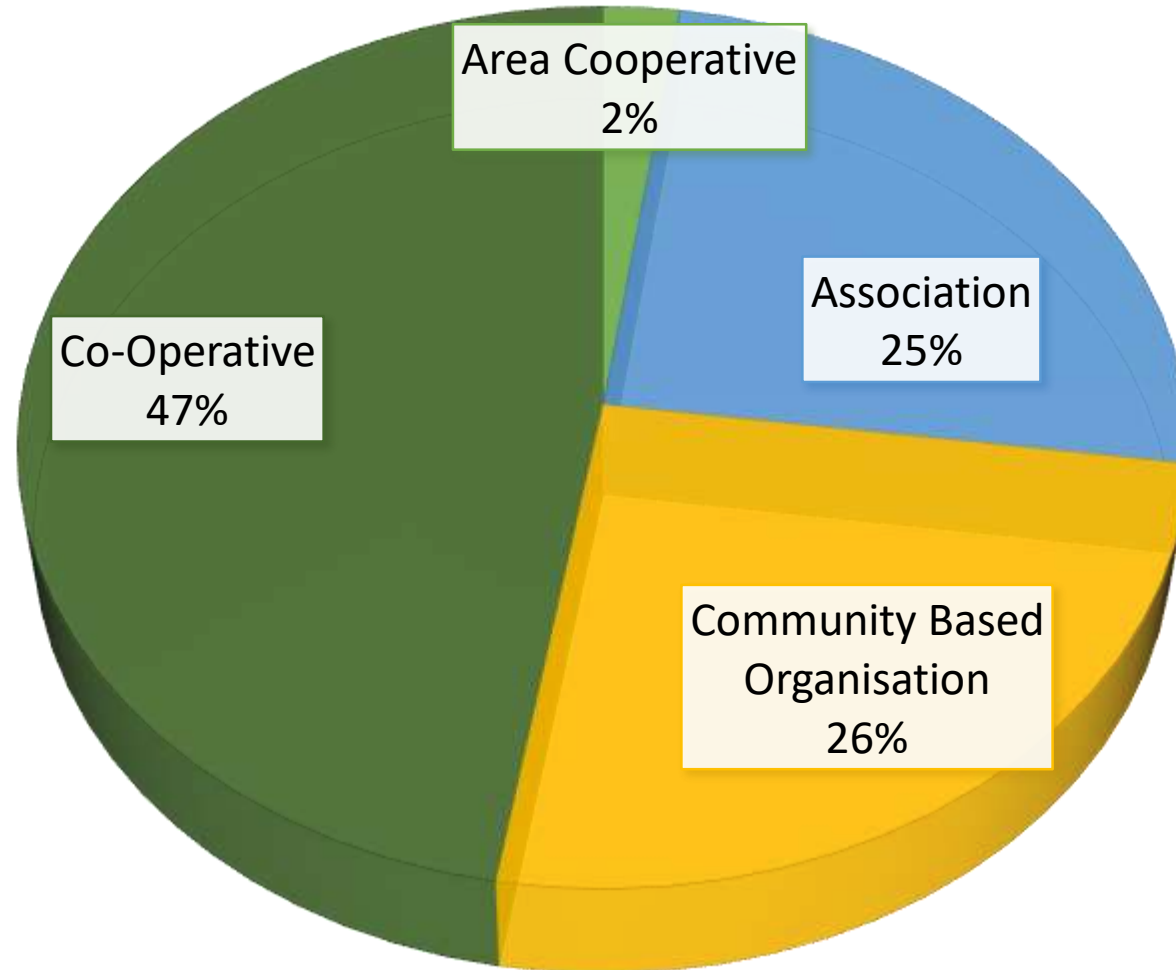
Group membership
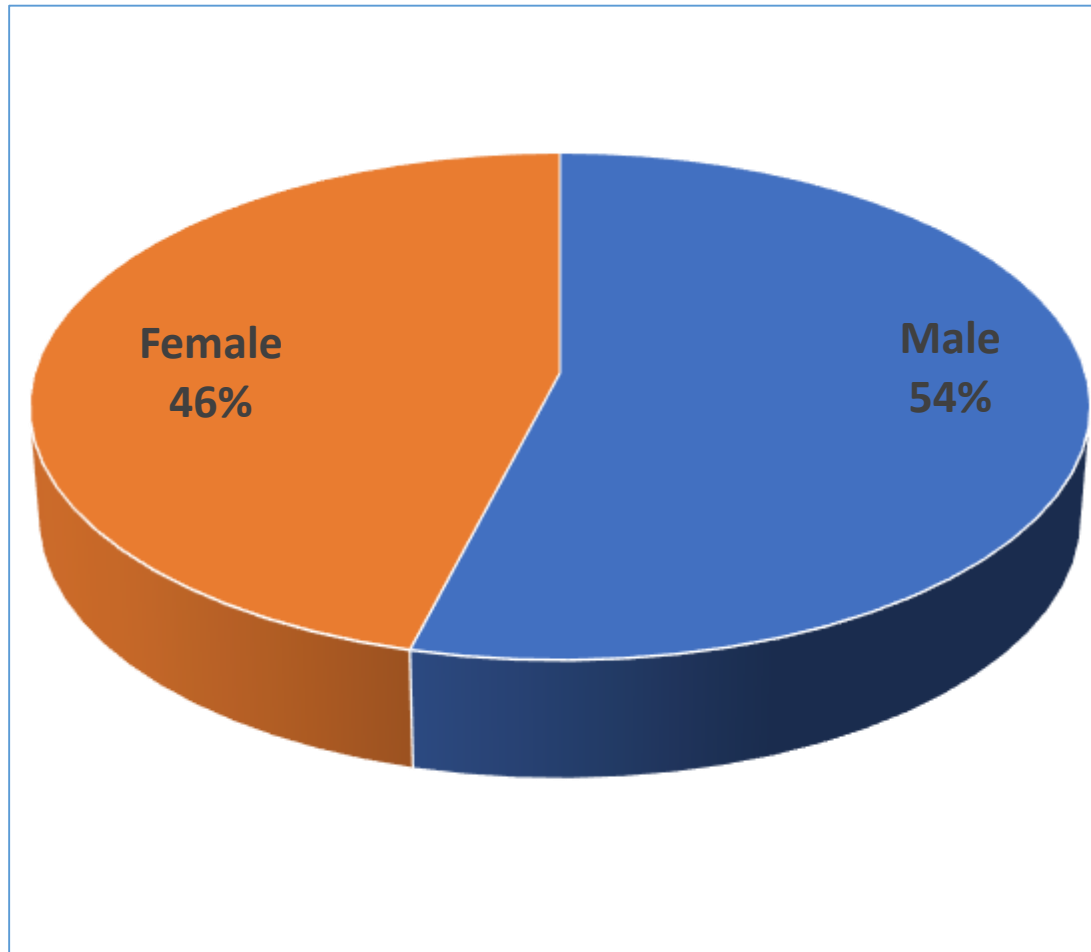
- ▶ **174,465** members
- ▶ **79,477** (46%) females
- ▶ **94,988** (54%) males
- ▶ **53,073** (30%) youth
- ▶ **2,997** (1.7%) people with disabilities (PWDs).

FO Start-up year Vs Registration

Financial health/Sustainability dimension

% Score on financial health

| Category	Value
Above 75	30
50-75	38
25-50	23
Below 25	9

- ▶ 50% of RPOs scored less than 50% on profitability

- ▶ There was a noticeable relationship between year of establishment and profitability.

- ▶ 30% of the RPOs hadn't sold anything together as a group pointing to a limited experience in bulking and selling jointly.
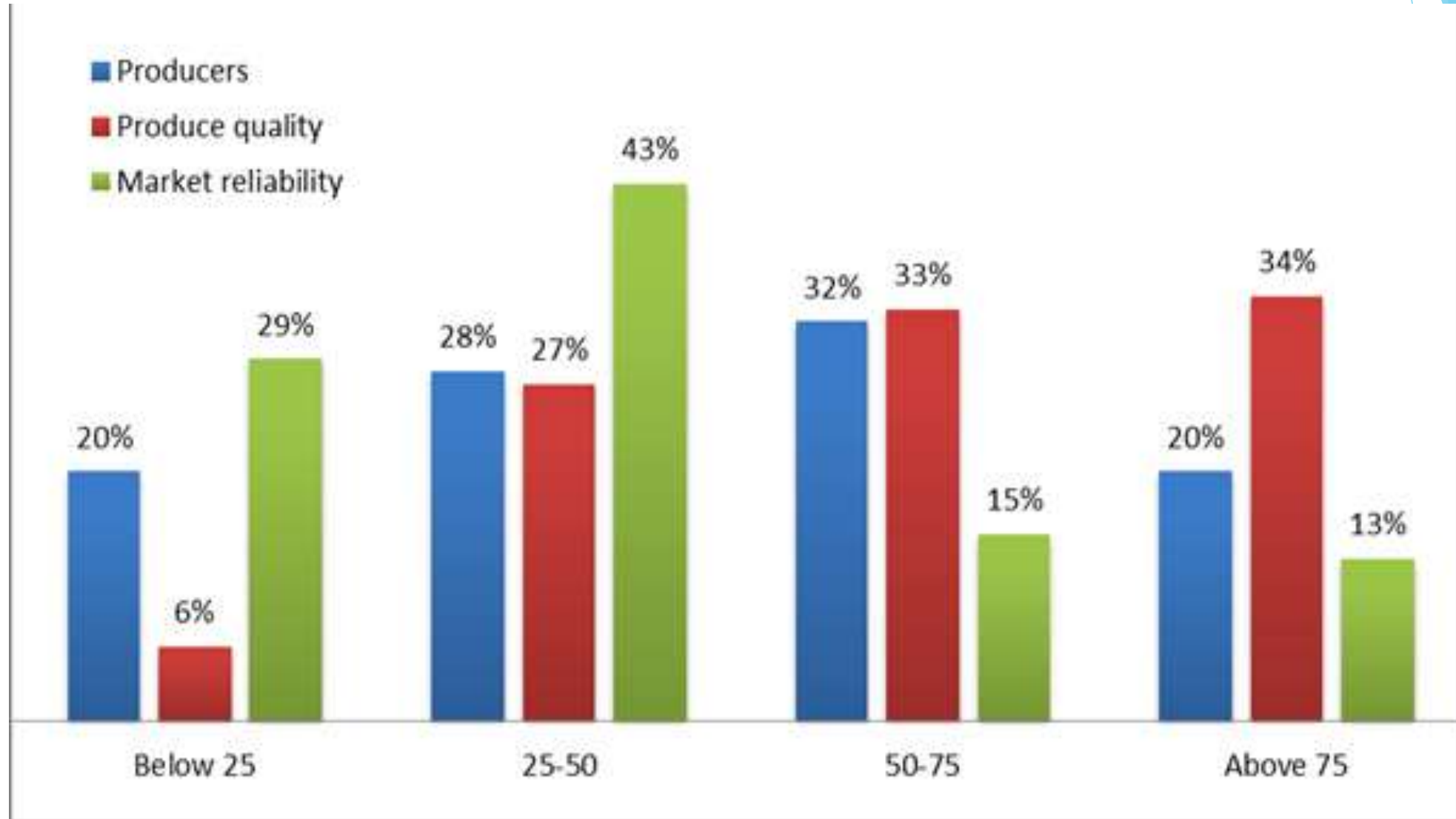
Dimension 1: Financial Health
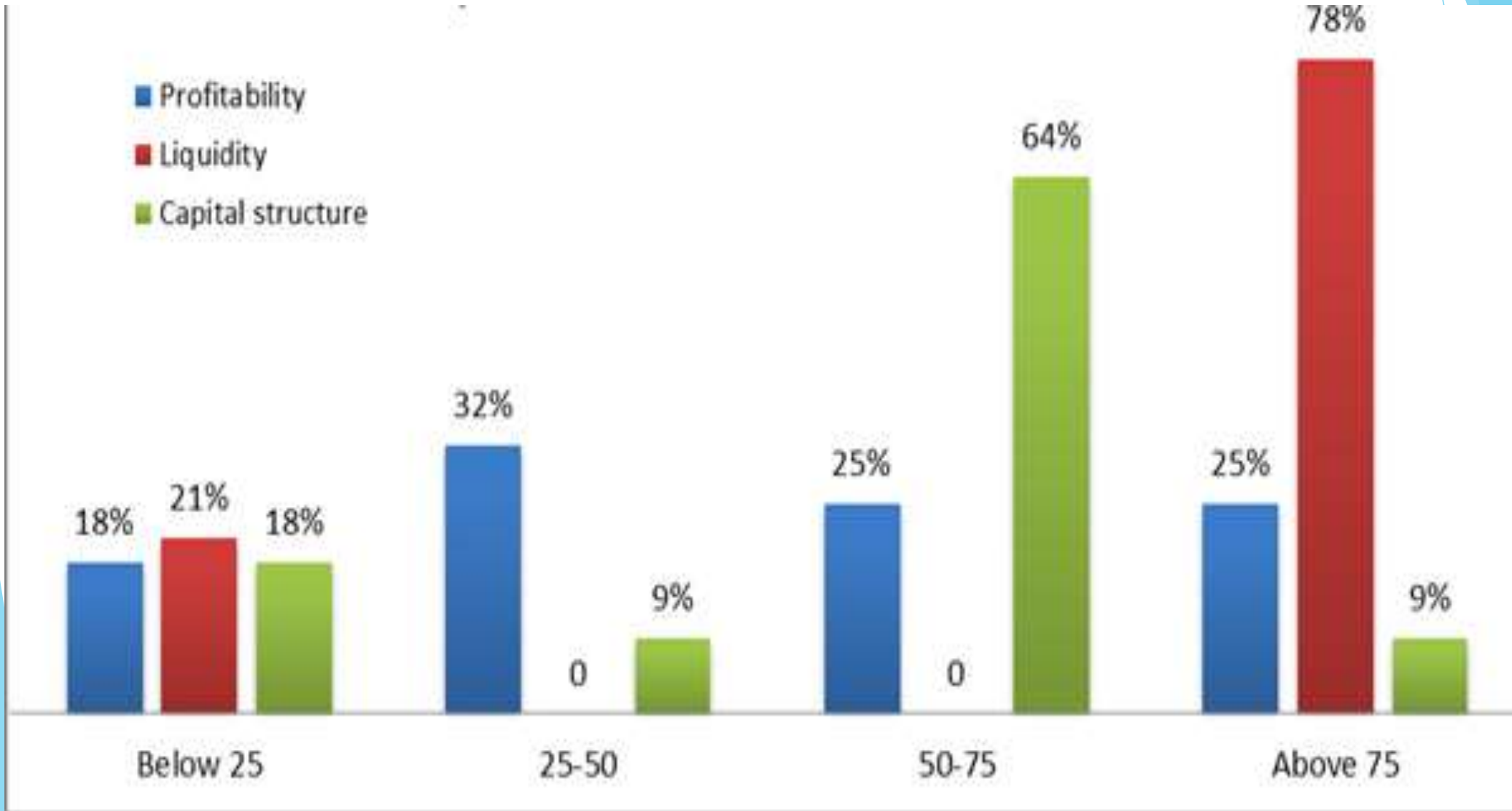
Engagement with Output Markets dimension

% score on engagement with output markets

Category	Value
Above 75	11
50-75	37
25-50	42
Below 25	10
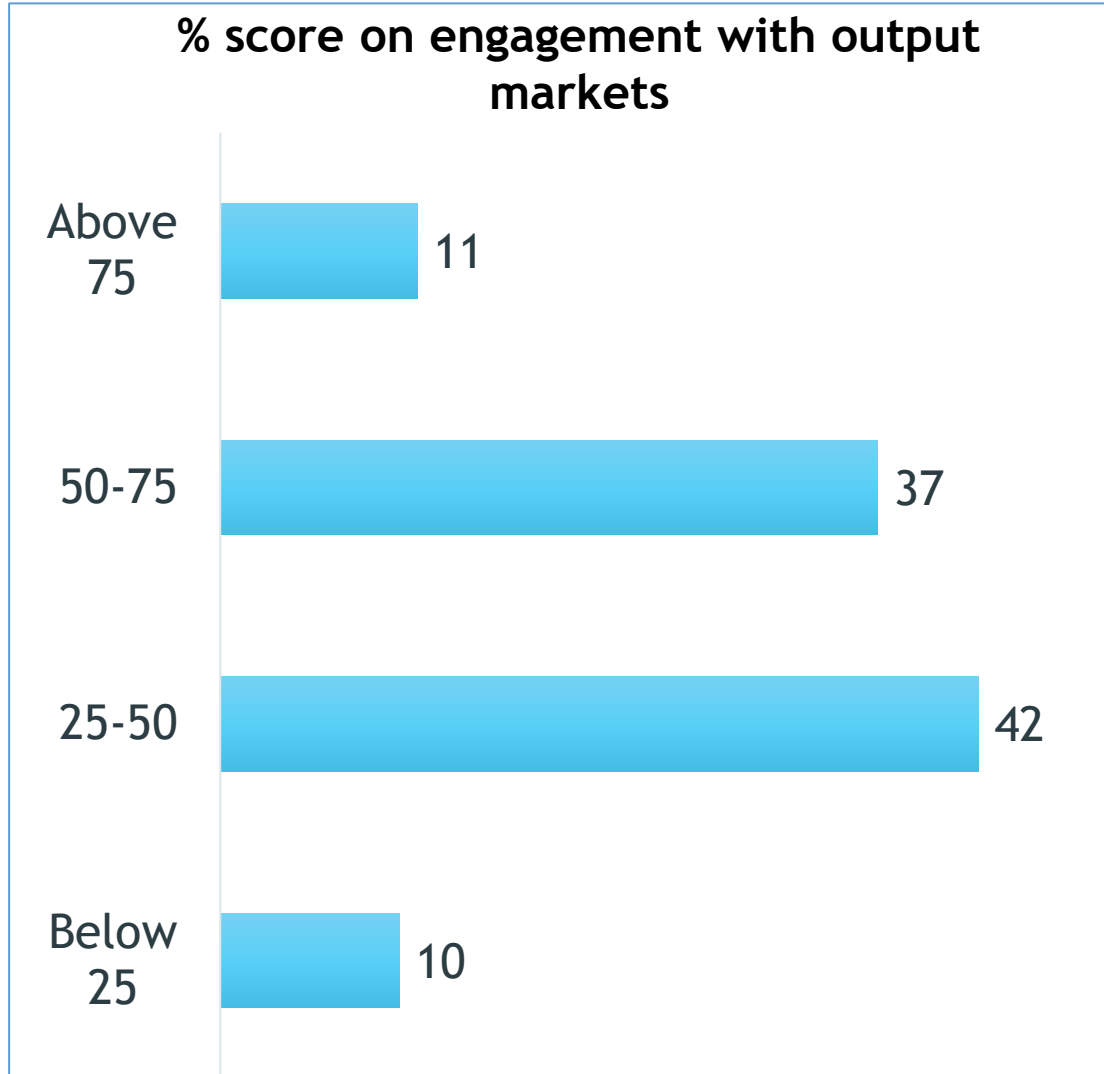
- 52% of the RPOs that scored below 50%.

- 57% of the RPOs scored less than 50% on bulking contractual production

- Majority 67% of the RPOs scored over 50% on produce quality. The improvement was noted mainly among FOs that received funding earlier than those that haven't received funding.

- Improvement in product quality should go along side improvement in bulking standards and ensuring reliable market in order to achieve profitability.

- Majority 81% of the RPOs scored less than 50% on market reliability.

- Most of the RPOs didn't have off takers and relied on middlemen to sell their products. Few had contracts or MoUs with buyers.

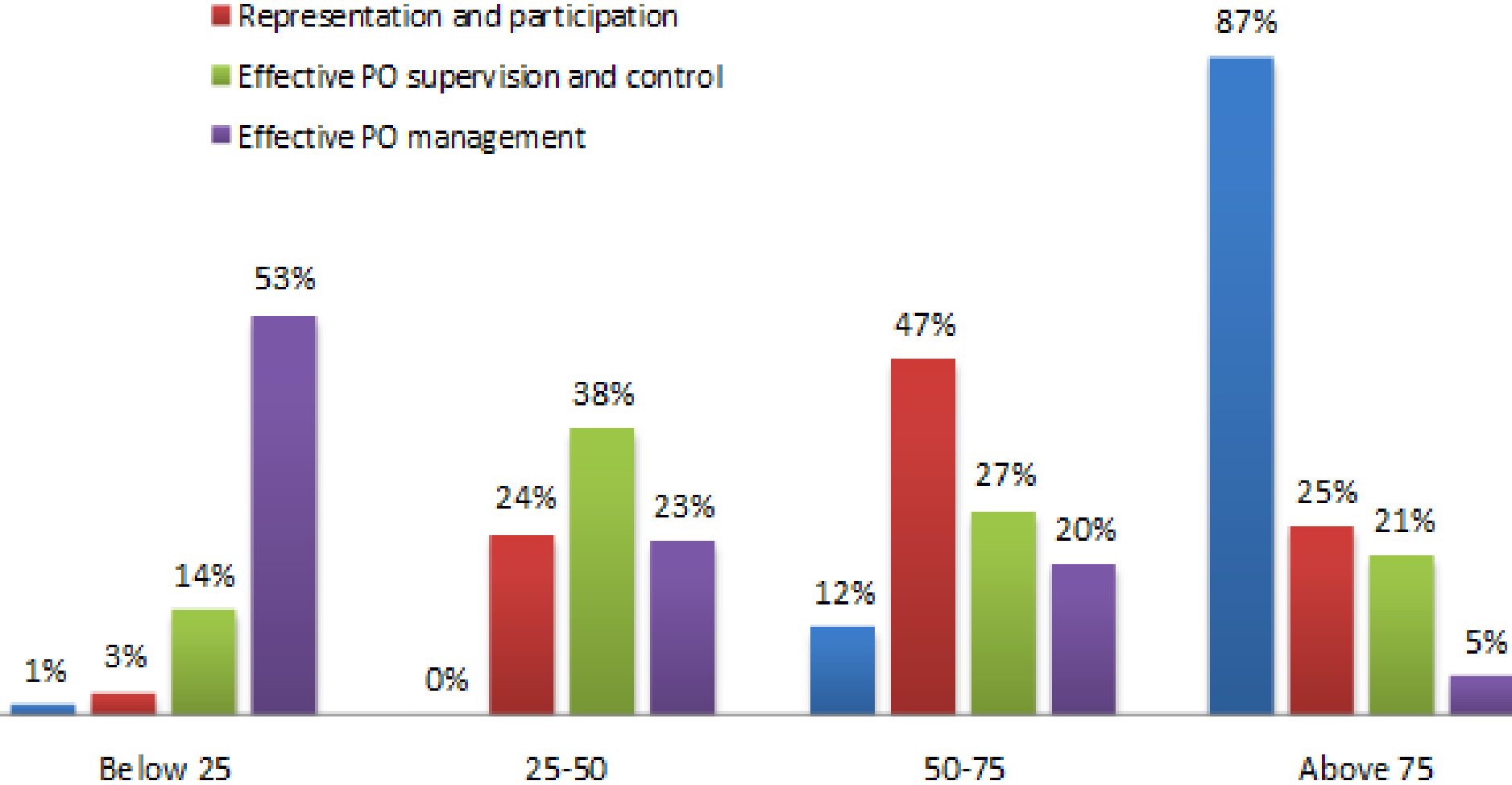# Dimension 2: Engagement with Output Markets

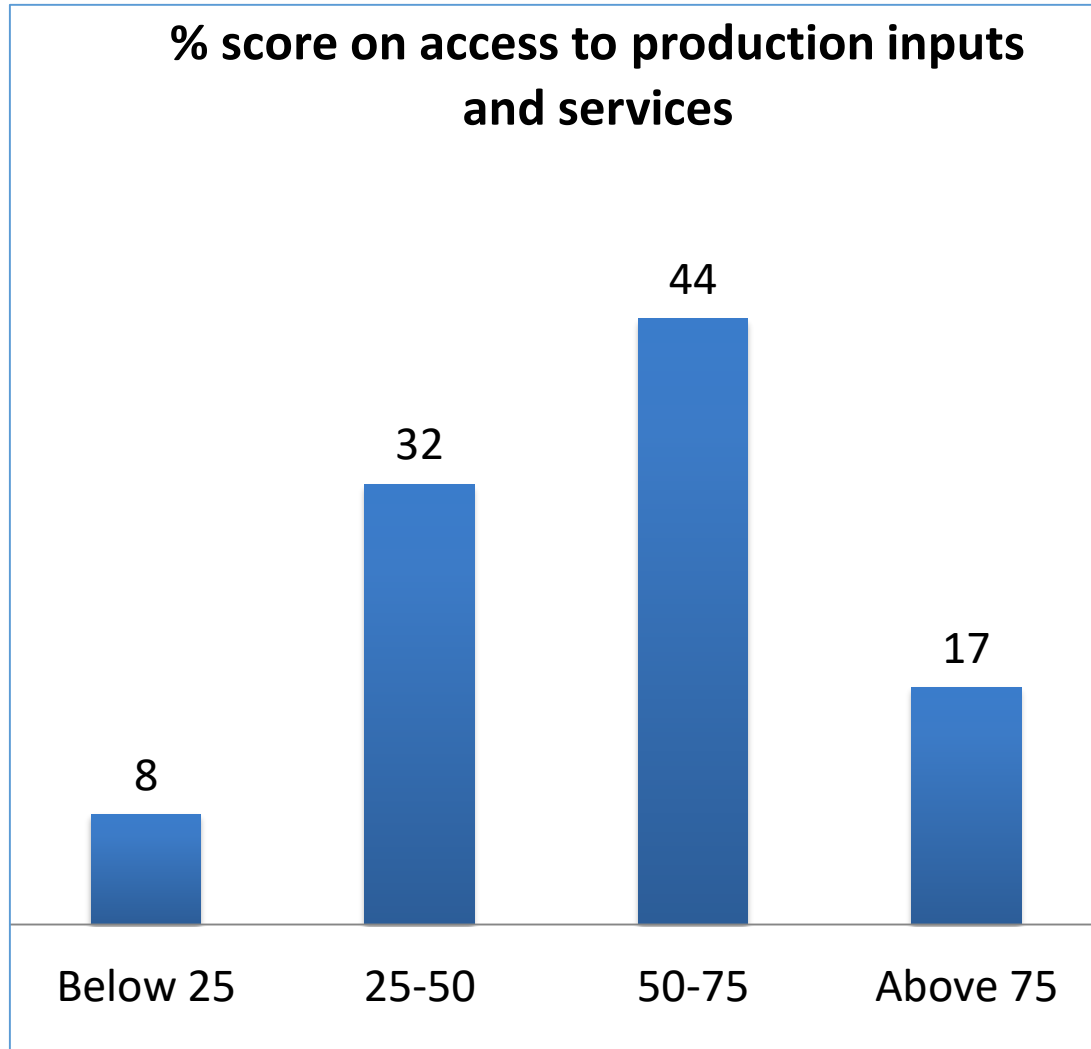# Effective and Transparent PO Leadership & Management

% score on effective & transparent PO leadership & Management

Category	Value
Below 25	4
25-50	43
50-75	45
Above 75	7
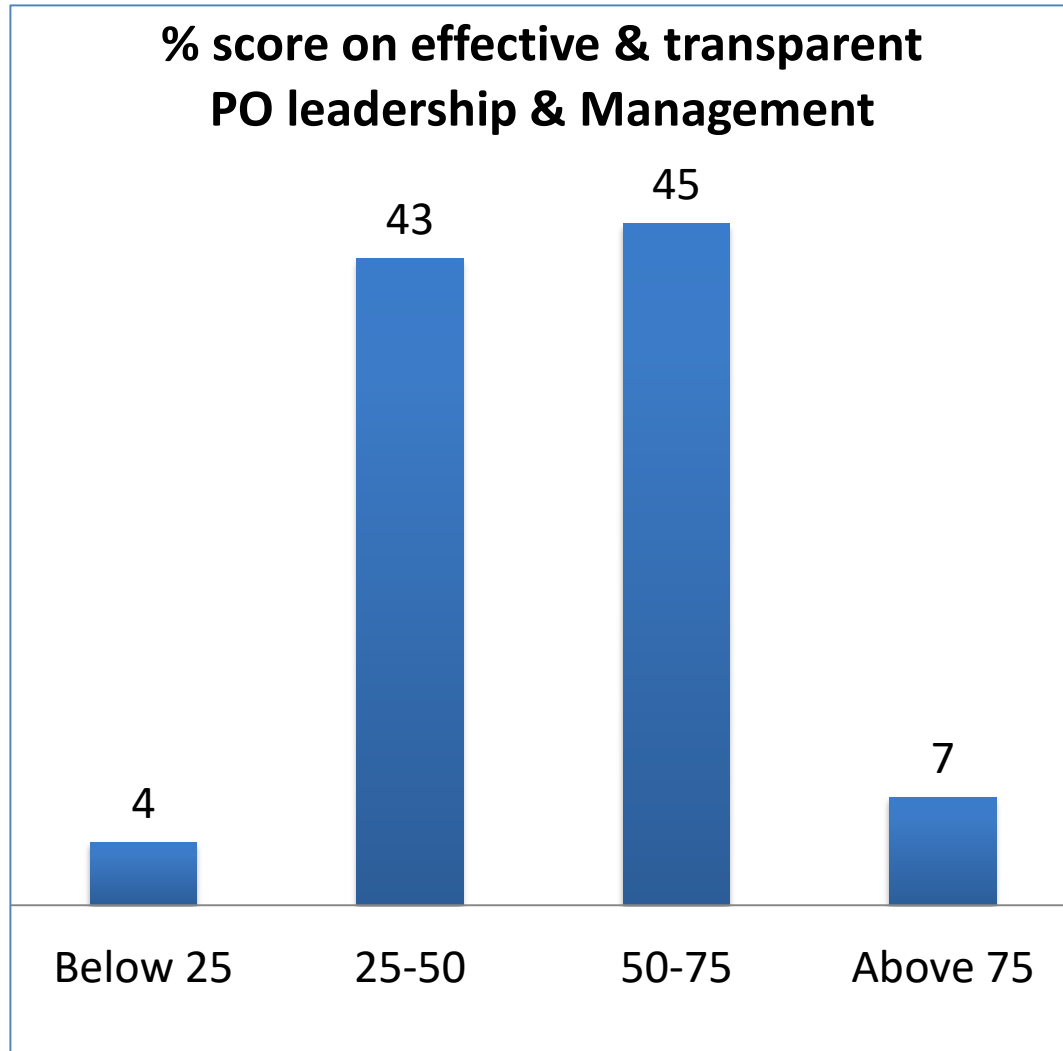
- 53% of the RPOs scored above 50% on effective and transparent PO leadership

- 87% of RPOs had valid registration certificate

- 72% of the RPOs scored above 50% on representation and participation

- 52% of the RPOs scored less than 50% on effective supervision and control

- 54% of the RPOs that started before 2010 still scored less than 50% on Effective PO supervision and control.

- An improvement in supervision and control should lead to improve the financial health of institutions.

- 76% of the RPOs scoring below 50%. 53% of the FOs scored below 25% on effective PO management.

- The key drivers of poor score were most of the RPOs not having professional staff but relied on voluntary member work.

Effective and Transparent PO Leadership and Management Sub-dimensions

Legend:
- Legal status
- Representation and participation
- Effective PO supervision and control
- Effective PO management

Category	Legal status	Representation and participation	Effective PO supervision and control	Effective PO management
Below 25	1%	3%	14%	53%
25-50	0%	24%	38%	23%
50-75	12%	47%	27%	20%
Above 75	87%	25%	21%	5%

Access to production inputs and services

% score on access to production inputs and services

Below 25: 8
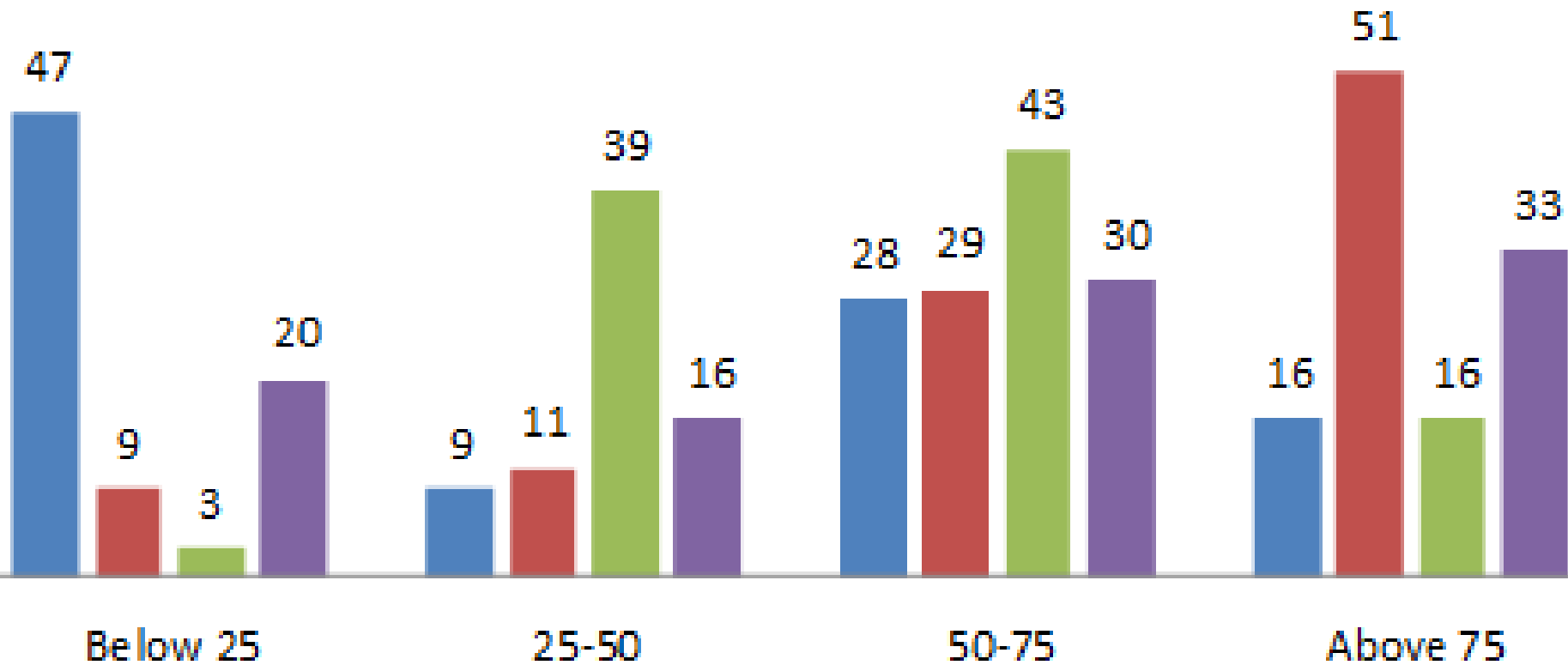25-50: 32
50-75: 44
Above 75: 17

- ▶ 71% of the RPOs scored above 50% on access to production inputs and services

- ▶ 63% of the RPOs that started between 2019 and 2020 scored less than 50% on access to production inputs and services.

- ▶ Focusing only on production inputs, 75% of the RPOs that started between 2019 and 2020 scored below 50% on production inputs of which 63% of these RPOs scored below 25%.
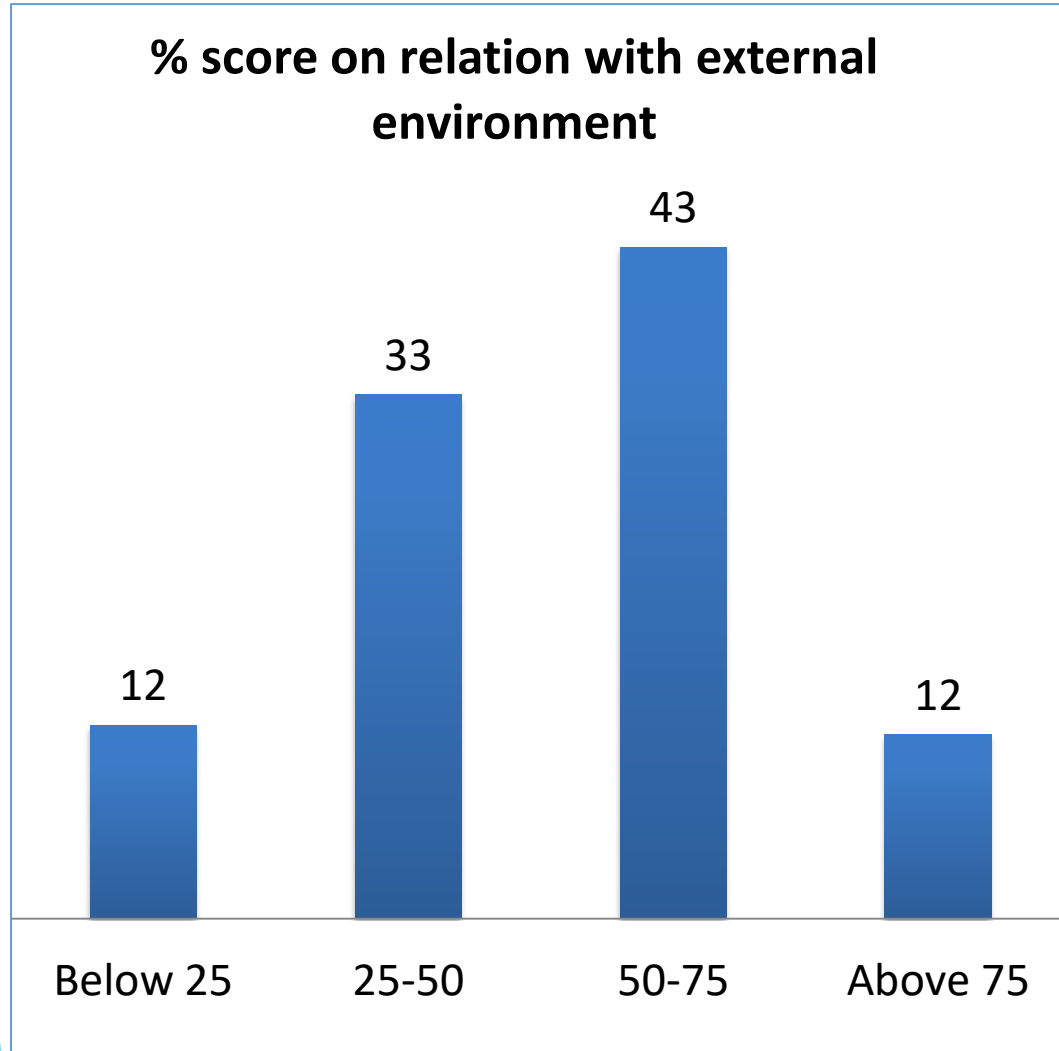
Access to production inputs and services Sub-dimensions

Relations with External Environment

% score on relation with external environment

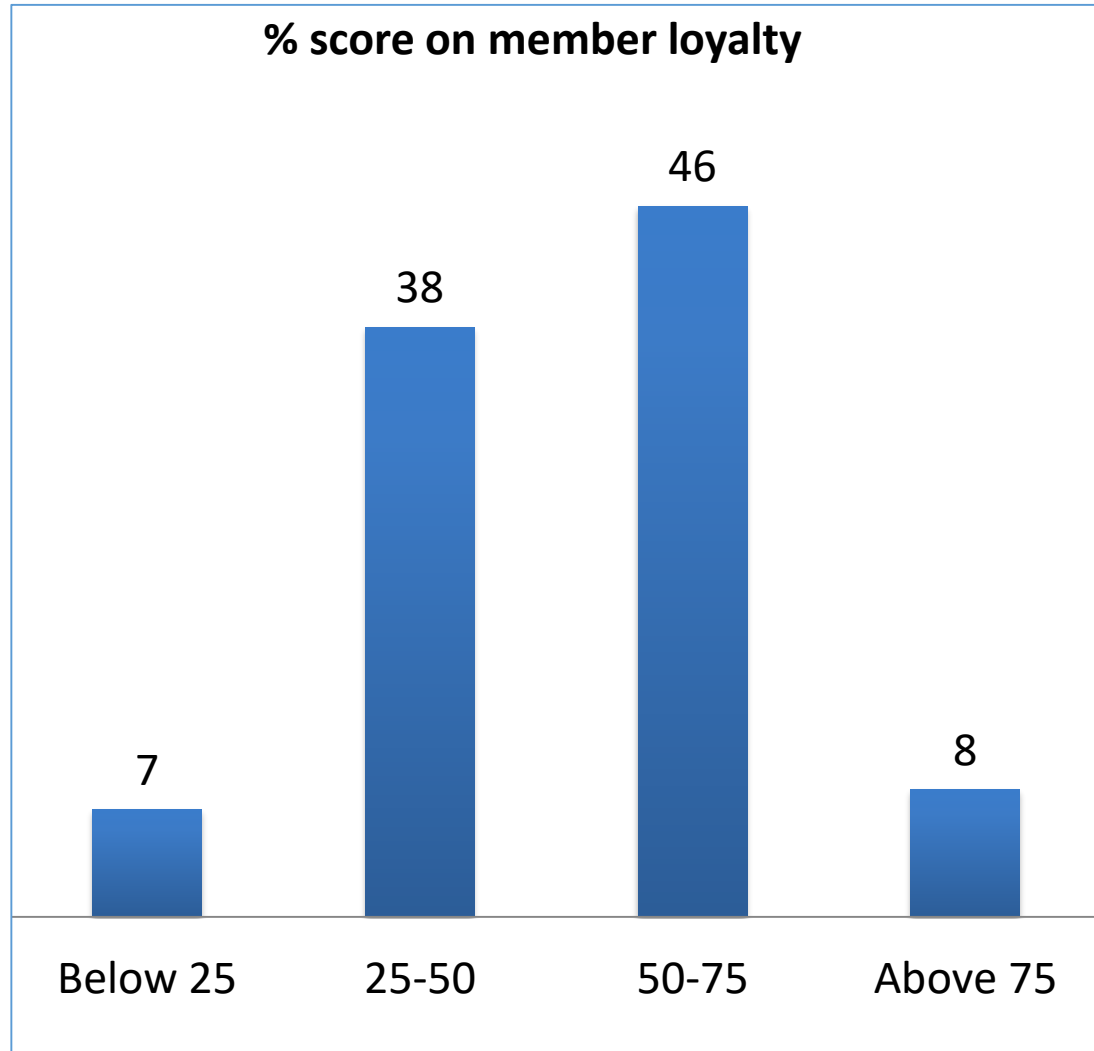| Category	Value
Below 25	12
25-50	33
50-75	43
Above 75	12

▶ 54% of the RPOs scored above 55% on relation with external environment as 46% scored below 50%.

▶ 81% of the RPOs scoring below 50% on risk management

▶ 74% of RPOs scored above 50% with 52% of the RPOs scoring above 75%

▶ 73% of the RPOs had functional corporate social responsibility (CSR) program for promotion of social cohesion

Relationship with external environment

- Partnership with actors
- Corporate social responsibility
- Risk management

Below 25: 13%, 27%, 59%
25-50: 13%, 0%, 21%
50-75: 22%, 0%, 17%
Above 75: 52%, 73%, 2%

Member Loyalty Dimension

% score on member loyalty

Bar chart values:
- Below 25: 7
- 25-50: 38
- 50-75: 46
- Above 75: 8

- ▶ 55% of the RPOs scored above 50% on member loyalty

- ▶ 64% of the RPOs scored below 50% on patronage.

- ▶ 78% of the RPOs scored above 50% on ownership though majority scored between 50-75%.

- ▶ 87% of the RPOs scored above 50% on leadership

- ▶ 60% of RPOs scoring below 50% on member loyalty programs.
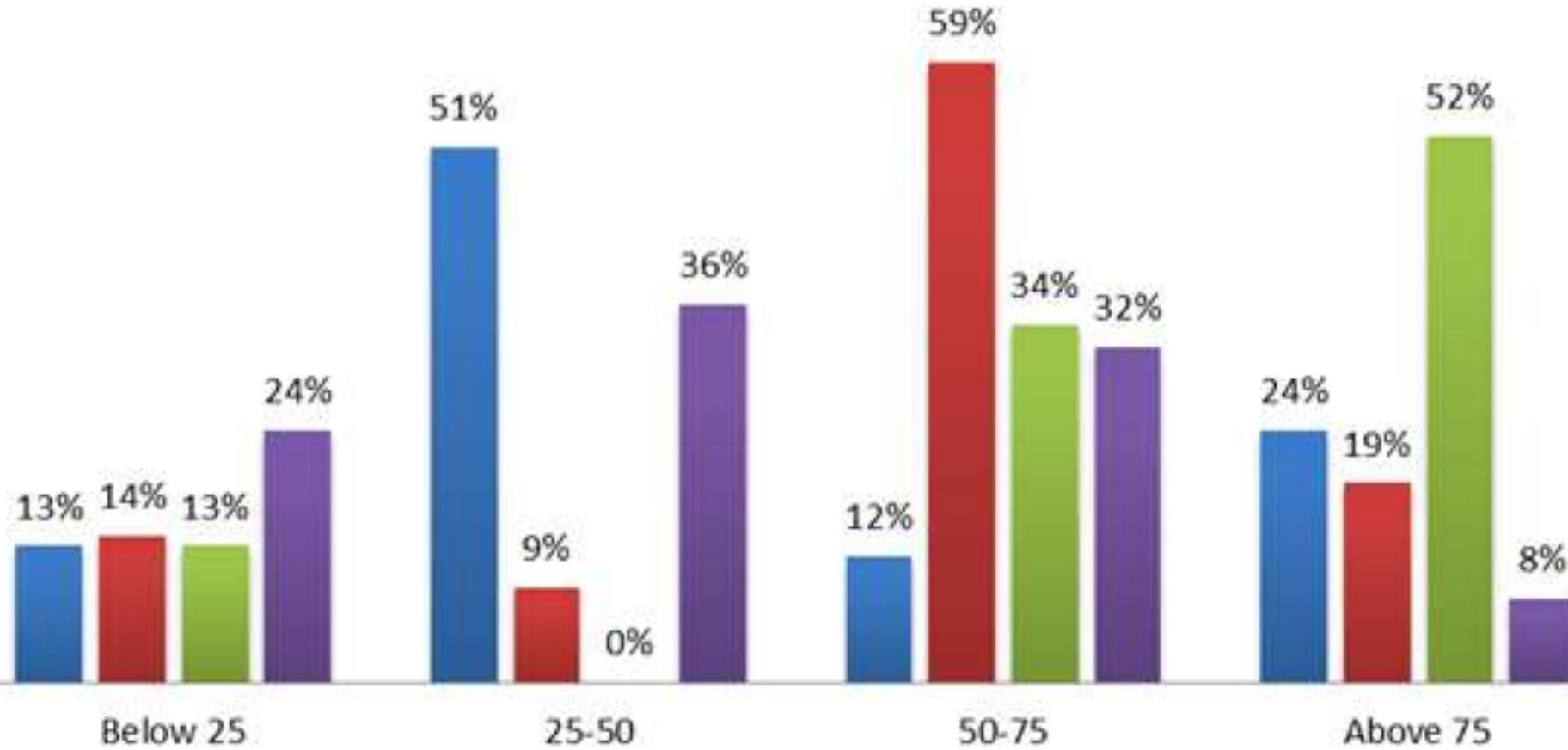
EMERGING LESSONS FROM THE POSA TOOL

- **FOs are relatively young institutions** – It was established the median age of establishment and registration was 2014 and 2017 respectively which shows that the RPOs are relatively young institutions that need continued support and handholding to fully mature. Work has to be done to strengthen cohesion within the group, enable leadership transition and build member loyalty.

- **Need to strengthen Market Reliability** - 81% of RPO scored less than 50% in the areas of market reliability. This indicates low capacity to create relationships with market off-takers and also fulfil the contractual commitments of the market accessed. This has to be focused on during the follow-up engagement of the FOs so as to improve the access to market capacity of the RPOs.

- **Need for more effective supervision and control -** Majority 52% of the FOs scored less than 50% on effective supervision and control. This points to the need to strengthen governance and supervision of the RPOs to enable them grow their businesses in the medium and long term. The support given by the District Agricultural Officer, Cluster Coordinators and Supervisors is critical to strengthen and support the RPOs to build capacity.

- **Build the professional capacity of the staff -** Many RPOs employ volunteers that may not be adequately qualified or may not offer sufficient time to the RPO. The formalisation of RPOs is largely dependent on the quality of its human resource. It is therefore important to strengthen this area of the RPOs.

EMERGING LESSONS FROM THE POSA TOOL

- **Need for increased access to production inputs and services -** This mainly affects FOs that started recently. More focus needs to be given to this area to enable the success of the program and the RPOs.

- **Need for more access to information on agricultural financial services** i.e. agricultural finance opportunities available and by which service providers. The limited access to information constrains the capacity of the RPOs to be able to seize the available opportunities. This is being addressed through the productive alliances created with the RPOs.

- **Better management of risk needed -** 81% of the FOs scored below 50% on risk management of which 59% FOs scored below 25%. Majority FOs don't have risk management plan meaning that they may be unable to identify and address the emerging risks to their RPO. The risk assessment capacity of the RPOs needs to be strengthened.

CONCLUSION

- **RPOs are at different stages and need different support** – RPOs in different locations, crops or stages of growth have different needs and their extension services should be customised to meet those specific needs. Consistent backstopping and support is Key.

- **Extension teams need real time data** - Business Support/Extension Services should be informed by data/information from a specific Rural Producer Organisation. The information should be packaged for the extension workers who reach the RPO.

- **Capacity of RPOs are continuously changing** - Consistent review is important to monitor progress and make necessary changes.

- **Collaboration is critical for sustainability** – Extension workers at the local government should work together with the project staff to adopt the data driven approach to extension work to enable sustainability beyond the project.