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NEOLIBERALISM AND THE REVIVAL OF AGRICULTURAL COOPERATIVES: THE CASE OF THE COFFEE SECTOR IN UGANDA

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ABSTRACT

Agricultural cooperatives have seen a comeback in sub-Saharan Africa. After the collapse of many weakly-performing monopolist organizations during the 1980s and 1990s, strengthened cooperatives have emerged since the 2000s. Scholarly knowledge about the state-cooperative relations in which this 'revival' takes place remains poor. Based on new evidence from Uganda's coffee sector, this article discusses the political economy of Africa's cooperative revival. The authors argue that donors' and African governments' renewed support is framed in largely apolitical terms, which obscures the contested political and economic nature of the revival. In the context of neoliberal restructuring processes, state and non-state institutional support to democratic economic organizations with substantial re-distributional agendas remains insufficient. The political-economic context in Uganda – and potentially elsewhere in Africa – contributes to poor terms of trade for agricultural cooperatives while maintaining significant state control over some cooperative activities to protect the status-quo interests of big capital and state elites. These conditions are unlikely to produce a conflict-free, substantial and sustained revival of cooperatives, which the new promoters of cooperatives suggest is underway.

Key words: agricultural cooperatives, neoliberalism, coffee sector, Uganda.

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INTRODUCTION

Against the background of persistent rural poverty, inequality, and increasing concerns over food security in the context of environmental change, agriculture has received renewed attention as a key sector for inclusive development in sub-Saharan Africa (henceforth Africa). However, articulations that emphasise the social importance and economic potential of agriculture are mixed with a sense of 'agro-pessimism' (Oya, 2010a) concerning its role in the 'catch-up' of African economies (Bush 2000). Small-scale agriculture continues to be central in Africa, with approximately 80% of farms being smaller than two hectares (NEPAD, 2013). The neoliberal restructuring of African agriculture through structural adjustment programmes from the 1980s onwards had debilitating effects on smallholders who experienced reduced access to finance, technologies and supporting infrastructure (Kydd & Dorward, 2004). The World Bank's (1994) claim at the time that the recommended focus on pricing policy stimulated production rested on the assumption that "lower levels of infrastructure and other factors [caused by reform-related reductions in public sector investment] do not pose significantly greater constraints to supply response in Sub-Saharan Africa" (148). This assumption disregarded the importance of non-price factors for agricultural growth in Africa (Cornia et al. 1992), and up to today, production in the region has failed to catch up with Asia and Latin America (FAOSTAT, 2015; World Bank, 2007).

Neoliberal restructuring processes in African agriculture in the 1990s were accompanied by the dismantling rather than reform of weakly performing, government-run cooperatives, but recent studies illuminate a cooperative revival in parts of Africa since the late 1990s (Develtere, Pollet & Wanyama, 2008; Pollet, 2009). This revival, which has seen cooperatives operating as private sector actors in competition with domestic and international firms, is potentially significant for inclusive rural development in the region. As a major form of permanent economic organization, cooperatives may provide a platform for smallholders to address the dysfunctional socioeconomic effects of structural adjustment and defend their interests vis-à-vis stronger economic actors and the state (Wedig, forthcoming 2018). Through bulk sales, as well as the pooling of resources to access processing technology and services, cooperatives can strengthen smallholders' capacities to compete with large producers, because buyers are more willing to engage in direct negotiations if farmers can offer larger output volumes at constant quality. In Uganda's coffee sector, many cooperatives are able to produce secondary-processed coffee (green beans), which allows them to export directly to international roasters. Smaller cooperatives utilize local grading and milling services, while some larger organizations own secondary-processing facilities. This stands in stark contrast to non-organized small producers, who sell unprocessed coffee cherries or primary-processed beans, either to middlemen or to subsidiaries of international buyers. Given the continued importance of agricultural commodities as a major source of export earnings in large parts of Africa, cooperatives can also strengthen the ability of small producers of export crops to defend their interests vis-à-vis the state.

Given these characteristics of agricultural cooperatives, their recent revival in parts of Africa raises the question whether the newly-formed and revived cooperatives in the region can function as an organized response to some of the socio-economic and political-economic conditions created by 'actually existing neoliberalism', as described by Brenner and Theodore (2002). Such a response may weaken the hegemony of neoliberal ideology in agricultural policies and in discourses on economic development more generally by challenging first, depictions of the status quo as a self-regulating, free-market society that creates equal opportunities and benefits for all actors, second, the apparent inevitability of big capital led economic development, and third, the "coercive power of the state which 'legally' enforces discipline on those groups who do not 'consent'" (Gramsci & Nowell-Smith, 1971, p. 12). As organizations with democratic organizational structures that represent significant parts of a large rural electorate, cooperatives can potentially protect their members against coercive state power by providing a platform to influence institutional change processes at different government levels. In the absence of effective unionization in African agriculture, cooperatives are the single most important form of economic organization to address some of the power imbalances in the sector and defend the interests of small producers – many of whom depend on agricultural wage labour in addition to farming.

The potential role of cooperatives to address structural inequality in African agriculture has so far received little attention from policy makers. International donors have tended to ignore the political economy of cooperative growth and have promoted cooperatives – in a distinct departure from decades of de-facto dismissal – as a largely apolitical instrument for inclusive rural development (Bateman, 2015; UN, 2013; Agarwal, 2010; Deininger & Liu, 2009; Wanyama, Develtere & Pollet 2008; Birchall, 2004)[1]. Aid-dependent governments have tended to embrace the new and significantly donor-driven discourse of cooperatives as an instrument for rural poverty reduction through modest redistribution. At the same time, there remains a lack of scholarly knowledge about contemporary state-cooperative relations and the political economy of the cooperatives revival, including conflicts of cooperatives with the state and economic competitors. This article contributes to closing this gap by discussing the political economy of Africa's cooperative revival based on new evidence from Uganda's coffee sector. The one-country case study provides an in-depth empirical analysis of growth conditions for cooperatives within 'actually existing neoliberalism', (or 'neoliberalism-in-practice', 'applied neoliberalism', see Davies, 2014; Harrison, 2010), which is embedded in inherited institutional frameworks, policy regimes, regulatory practices, and political struggles (Brenner & Theodore, 2002). By extending the inter-disciplinary debate on the contradictory (in)coherence and embedded nature of neoliberalism (Cahill, 2014; Cahill, Edwards & Stilwell, 2012) to African agriculture, the discussion captures important aspects of the current political economy of rural development in the region.

The Ugandan study shows how the political and economic conditions for cooperative growth embody the "blatant disjuncture between the ideology of neoliberalism and its everyday political operations and societal effects", which is caused amongst others by a "dramatic intensification of coercive, disciplinary forms of state intervention in order to impose market rule upon all aspects of social life" (Brenner & Theodore 2002, p, 352; see also Bruff, 2014). As smallholders organize to address inequalities caused by or intensified under neoliberal political practice, the Ugandan state regularly responds with interventions that seem to interfere with the activities of weaker economic actors – rather than offering outright support – while shielding stronger actors, such as large agricultural investors, from competition. Studies on cooperatives, in Africa and elsewhere, have so far largely failed to address the effects of corporate power, and of state protection for the interests of big capital, on cooperative operations and growth. Instead,

[1] For a noteworthy exception on Latin America see Dinerstein (2013).

they emphasize the state's enabling role without acknowledging that the conflict of interests between neoliberal economic policy and cooperatives goes beyond the false dichotomy of a supposedly non-interfering state model vs. a supportive developmental state (see, e.g., Bateman 2015 [Ecuador, Columbia], Golob, Podnar & Lah, 2009 [EU], Nannyonjo, 2015 [Uganda], Wanyama, 2009 [Kenya]). Some more critical studies have shown how the hybrid functions of cooperatives create tensions within capitalism (Levi and Devis 2008), and how organizations with a significant redistributive agenda are co-opted by the state (Dinerstein, 2013).

We argue that the current political and economic conditions in Uganda and elsewhere in the region are unlikely to produce a conflict-free, substantial and sustained revival of cooperatives if widespread cooperative activities potentially threaten the closely linked interests of big capital and state elites in African export agriculture. Uganda's national agricultural modernization strategy of the 2000s to mid-2010s largely bypassed cooperatives' needs and concentrated on creating a favourable business environment for large domestic agro-businesses and transnational investors. Rural poverty reduction was addressed by promoting the growth of medium-sized farmers (often portrayed as 'smallholders'), but cooperatives received little attention as economic actors that can potentially advance economic democratization. Bilateral FDI negotiations between the state and transnational corporations (TNCs) are shrouded in secrecy, but the evidence presented below indicates that the Government of Uganda (GoU) pursues strategies of liberalized investment to advance and protect corporate interests, even if these push small producers out of agricultural processing and export activities. These dynamics directly affect the nature of the cooperative revival.

We present findings from two separate studies of the political and socio-economic conditions of cooperative development in Uganda's coffee sector[2], which are of wider relevance to the region (Wedig, 2012; Wiegratz, 2016). Coffee is a major export crop in 11 African countries[3] (FAOSTAT, 2016), but many smallholders have been unable to benefit from increasing global demand for certified and speciality coffee[4] (Ecobank 2014; Wedig, forthcoming 2018). In Uganda as well as elsewhere in the region, neoliberal restructuring processes have reshaped the economy, polity, and society (UNECA, 2003; Hickey, 2013; Wiegratz, 2016, 2009). However, coffee cooperatives have long formed part of the social, political and economic fabric of Ugandan society (Bunker, 1987, 1983; Kyazze, 2010; Kyamulesire, 1988) and the severe decline or collapse of formerly monopolistic cooperatives in the 1980s-1990s did not end economic organization among smallholders (Asiimwe & Nahamya, 2006; Asiimwe, 2002; Beijuka 1993). One of the formerly monopolistic organizations revived its activities in the 2000s, and new, economically viable cooperatives were established starting in the late-1990s.[5]

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[2] Field research was conducted in Uganda between 2008 and 2010, with follow-up research in 2012, 2013 and 2015.

[3] Ethiopia, Uganda, Kenya, Rwanda, Burundi, Tanzania, Guinea, Cote d'Ivoire, Cameroon, DRC, Madagascar.

[4] See e.g. National Coffee Association USA (www.ncausa.org), The Specialty Coffee Association of America (www.scaa.org) and Europe (www.scae.com) and The International Coffee Organization (www.ico.org).

[5] As of 2015, 16,587 cooperative societies (of which 3,131 are SACCOs) are reportedly registered by the Ministry of Trade, Industry and Cooperatives. Some are in agricultural marketing (944), others are active in energy, water, health, housing, transport, horticulture, tourism, handcrafts, wine production, irrigation, livestock and diary (New Vision 2016).

Data was generated through a survey among 330 small coffee producers and coffee sector wage workers (Wedig, 2012), and more than 200 semi-structured interviews and focus group discussions with small producers, wage workers, traders, middlemen, cooperative leaders, civil society organizations, NGOs, donor organizations, government officials, journalists, academics and managing staff of domestic and transnational buyers (ibid.; Wiegratz, 2016). Participant observation was conducted on family farms, field processing stations and factories and markets over the course of one year. The ethnographic research focused on Eastern Uganda's five coffee-growing districts[6], which provide a proto-typical area for the study of cooperatives due to the presence of economically-viable cooperatives founded post-liberalization and the previously-existing cooperative that had held a coffee trading monopoly for Eastern Uganda.

COLLAPSE AND REVIVAL OF AFRICA'S AGRICULTURAL COOPERATIVES

Agricultural cooperatives in Africa have served different economic and political functions throughout the colonial, post-independence (early 1960s to early 1980s) and structural adjustment periods (Birchall, 1997; Bunker, 1987; Derr, 2014; Porvali, 1993). Colonial regimes introduced cooperative models that replicated their domestic cooperative structures to facilitate production for the metropolis (Schwettmann, 2014; Wanyama et al. 2008; Develtere, 1994)[7]. During the struggle for independence and thereafter, many cooperatives, despite their colonial roots, provided a platform for defending non-elite interests against colonial regimes, international economic actors, and a non-indigenous domestic capitalist class (on Uganda, see Kabuga & Batarinyebwa, 1995; Kyamulesire, 1988; Mamdani, 1976). In East Africa in particular, cooperatives helped to challenge the power of Asian merchant capitalists by promoting black Africans as cooperative leaders, and enabling accumulation among African rich peasants who transferred surpluses to petty trade leading to the rise of an African commercial class alongside Asian merchants. Rural and urban black elites also utilized cooperative structures for personal enrichment (see, e.g., Aminzade 2013; Asiimwe 2013, Asiimwe 2002).

Post-independence, cooperatives became part of a strategy of government control over export revenues from agricultural production, which reflected the need to finance industrialization, increase food security and assert control over fragmented societies (Ghose, 1983; Sandbrook, 1985). This increased the already heavy burden placed on cooperatives by expecting them to contribute to political and socioeconomic goals, including participation, self-help, welfare, and distribution (Lele, 1981). Cooperatives with monopolies in agricultural processing and marketing protected producers from international price fluctuations, but the necessity to finance industrialization efforts from agricultural profits meant that prices paid to producers were often below world market prices, and re-investments into the rural production infrastructure remained low. Due to structural inequalities in the integration of newly independent African nations into the global economy, cooperatives' terms of trade remained unfavourable, and the focus of state support on cooperative administrators often fuelled organizational governance problems, including political patronage, internal power struggles, and inefficient resource use. Thus, the mixed socioeconomic outcomes of cooperatives in the post-

[6] Mbale, Sironko, Bududa, Manafwa and Kapchorchwa.

[7] Cooperatives in Africa had few links to pre-colonial forms of economic cooperation. Ethiopia, without a history of colonial rule, borrowed from international experiences for developing cooperatives.

colonial developing world (UNRISD, 1975) may have been partly "due to unfavourable conditions, rather than to inadequacy of the approach itself" (Braverman et al. 1991, 27).

Weak cooperative performance was turned into a near terminal crisis with the implementation of neoliberal reforms from the late 1980s onwards. Based on the critique of state-led agricultural development (Bates, 1981) and a perceived dichotomy between private- and public-sector led provision of critical services to agriculture, cooperative institutions were dismantled. International donors concentrated on the critique of parastatal organizations involved in agricultural marketing and input supply (World Bank 1982, p. 40-56). While limited public sector investment, such as fertilizer subsidies, was recognized as helpful to stimulate growth, government control over marketing processes was dismissed as a hindrance to development due to the alleged proliferation of inefficiencies in parastatals (ibid.). Thus, the assault on cooperative institutions was realized as an implicit part of structural adjustment programmes that dismantled the systems of state control erected by African governments post-independence. As such, it was later defended by the World Bank as a necessary step in a process aimed at getting rid of "poor policies": those macroeconomic and sectoral policies that were based on "a development paradigm that gave the state a prominent role in production and in regulating economic activity", which was seen to cause "stagnation and decline" (World Bank, 1994, p. 20).

The dominant perspective taken by international donors on cooperatives during the first neoliberal reforms during the 1980s reflected the almost exclusive focus of structural adjustment programmes on domestic factors of development. While largely ignoring external limitations to cooperative success in post-colonial Africa, internal organizational factors, including mismanagement and limitations to democratic governance, were seen as central reasons for weak cooperative performance. However, rather than focusing on the existence (and elimination) of gender- and class-based inequalities within cooperatives (Goyal, 1966; Lin, 1990; Peek, 1983), the dominant discourse on agricultural reforms echoed the World Bank driven critique of State Owned Enterprises (SOEs), which correlated state ownership and state monopolies on trade with politicisation, inefficiency and the waste of resources (Galal, 1991; Kikeri, Nellis & Shirley 1992; Short, 1984). In a similar vein to that wholesale rejection of SOEs as an instrument of economic development, the decline of cooperatives during the early 1990s was regarded as an inevitable outcome of an inherently inefficient form of economic organization that was based on excessive government regulation (see, *for example*, Baffes, 2003; Hussi, Murphy, Lindberg & Brenneman, 1994). This view disregarded earlier critiques of the idea that private enterprises are inherently more efficient in allocating resources (Papandreou, 1952), and it portrayed corporate power as essentially apolitical.

In Uganda and throughout the region, new and economically viable cooperatives have been formed since the late 1990s, and some formerly monopolistic organizations are operational again (Boesen & Miiro, 2004; Develtere et al. 2008; Kyazze, 2010; Pollet 2009; Wanyama, Develtere & Pollet, 2009). Observations from the early 2000s that "the cooperative has almost disappeared" (Ponte, 2002, p. 266) are no longer applicable. However, cooperatives face unfavourable terms of trade in agricultural markets in which a small number of TNCs dominate the value chains for agricultural inputs and to a large extent also for outputs. As Bargawi and Oya (2009, p. 1) put it, "this dominance allows them to pass their costs and risks onto local producers while retaining for themselves the lion's share of the value generated along the chain". The dismantling of the central marketing board during the liberalization of Uganda's coffee market has allowed price fluctuations in international markets to be transmitted directly to small producers (Newman, 2009). Neoliberal reforms have weakened the institutional conditions for smallholders' economic organization by reducing government capacities to support rural financial services, technology transfer, and agricultural production infrastructure. These public sector cuts have been underpinned by an ideology that promotes increasing capital concentration in the private sector as a pathway to economic development, thereby diminishing the policy space of Uganda's cooperatives, which relied on public sector support to the agricultural production and marketing infrastructure.

As a result of the political-economic effects of neoliberal reforms on African agriculture, including the advancement of TNCs and domestic firms with connections to state elites, the region's cooperative revival emerges as a contested political and economic process, but the dominant accounts of international donors and African governments fail to acknowledge this. The renewed strength of cooperatives can support collective action among a fragmented and largely destitute peasantry, which lacks effective organizational forms to defend its interests, but the official political rhetoric of new support for cooperatives is shaped amongst others by an apolitical portrayal of cooperatives as instruments of rural poverty reduction that do not challenge the status quo. This rhetoric makes references to the hybrid (social/business) functions of cooperatives; the actual barriers against achieving this outcome under neoliberal policies are disguised. The Ugandan evidence indicates that both state and donors remain sceptical of a cooperative revival that goes beyond a reformist 'social enterprise' approach to include the formation of permanent economic organizations as a platform for collective action to pursue structural change in agricultural export markets, including changes in power relations. Thus, state support to cooperatives focuses for instance on savings and credit cooperatives (SACCOs), which allow members to modestly improve agricultural production output or cover expenses unrelated to farming, but these micro-credit systems neither offer sufficient finances nor the necessary organizational structure to enter secondary-processing and export activities. They do, however, allow the state to channel money to local groups prior to elections or to promote public support for particular rural development initiatives that may or may not be supported by cooperatives. This sort of politics has reportedly weakened the strength and sustainability of various SACCOs (e.g. through misappropriation of funds) and many have closed or merely exist on paper (Action Aid Uganda et al. 2013).

These introductory observations indicate that the reality of the revival dynamic is complex, nuanced, and ambiguous – characterised by conflicting interests and power asymmetries between groups and among a heterogeneous peasantry. An analysis of Africa's cooperative revival needs to recognise the socio-economic and political contexts in which it takes place. As the literature on cooperatives shows, the interests of state and economic elites and related power dynamics have always shaped cooperatives' outcomes in historically-specific ways. Albrecht (1996) describes cooperative financial groups that helped Czechs and Germans during the late 1800s to purchase national property in a political competition over economic dominance. Here, cooperatives became instruments of nationalist political activity, maintained by elites seeking to maintain their economic power. Peal (1988), also writing on imperial Germany, shows how the Raiffeisen bank that was founded to preserve communal cooperation challenged by centralized legal structures was displaced by capitalism: under increasing pressure to compete, Raiffeisen cooperatives needed support from and were eventually co-opted by the state. Garrido's (2007) analysis of Spanish cooperatives in the early 20th century describes how the state withdrew support to economically viable organizations as mass political power in rural areas was perceived as a threat to centralized state power, leaving only cooperatives with large numbers of middle-income farmers to survive.

THE MAINSTREAM DEBATE ON THE COOPERATIVE REVIVAL

Before discussing the empirical evidence on coffee cooperatives in Uganda, we review a major argument about current cooperative development, which has been instrumental in constructing a dominant perception of cooperatives as instruments of self-help and social entrepreneurship, but not as a form of collective action to push for structural change against the interests of big capital and state elites. This argument assumes a shared interest of African governments in the reduction of rural poverty and inequality as the driving force behind political support for a cooperative revival. According to this view, state officials, spurred by the need to advance inclusive growth, support cooperative development *alongside* efforts to attract FDI and create a favourable business environment for TNCs. The global literature on the social and solidarity economy acknowledges cooperatives' role in advancing political empowerment, but neither the potential nor the actually existing conflicts between producers' political empowerment and the interests of big capital and state elites are directly addressed (see, e.g. Fonteneau, 2015; ILO, 2011; Nannyonjo, 2015; UN, 2014). Instead, growth limitations are exclusively explained by internal organizational constraints (see, e.g., Millstone, 2015) and the depiction of state-cooperative relations is one in which the state treats cooperatives as non-political organizations that operate as vehicles of economic empowerment of a homogenously-poor peasantry.[8] Neither socio-economic inequalities among small producers, nor the conflictual relations between cooperatives and TNCs are recognised.

This apolitical representation of cooperative development ignores conflicting interests between cooperatives and the state, including the state's tendency to prioritize TNCs' gains over competing domestic cooperative needs. It disregards the inherent competition between cooperatives and TNCs that aim to increase value capture by purchasing unprocessed commodities from fragmented and disorganized producers. The representation of cooperatives as uncontroversial instruments of economic empowerment in global commodity chains essentially negates the potential of smallholders' organizations to challenge the power of concentrated buyers, which represents a clear conflict of interests with TNCs and larger domestic buyers. The political influence of transnational buyers on agricultural policy, including policy and state practices regarding cooperatives, is likely to advance structural inequalities that disadvantage cooperatives and contradict the discourse on smallholders' empowerment for poverty reduction. State-cooperative relations can be particularly conflict-laden in cases where cooperatives (i) compete with companies that are at least partially owned or informally supported by officials[9], (ii) pursue an explicit political-economic agenda, e.g.

[8] For a noteworthy exception in recent donor literature, see UNDP (2016), which argues first, that the role of government in the revival of agricultural cooperatives in Uganda needs to be reviewed and second, that is necessary to distinguish between desirable government support and government patronage and control.
[9] The opposite may be evident too, when firms compete with cooperatives that are partly owned by state officials.

regarding the desirable policy mix, or (iii) have broader social effects by promoting political mobilisation against state and ruling class interests.

Overall, the mainstream argument portrays the promotion of a cooperative revival as a win-win undertaking by the state and small producers' representatives, thereby ignoring conflicting objectives between relevant interest groups. Economic actors who benefited from reduced cooperative activities after neoliberal reforms - TNCs, domestic buyers, local intermediaries, and their political backers - are assumed *not* to engage in activities to limit the renewed growth of cooperatives. This is unlikely, because cooperatives directly threaten the interests of these actors by seeking to purchase, process and export their members' coffee. In agricultural sub-sectors in which small-scale agriculture is widespread, cooperatives have a competitive advantage based on their superior ability to establish and maintain long-lasting relations with small producers, which are designed to provide support in exchange for exclusive sales rights. Thus, cooperative growth potentially limits the availability of unprocessed coffee and of contract farmers for TNCs and domestic firms, while also putting local traders and intermediaries (hereafter: middlemen, as the intermediaries in Uganda are exclusively men) out of business. Furthermore, economic organization among small producers may weaken the ability of TNCs and larger domestic firms to dominate price setting or to minimize the non-price benefits (e.g. free transport services and trainings) that are offered to small producers in exchange for exclusive buying rights.

ECONOMIC AND POLITICAL CONSTRAINTS TO COOPERATIVE DEVELOPMENT

Whether cooperatives succeed in realising economies of scale, increased productivity, improved market access and price premiums for members depends on internal organizational and external political and economic factors. Internal factors, most notably governance structures, directly affect inequality among members and membership access (Wedig 2013, 2016). External factors – the existence of supportive state and non-state institutions, the structure of domestic and international commodity markets, and large competitors' business strategies – are the focus of the evidence from Uganda's coffee sector that is presented below. The liberalization of Uganda's agricultural markets has altered the conditions for cooperative growth through the cut-down of state support, political pressure against aspects of cooperative organization, and a focus on the creation of a favourable FDI climate. Overall, the domestic political environment indicates the existence of powerful interests towards a limited, not an extensive and sustained cooperative revival. Throughout Africa, rapid liberalization reforms have tended to advance the interests of large domestic and foreign agricultural commodity buyers (FAO, 2010, UNCTAD, 2009, OECD, 2008). In East Africa's coffee sector, a small number of TNCs achieved dominant control over export markets in the 1990s (Ponte, 2001, 2002). In Uganda, the coffee market shares of the top-ten companies continuously remained above 70 per cent since the late 1990s, with six TNCs controlling 64.55 per cent of total exports in 2014 (UBOS, 2010; UCDA, 2013).[10].

Reduced state support to rural financial services proved a major disadvantage for cooperatives. Uganda's Cooperative Bank was found insolvent by Ernst & Young in 1998 and closed down in 1999 when the government was unable (and/or unwilling) to inject

[10] TNCs' handling of coffee export exploded from 14% to 83% between 2001/2 to 2006/7 (Kyazze, 2010).

new capital (Bossa, 2003).[11] The bank's closure amounted to a permanent reduction of rural financial services and significant barriers to cooperatives' pre-payments to members. Attempts to address this problem include the promotion of savings and credit groups (SACCOs) by the Uganda Cooperative Alliance (UCA) (Goodwin-Groen & Bruett, 2004; New Vision, 2015) and the introduction of a government-run warehouse receipt system, which provides loans against crop-based certificates. However, the service range and outreach of SACCOs still lags behind those of the Cooperative Bank, and the warehouse system continues to face implementation challenges, including long waiting lists and corruption (Peoples 2006; interviews with farmers). Under these conditions, even small costs present entry barriers to cooperative membership[12], making the low but immediate payments by TNCs for unprocessed coffee attractive. The inability to invest in production and marketing infrastructure further weakens the competitiveness of cooperatives.

Corporate Strategies as a Constraint to Cooperative Growth

To ensure a regular supply of high-quality coffee, TNCs in Uganda's coffee sector follow a pragmatically progressive approach to their relations with smallholders. The objective is to enhance their legitimacy as a business partner, because in the immediate post-reform period, competition between buyers had intensified exploitative and deceptive business practices vis-à-vis producers. Deceit, generally conducted by middlemen who work for larger buyers, still continues (Wiegratz, 2016, 2010), but some TNCs have started to offer improved price transparency and limited non-monetary benefits, such as free crop pick-up in selected villages.

Kyagalanyi[13] is a major example of this operational strategy. By 2009, the company had bought or rented all primary-processing field stations in Eastern Uganda's coffee-growing districts and rented much of the region's largest processing-factory. Both, the field stations and the factory were previously owned by the formerly monopolistic Bugisu Cooperative Union (BCU), and the purchase and rental of these assets, which are perceived as semi-public goods by many producers, was widely seen as controversial. In response to producers' criticism, the company promotes the notion of collaboration and common interest with producers through the establishment of so-called farmers' groups, which are organized to establish long-lasting relations with producers who sell unprocessed coffee. These groups have the same size as primary cooperative unions (25 to 30 producers) and are promoted by corporate fieldworkers in a language reminiscent of that used by cooperative leaders, although they have none of the organizational functions of a cooperative union. Extension services are limited to occasional technical skills trainings for tree pruning and harvesting. Neither the engagement of growers in primary-processing, nor the strengthening of horizontal organizational structures is supported.

The decision of many smallholders to enter these groups and sell their unprocessed crops to Kyagalanyi or other TNCs are overwhelmingly economic. Throughout Eastern Uganda, producers emphasised that without additional income sources, the costs of coping with delayed payments caused by cooperative bulk-selling are prohibitive. The producers' lack

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[11] One state informant highlighted the key role of the World Bank in the reform-related decline of cooperatives, e.g. via a creation of apparent cooperatives' 'losses' via accounting experts (Wiegratz 2016).
[12] Such as registration fees and contributions to credit and saving groups.
[13] The Ugandan branch of ED&F Man.

of savings and the cooperatives' limited ability to offer pre-payments thus directly affect cooperative growth. The local standing of TNCs among smallholders tends to be problematic, despite an acknowledgement among sections of those farmers who sell directly to the subsidiaries of TNCs that price politics tend to be transparent and the limited benefits, such as free produce transport from centrally-located villages, are reliable.[14] Reasons for this include the tension-laden historical relationship between foreign investors and Ugandans, and the reliance of TNCs for most of their transactions with smallholders on middlemen, who have a problematic reputation among producers. Another reason, which is likely to be relevant beyond Uganda, is the knowledge of many smallholders – certainly those who are organized in cooperatives and thus have access to some education on global commodity value chains – that TNCs' strategies of vertical integration excludes them from value-adding processing activities (interviews with smallholders).

The State and 'Politics' as a Hindrance to Cooperative Growth

In addition to intense competition with large buyers, the political environment has become harsher for Uganda's coffee cooperatives since the implementation of neoliberal reforms. The weakening of state institutions responsible for supporting cooperatives has undermined the latter's ability to function effectively. Donor-driven interventions and presidential initiatives to support smallholders since the late-1990s failed to balance the reduced institutional support (van Bussel & Nyabuntu, 2007; New Vision, 2013; Nyabuntu, 2006; OPM, 2005; Tanburn & Kamuhanda, 2005, The Observer, 2014). Some initiatives explicitly promoted only particular types of cooperatives, for instance savings and credit associations, to address rural poverty and low agricultural productivity. This support for limited forms of economic organization stops short of strengthening cooperatives with a significant redistributive and economic agenda and instead, arguably, focuses on minimizing the potential for social discontent in poor rural areas while ensuring some level of crop production.

In recent years, Uganda has been characterised as a semi-authoritarian democracy with significant levels of patronage, personal rule, Presidentialism, and corresponding de-institutionalisation (Mwenda, 2007; Tripp, 2010,). The country has undergone increased securitisation and militarisation as the government responded to heightened protest and opposition to its rule. These dynamics have affected rural politics and the political economy of agricultural development accordingly. An example is the government's political discourse that associates some cooperatives with rebellious behaviour (i.e. doing 'politics'), which is seen as detrimental for socio-economic development, national unity, and security. Thus, producers report that district-level government officials publicly discourage cooperative membership. Primary cooperative meetings must finish before nightfall to avoid denunciations by local politicians of being 'rebels', which may have serious consequences of persecution. As a NUCAFE (National Union of Coffee Agribusinesses and Farm Enterprises) fieldworker noted:

"Local politicians are distrustful of our work. First, they didn't know our objectives, but we organised meetings with the local government to explain our activities. Today, they still discourage the formation of groups [primary cooperatives] in their rallies."

[14] Notably, some middlemen reported in-transparent TNC price and purchasing practices (Wiegratz, 2016).

Parts of Uganda's current agricultural modernization strategy also directly obstruct cooperative development by promoting vertical organizational structures among smallholders. A key example is the presidential initiative for the 'six-farmers-model'. In 2008, the National Agricultural Advisory Services (NAADS) started to re-direct agricultural subsidies to individual producers who are selected by local government committees to serve as 'demonstration farmers' (Joughin & Kjaer, 2010, p. 70). The selected producers tend to be government supporters, whose economic power at the local level is boosted by gaining control over agricultural inputs and machinery. This approach weakens cooperatives by increasing smallholders' dependency on demonstration farmers, who potentially become powerful local 'leaders' under the new subsidy system. Accordingly, the 'six-farmers-model' has the potential to permanently reduce the voice of producers in the distribution of public sector support while tightening political control over a large rural electorate (*ibid*.).

The cooperative revival in Uganda's therefore takes place in a political and economic climate that poses considerable challenges to the development of collective action. First, widespread poverty among small producers results in short-term economic planning that limits participation in cooperative bulk-selling. Second, the dominant power of TNCs indicates oligopsony rather than 'competitive' and 'pro-poor' agricultural markets. Third, due to their superior market control, local middlemen and TNCs are able to maintain the status quo of limited selling options for small producers. Fourth, sections of the government seem to be to some extent opposed towards a significant expansion of economically viable and politically independent cooperatives. Instead, it supports a cooperative 'revival' on its own terms: one that poses little threat to existing patterns of accumulation and distribution in agriculture and to the wider political economy.

Fighting it out with the State? Three Cases of Uganda's Cooperative Revival

We discuss data from two producer cooperatives: the Eastern Ugandan *Gumutindo Coffee Cooperative Enterprise* (hereafter Gumutindo), which was established post-liberalization, and Eastern Uganda's formerly monopolistic BCU, established in 1954, which was in severe decline in the early 2000s, but has revived its business activities in the late 2000s. Our third case study is the nation-wide Uganda Cooperative Alliance (UCA), which is the apex body of Uganda's cooperatives and provides direct member services in addition to advocacy and lobbying for the cooperative movement in Uganda.

All three organizations provide training, logistical support, internal auditing, supervision and marketing services for members through secondary-level organizational units (Kapiriri, 2008, interviews), but apart from this, UCA, Gumutindo and BCU pursued very different growth strategies. While both UCA and BCU focused on political lobbying and direct negotiations with the state to secure political support and minimize state control, we argue that only BCU engaged in activities to politicize producers and strengthen their political-economic agency in order to mobilise the group determination and unity necessary to launch and sustain a cooperative revival under adverse political and economic conditions.

As Uganda's apex body, UCA focused on national-level lobbying to secure state support for the development of rural infrastructure and financial services, and there was a clear recognition among UCA management of the need to strengthen the production and marketing conditions of cooperatives vis-à-vis TNCs. This primarily included direct efforts to improve access to rural financial services for cooperative members through the establishment of a cooperative financial system, as well as political lobbying for increased public investment in the rural production and storage infrastructure available to small producers. UCA's significant lobbying capacities at the national level, however were not matched at the secondary and local levels. Throughout Uganda's coffee-growing areas, local-level activities were limited to the organization's education programme. This transferred technical agricultural skills and addressed cross-cutting issues such as gender equality, but did not cover political-economic knowledge about international coffee value chains and the relations of inequality in the wider economic environment that smallholders operate in. While this may have been caused by a lack of funds, rather than a limitation of the program's objectives, it meant that UCA's local-level activities had limited, if not negligible effects on politicizing smallholders as an interest group.

Gumutindo, which maintains no specialised lobbying capacities, focused exclusively on strengthening its competiveness vis-à-vis large buyers by expanding its international client network and diversifying its product range. The cooperative specializes in fair trade and organic coffee and sees itself as a socially responsible business, rather than an organization with a political agenda (interviews with managerial staff). Its economic success is based on a stable membership of roughly 10,000 farmer-members, long-term relationships with clients in coffee importing countries, and a range of specialty-coffees. Gumutindo applies socially responsible business guidelines, including minimum wages for seasonal workers and gender equality standards for members (Wedig, 2016). Although Gumutindo's growth strategy entailed no significant political lobbying, its success at the local level in raising awareness of broader political and economic issues, such as smallholders' position within the global coffee value chain, is noteworthy. The organization has undertaken substantial efforts to educate individual members beyond the transfer of production-related agricultural skills. Gumutindo's education programmes make political-economic issues accessible to smallholders with limited formal education. Furthermore, Gumutindo has addressed gender-based inequalities and has devoted organizational capacities at the secondary-level to advancing the development of women's producer groups and developing international marketing strategies for exporting their coffee as 'women's coffee'. The organization thereby directly supports women in increasing their control over cash income produced by their labour. By promoting the institutionalization of increased gender equality into their business strategy, Gumutindo encourages the development of a democratic and politicized organizational culture.

Although pursuing different growth strategies, both UCA and Gumutindo have achieved a sustained growth of individual membership numbers and productive (rather than dormant) cooperative unions. However, both organizations' growth potential is challenged by the current political and economic conditions for cooperatives in Uganda. In the context of adverse terms of trade in international markets and overwhelming domestic export market control by few TNCs, both organizations lack sustained state support and neither is well-integrated in broader non-state institutional alliances, e.g. with civil society organizations or agricultural trade unions. In Uganda and throughout Africa, labour unions in rural areas are underdeveloped, but longstanding rural labour diversification (Bryceson, 1999) and the growth of rural labour markets (Oya, 2010b and

c) indicate a potential for expanding collective action if cooperatives were to reach out to labour organizations.

BCU, with its coffee export monopoly for Eastern Uganda until the early 1990s, had built significant organizational capacities for political lobbying since its foundation (Bunker, 1987). The organization has long dominated Eastern Uganda's coffee economy and shaped the political and socio-cultural life of the region, despite its mixed performance record: contributions to socio-economic development were coupled with dynamics of political capture and rent seeking (Bunker, 1986). Since the 1990s, BCU went through a period of decline and subsequent revival. By 2014, rising numbers[15] of the organization's then registered 296 societies, with approximately 1,500 coffee producers each, were selling secondary-processed coffee (graded green beans) through BCU again.

An examination of BCU illuminates how the revival of a formerly monopolistic cooperative has taken place within 'neoliberalized' power and accumulation structures (Wiegratz, 2016). During the 1990s, BCU experienced serious economic difficulties and organizational failure due to the radical cutback of public sector support and significant internal mismanagement. The organization's then leadership (partly linked to the ruling NRM) was seen to enrich itself, engage in ambiguous economic activities and pay low prices to producers. According to older producers, which have worked with BCU during the 1990s, the cooperative increasingly failed altogether to pay its members. By the mid-2000s, BCU's trading activities had largely collapsed and the organization was unable to serve its debts.

Also around that time, a numbers of actors started to challenge the corrupt organizational management and the state institutions responsible for allowing BCU's decline while advancing the consolidation of dominant market control by a small number of TNCs. Consisting of producers, religious leaders (from Catholic, Protestant and Islamic groups), elders, and some politicians (including figures from the opposition), this broad-based alliance organized public consultations and sensitisation campaigns to investigate and resolve BCU's crisis.[16] The initiative pressured the central government to investigate potential misconduct among BCU leaders and after an initially reluctant response by government officials, investigations were eventually conducted; they established the presence of fraud, forced the BCU leadership out of office and allowed for new elections by 2008.

The subsequent revival of BCU's activities – in a relationship of conflict, not harmony with the state - was a powerful expression of smallholders' struggle for a non-neoliberal moral and political economy in their region (Wiegratz, 2010). Despite the central role of internal governance problems in BCU's collapse, there was a widespread perception among the region's smallholders that BCU's decline, and more generally that of cooperatives throughout the country, was advanced by the Ugandan state and international donors. Cooperative members and non-organized producers frequently expressed the view that

[15] Estimation by the authors, based on interviews with farmers and cooperative leaders, because no reliable documentation of the numbers of inactive/dormant societies existed.
[16] Earlier efforts in the late 1990s of some producers and supporters to enforce change in the leadership had failed to achieve the central government's support. See Wiegratz (2016, chapters 4-9) for a detailed analysis of the political and moral economy of neoliberalized agricultural markets in Eastern Uganda, including the struggle for a revived BCU.

a weakened cooperative is part of the state's politics of 'divide and rule': political domination by impoverishment and subsequent patronage and 'hand-outs'. Also, ruling elites were widely believed to have links with foreign and domestic coffee buyers that benefited from weakened cooperatives (Wiegratz, 2016). Throughout Eastern Uganda, smallholders referred to the years following neoliberal reforms in agriculture as the 'times of division'. The cooperative revival was thus shaped by perceptions of inherent problems between the government and cooperatives, and by memories of perceived attacks by the state and international actors on cooperative members (e.g. via the closure of Uganda Cooperative Bank). Thus, a-historical accounts of harmony between state and smallholders do not reflect the (perceived and/or actual) roles of the state, donors, and TNCs in turning the cooperative crisis into a near-terminal one. Smallholders, based on their own experience, perceived the attitudes and actual roles of all three players in the revival as ambiguous, uncertain and markedly different from accounts of international and state support of 'pro-poor' rural development.

In interviews, producers characterized the state's response to the BCU's revival movement as hesitant, slow, or hostile. The state's use of financial resources, political intrigue and public pressure to influence the 2008 election of the chairman was widely assessed as constituting an unprecedented level of political interference in cooperative affairs. Yet, the NRM-backed candidate lost the election. BCU's newly elected chairman, Nathan Nandala Mafabi, was a regional political leader with a highly visible national-level political profile. As a top figure of the main opposition party *Forum for Democratic Change* (FDC), a Chairman of the Public Accounts Committee (2006-11), Leader of Opposition (LoP, 2011-14) in Parliament, and Secretary General of FDC (since 2015), he was a key political rival of Uganda's longstanding president Yoweri Kaguta Museveni, most notably in the 2011 presidential election, and also a business man. Among producers, he enjoyed a reputation of high integrity, competence, and commitment to producers' interests. Mafabi's position was repeatedly attacked on legal grounds by members of the old management (e.g. via primary societies' petitions) and some central government officials, but he was able to win the support of many NRM-leaning actors and regained producers' trust, many of whom started to supply coffee on credit by the next harvest season following his election. BCU also started to repay its debts and retrieved its export license. Export relations to China and Japan were established, and extension services, second-payment and bonus systems, and a school bursary scheme for farmer-members' children were revived. BCU also paid burial support and relief support to victims of natural disasters in the region. According to BCU management, the government did not provide substantial support to BCU and also donors showed little interest to engage with the cooperative up to-date.

Despite the lack of government and international donors' support, BCU was making net annual profits again by 2011. The organization was able to pass on to members large parts of increased coffee prices in international markets[17], for which it was praised publicly. One commentator observed that "the farmer, who in the pre-Mafabi era earned about UGX 800 for his kilo of coffee, now gets UGX 6, 200. This price badly beats the one paid by private buyers who generously offered about UGX 2,500 before the dawn of [what was called] the 'Mafabi magic'" by some producers (Sengoba, 2011). While the increased

[17] Coffee prices started to rise in 2005 and continued to rise until the second half of 2010, due to increased world consumption and several below-average harvests (ICO, accessed January 27, 2015).

prices paid to producers where made possible by rising world market prices, the ability and willingness of BCU to pass on increases triggered important changes in the local political economy by signalling to producers that it is not exclusively the remote 'world market' that shapes local price dynamics. Instead, the price politics of small producers suddenly appeared able to potentially pressurize dominant buyers in regional markets to increase their buying prices. Various interviewees highlighted that the prices paid to producers by middlemen and larger buyers are closely related to the level of strength of BCU as an actor in the economy. Rather than primarily improving individual economic gains of farmer-members, the passing-on of higher international coffee prices under Mafabi directly contributed to strengthening the negotiation power of small producers as an interest group.

A decisive state intervention in BCU's revival process endangered the organization's recovery. In December 2010, shortly before the February 2011 presidential elections, the state suspended the new management on the basis of mismanagement allegations (balance sheet falsification), which were brought forward by parts of the old BCU leadership. The BCU board legally challenged the suspension, but despite the court's declaration that the suspension was unlawful, the government installed a caretaker and a politico-legal battle of several years ensued in which claims concerning the (il-)legality of the actions of the various parties were made. During the care-taking period, BCU operations were limited, prices negotiated with exporters and paid to producers low, and the caretaker team was accused of mishandling the union's affairs and assets. The standard interpretation by producers and national media was that the state, more specifically the president, was not supportive of the union's revival, particularly under the leadership of Mafabi. Despite being widely criticized for delaying the review process, the government took three and a half years to deliver the forensic audit report, which stated that there were some irregularities that needed follow-up.[18]

Interview data suggests that there was indeed high-level political pressure to 'find' evidence for wrongdoing, and undermine Mafabi. Notably, government officials argued that the delay was significantly due to the uncooperative behaviour of the BCU leadership, and that in any case, the responsible Ministry handled the case according to the provisions of the law. Furthermore, it was alleged that Mafabi and the FDC used BCU to receive foreign funding for political activities to oust Museveni (see also Daily Monitor, 2011f). The nationally and globally renowned political economist Dani Nabudere commented on the stalemate: "I have witnessed a number of military regimes in this country, and this one is just one of them. The union belongs to the farmers and they have authority over it. This [state action] is an indication that the government is committed to suffocate this union like it did to the other 41 unions that are now non-functional" (Sunday Monitor, 2011c).

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[18] A news report stated that 'The final forensic audit into the Bugisu Cooperative Union has implicated Mr Nandala Mafabi's board and its predecessor in financial mismanagement. The audit report recommends that the old board members account for the missing UGX 6 billion. […] Mr Mafabi maintains that government interference is responsible for some of these shortcomings. 'My term was interrupted after government forcefully took over the Union in 2010, we would have organised the union financially […].' (Daily Monitor 2014c). Further, the report 'exonerated Mr Mafabi of causing any financial loss to the union but asked him to return all the land titles in his possession which he did immediately' (Daily Monitor, 2016).

The government eventually declared to support BCU as an engine of growth, jobs and state revenue and allowed for fresh election in 2014, which Mafabi won unopposed. However, the union was reportedly handed back indebted (Daily Monitor, 2014a, c, d, 2011a-j, 2010, Sunday Monitor, 2014, 2013b, 2011a-c, 2010a-b, The Independent, 2011a-b). Upon re-gaining the chairman post, Mafabi highlighted the financial implication for the union of the years of the state's caretaker-ship and declared another round of legal struggles, among others, to alter the power relation between the state and cooperatives:

> 'In the four years, I expected the government which accused me of mismanaging the union to do better. Instead, the coffee prices that we left going for UGX 12,000 a kilo dropped to UGX 3,000. We left Shs2.5 billion on the account when they threw me out. We expected to find that money or more, considering that we were collecting rent from our properties and charging milling fees. […] Instead, they have handed my board a union with the accounts in the negative. All they did […] was siphon our farmers' money. I am going to press for charges against the caretaker regime that has misappropriated that money. I will target the commissioner for cooperatives and others. We have also realised that the current law gives excess power to the commissioner for cooperatives and it is being abused. We are going to the courts to challenge this law.' (Sunday Monitor, 2014).[19]

BCU's case shows that the revival of a large cooperative in a neoliberal political economy, most notably the revival of a formerly monopolistic organization which is headed by a key (and popular) representative of the political opposition can be a politically highly sensitive matter, especially in a context where cooperatives have historically had ties with a then-ruling party (Uganda People's Congress, UPC) that is currently in opposition (Wiegratz, 2016). First, the revival can produce political and economic losses for actors that previously benefitted from the reduced activities or collapse of a cooperative with strong social rooting among producers. The political-economic and socio-economic changes associated with such a revival threaten the interests of dominant actors in a neoliberal environment. In Uganda, status quo benefactors included: (i) actors that participated in weakening the union, including fraudulent former cooperative' leaders who potentially face prosecutions, (ii) economic partners outside the coffee sector who might see a reduction of benefits enjoyed through the use of cooperative assets[20], and (iii) those who face losses in market shares through strong cooperatives. The latter group includes competing domestic and foreign commodity buyers, politicians with little stake in a revived cooperative movement (but potentially in increased FDI), and even some NGOs and local government units that have found their niche in implementing development programmes for non-organized smallholders.

Second, the revival of a large cooperative can undermine key components of the neoliberal political economy of agricultural trade: the extensive power of few TNCs in a

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[19] According to BCU (2015; 2014), the caretaker did the following amongst others: formed his own coffee trading company and sold BCU coffee to it under dubious conditions; sold BCU coffee to other buyers (including a TNC) at a low price (and again under dubious conditions); borrowed money at a high rate from a private money lender; carried out extensive travel abroad on BCU expenses; made payments to old board members; cancelled the reinstituted bursary scheme for farmers' children to go to university; accrued significant tax benefits; left proceeds from coffee sales uncollected, and owed money to creditors including famers.

[20] BCU primary society premises were reportedly used as residential houses, police stations, schools and sub-county headquarters for instance (Daily Monitor 2015a). Trying to change the status quo here reportedly led to conflicts with powerful actors including cultural leaders that had allegedly used buildings without paying rent (e.g. Daily Monitor 2016c).

buyer-driven value chain, a fragmented and asset-poor peasantry, and smallholders' dependency on low farm-gate prices. A major cooperative with historically broad-based support among producers can be example-setting, thereby destabilizing the hegemony of neoliberal ideology. It may show the relative effectiveness of more egalitarian alternatives to agricultural production and marketing and economic practices more generally: the possibility of peasant actions that have an ambitious, long-term perspective and are guided by non-neoliberal principles, such as aiming at long-term economic improvements for the most vulnerable, running an economic organization that aims at collective action and unity of small producers to counter individualisation and fragmentation, substantive rather than pro-forma consultation of the peasantry, and collective rather than individual 'maximisation' of well-being (Wiegratz, 2016).

A revival can therefore produce a range of material and ideational spill-over effects in other coffee producing regions, other agricultural sub-sectors, and potentially outside the agricultural sector, threatening neoliberal status quo interests there. A politically, economically and culturally more confident and less poverty-stricken peasantry (and potentially other actors, including agricultural labourers) may in turn incrementally challenge both the general conditions and concrete cases of (i) the subordination of 'the poor' by more powerful actors, including big capital and the various arms of the state, e.g. the judiciary and the police[21], (ii) the political-economic deals between government/state and (especially foreign) big capital and the regular contempt there for the interests of the subaltern, and (iii) the fraud and corruption of powerful and predatory actors. More generally, a cooperative can function as a vehicle for collective struggle of marginalised actors on various issues across society, economy and polity by increasing pressure on ruling classes/elites and engaging in the search for alternatives to neoliberal trajectories of development.

Third, the BCU case demonstrates the key role played by the position that a state - and those that shape its key economic policies (including donors) – takes towards a cooperative revival. In Uganda, some sections of the state, e.g. the President/State House, at best favoured a revival on their own terms, i.e. with an NRM candidate as chairman, which ensures tightened political and economic control over the union's development. The case shows how certain ruling state elites may be opposed to a cooperative revival that strengthens permanent organizational structures to promote economic advancement and political emancipation at the expense of powerful political and economic actors, and the neoliberal development model and its political economy more broadly. Struggles for a cooperative revival, as this case confirmed, are not exclusively or even predominantly struggles for better prices and improved market access. Instead, they may seek structural changes in the political and economic power structures at local or regional levels, thereby re-shaping state-society relations in the affected regions.

Lastly, the case indicates the various forms in which the state can interfere in a cooperative revival. Broader political-economic dynamics within Uganda, such as the fact that Mafabi was not the chief contender for the presidency in 2016, might shift the revival dynamics as the perceived threat to the status-quo, which emanates from the union, potentially decreases. The revival dynamic itself generates ever-new knock-on effects including rationales to question the status quo, such as Mafabi's announcement to

[21] Officials from both institutions regularly engage in abuse of the poorest sections of Uganda's society.

challenge the government for its alleged actions during the caretaker period. The case also illuminates that individual state units, such as courts or sections of relevant Ministries and government agencies, both local and national, can formally and/or informally support or hinder certain aspects of a cooperative revival. The role of the state is not a-priori defined and cannot be theoretically assumed, but needs to be empirically investigated.

The Ugandan case shows that even a 'strong' state, with a functional law and order sector, is potentially vulnerable and open to pressure through collective action. In the case of BCU, this pressure took the form of a long political campaign, with a sequence of defeats and setbacks that have their own impoverishment dynamics and a revival that is not at all fully secured against conflicting interests of the state and economic elites, and the pressing dynamics of market competition. The state however remains a powerful player that confronts a highly vulnerable and cash-strapped peasantry. A determined political leadership that recognizes the revival as a powerful political affair can indeed shape its length, terms and outcomes. In 2015, BCU with the support of the Bagisu Elders Forum, had secured a significant compensation payment from the government for the losses incurred during the 2009-14 caretaker period (9.2billions Ush of the estimated 15billion Ush; BCU used about half of the money to pay back debts and taxes accrued during the caretaker period.). While government officials denied that the payment was motivated by re-election concerns for the 2016 national elections (Daily Monitor, 2015b), the NRM government increased its control over cooperatives by tightening the rules for holding cooperative leadership posts (e.g. forbidding active politicians to hold such posts, arguably a response to the Mafabi case and an attempt to criminalise his BCU chairmanship after other routes to oust him failed), introducing term limits for leaders, and significantly extending the role of the military in managing the provision of agricultural inputs and extension services, under a programme titled 'Operation Wealth Creation', headed amongst others by Museveni's brother half-brother Salim Saleh (Daily Monitor, 2015b, 2015c, 2014f).

In 2016, Mafabi was re-elected unopposed for a third term (and most of the board was also re-elected), and reported that BCU was free of debt again (Daily Monitor, 2016d). BCU's revival has attracted public interests: several cooperatives and Parliamentary committees have approached the Union to learn about it. Mafabi and the work of the board continued to be attacked, however, via petitions about BCU affairs that some societies, reportedly again backed by old board members, handed to the Ministry. A high-level local NRM politician (District LCV chairman, and old board member) was prominently involved at the forefront of one of the cases in this latest flood of more than 150 petitions (Daily Monitor, 2016a, 2016b). Arguably, these petitions gave various state agencies continuous reasons to interfere with BCU affairs. Union members and activists have pointed out that this constant state interference is a competitive disadvantage vis-à-vis private companies (e.g. BCU 2014). It was also noted - in line with the long-standing call to keep politics out of union affairs - that cooperatives should not be seen to need mirroring national politics, i.e. reflect NRM dominance and preferences (e.g. on matters of board composition) (ibid).

Further, BCU still struggled financially from the impact of the years-long, state-orchestrated de-facto closure of the union, the potentially most potent institution of peasantry in the region to launch an attack on the entrenched neoliberal state power. The

NRM government, following the highly controversial 2016 re-election of Museveni, made further inroads on co-opting large producer organizations. In order to 'awaken' cooperatives (with support of international donors), it announced amongst others a process of compensating unions for damages occurred in relation to the civil war in the 1980s that brought the NRM to power (Daily Monitor, 2016e). This sort of political practice of promising and/or making substantial payments to larger groups is widely regarded as a buying of support or providing patronage and 'confusing' forces critical of the government, i.e. a form of power reproduction.

CONCLUSION

Against the background of the internationally promoted cooperative revival in Africa, this article has examined the conditions for cooperative development in a neoliberal economic and political environment. The case studies from Uganda's coffee sector have pointed to major difficulties for a sustained revival of cooperatives due to the challenges that small producers face in the country's liberalized agricultural markets. The increased social and economic risks, costs and vulnerabilities that producers are confronted with have created serious barriers to the revival and growth of cooperatives. Major economic factors that reduce the likelihood of asset-poor producers to organize in cooperatives include the decline in the provision of rural financial services after the dissolution of cooperative banks, high transport and storage costs due to the loss of state-supported facilities, low levels of public investment in rural infrastructure, and elevated investment risks due to significant price fluctuations in international commodity markets.

Overall, the balance sheet of neoliberal reforms seems to be negative for a large section of producers in Uganda's coffee sector. As a result of the rapid and extensive opening of domestic agricultural markets to a 'free trade' regime, smallholders face higher production and marketing costs and are less able to access financial services. Many lack the capacities to insure themselves against high risks in international markets, and they are often unable to respond to international market price incentives due to a lack of savings and access to capital. Despite improvements in Uganda's health and education sectors, even the poorest population sections still face financial costs for basic services, and uneven public service delivery translates into higher costs in remote rural areas. Given the reduced access to capital experienced by small producers in a neoliberal environment – and the simultaneous need to insure against higher risks – the requirement to bear any costs for basic social services is significant and may push farm households into short-term selling to middlemen or increase side-selling among organized producers.

While the pace and extent of market liberalization and neoliberal reforms more generally have differed between African countries, some of the above described political and economic barriers to economic (re)organization can be relevant to small producers outside Uganda. The strategies of cooperatives to overcome these barriers differ between organizations, but the evidence presented has shown that larger cooperatives with the institutional capacities to engage in political struggles, including lobbying at the national level, are under certain conditions more likely to press for changes in market regulation and other state support to improve the terms of trade faced by organized smallholders. The Ugandan data showed that middle-sized cooperatives without national-level organizational structures can realize improvements in the economic prospects of vulnerable groups locally, but it seems to be beyond their capacities and organizational agenda to organize producers as a force for political and economic change. Such cooperatives may follow a progressive business model that includes the promotion of gender equality and living wages, but as single entrepreneurial entities, they are unlikely to act as a social and political force that engages with the state to increase the policy space of and state support for cooperatives.

The Ugandan data also points to the weak nature or lack of alliances among cooperatives and between cooperatives and other non-state actors, such as trade unions and small business organizations. Though difficult to forge in the current state of survival, which for cooperatives like BCU is dominated by struggles with the state, other actors opposed to the current revival trajectory (e.g. old board members) and powerful competitors, such alliances are necessary if cooperatives are to regain policy space and push for structural changes necessary to improve their terms of trade in liberalized agricultural markets.

Finally, our analysis has highlighted the ways in which the revival of cooperatives is a contested process that is characterized by conflicting interests and struggles over political power and economic support. Analytical accounts within the mainstream of academic and policy debates largely fail to capture this key aspect of cooperatives in contemporary Africa and are thus reproducing analytical flaws that hamper the understanding of agricultural development in Africa. The discourse on cooperatives that is dominated by a representation of the social and solidarity economy (SSE) that idealizes the integration of small producers into global value chains and projects notions of win-win scenarios in liberalized agricultural markets[22] amount to misrepresentations of African social reality. As a disservice to the core actor group that wages a battle for socially progressive economic development against the status quo, it distorts the serious risks and difficulties that smallholders face in challenging TNCs, large domestic buyers, and the state.

[22] See Wedig (forthcoming 2018) for a critique of the SSE discourse in the context of African export agriculture.

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