



Ministry of Trade, Industry and Cooperatives

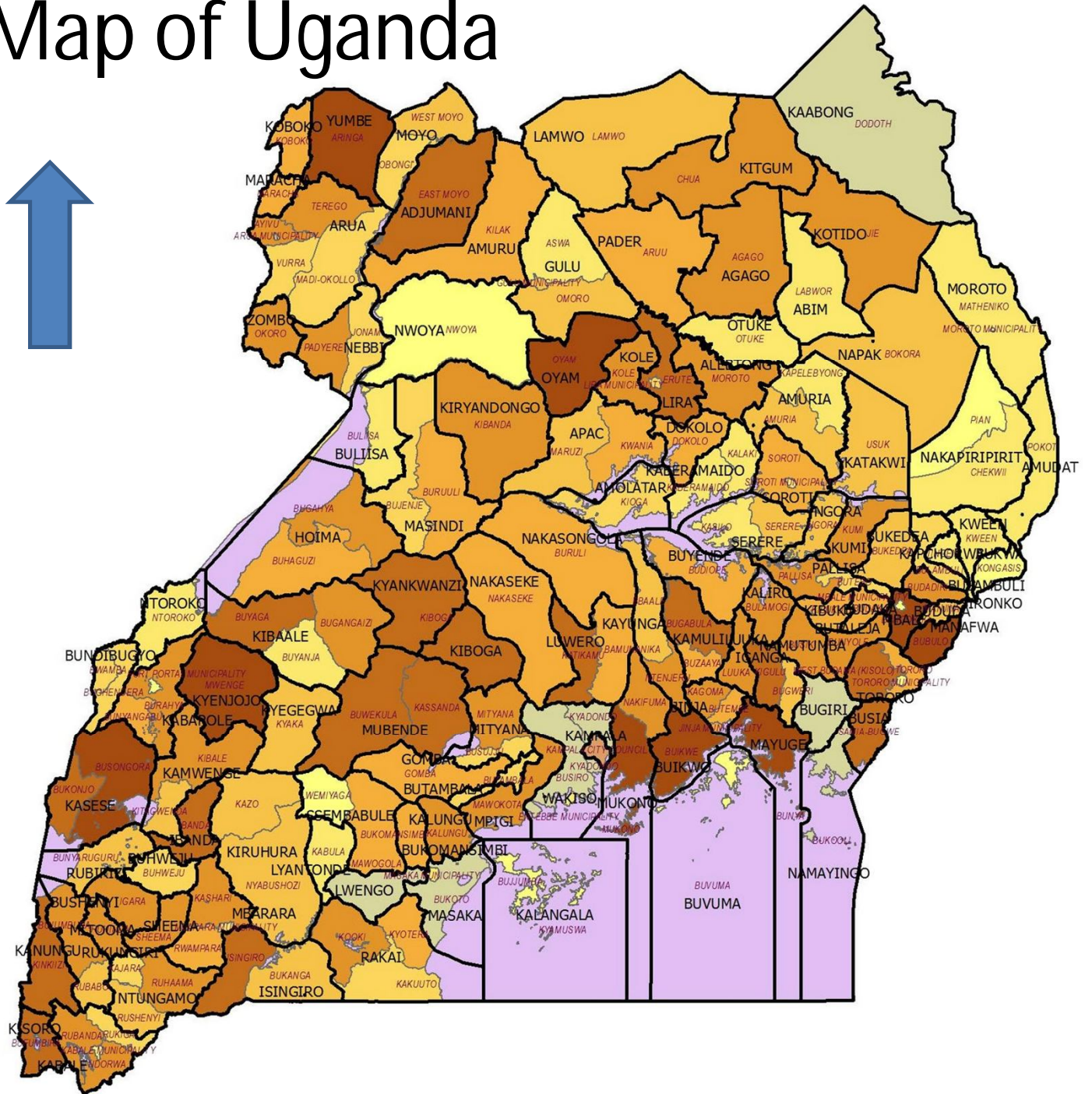
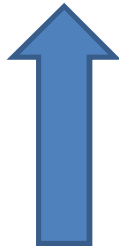
Overview of Cooperatives in Uganda

By

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(SCO)

Map of Uganda



History of cooperatives in Uganda

- This could be traced to present day Mubende District where 1913, four farmers decided to market their crops collectively.
- They became known as “The Kinuakulya Growers”.
- In Uganda cooperatives came about as a response to the *unfavorable terms of trade* imposed on peasants by the *Asian Traders* through organized local middlemen

History of cooperatives in Uganda

- 1920, 5 groups of farmers in Mengo met in Kampala to form the "Buganda Growers Association" whose supreme goal was :
- To control the domestic and export marketing of members' produce.
- Counterparts in other parts of the country shared this vision and acted accordingly.
- A cooperative movement was therefore born to fight the *exploitative forces* of the colonial administrators and alien commercial interests

History of cooperatives in Uganda

- Which thought to monopolise domestic and export marketing.
- The colonial gov't of the time considered the emergency of cooperatives as premature and subversive
- Laws were enacted to make it an offense for any financial institution to lend money to an African farmer.

History of cooperatives in Uganda

- Because of these restrictions coops operated underground until 1946 when the cooperative ordinance was enacted to legalise their operations.
- Peasant farmers saw the 1946 ordinance as a means of increasing government control in their business and many groups refused to register under it.

History of cooperatives in Uganda

- Those that registered were considered as stooge organizations.
- 1952-1962-Cohen era:
- Sir Andrew Cohen came to Uganda as Governor in 1952.with his renowned liberalism, to the complaints of old formed coop societies,
- He appointed commission of inquiry into the progress of the coop movement

History of cooperatives in Uganda

- This commission headed by Mr. R.Dreschfield's committee submitted its report on June 11 1952 which stipulated that:
- It was not the function of government to guide private enterprise as doing so ,would arouse suspicion.
- The cooperative movement would be stronger if it was independent of government.

History of cooperatives in Uganda

- It was a legitimate and reasonable aspirations of cooperative societies to be free of gov't control
- In light of the above pointer, government amended coop societies ordinance 1946
- This gave rise to the cooperative societies Act 1952- which was more accommodative and provided the frame work for rapid economic development.

History of cooperatives in Uganda

- It provided enough autonomy to make registration acceptable to the coop groups that had defied the 1946 ordinance.
- It also provided for both the elimination of discriminatory price policies and offered private African access to coffee processing.
- Thus ,between 1952 and 1962 coop membership increased 8fold and the tonnage of crops increased 6fold.

History of cooperatives in Uganda

- The coop district unions acquired considerable importance.
- By 1962, there were 14 ginneries and seven and 7 coffee curing works in the hands of coop unions.
- Many people were employed and ,and cooperative unions became the most conspicuous institutions in the districts.
- The post-independence era

- By the time of Uganda's political independence in 1962, participation in cooperative activities had given a number of leaders national visibility.
- Their departure created leadership vacuum in the coop movement.
- Other aspiring politicians began to see coops as useful launching pads into politics.

History of Cooperatives in Uganda

- Hence by involving people who had motives other than commitment to serving cooperatives paved way for mismanagement, nepotism and corruption in coops.
- This caused discontent in various rural areas
- Setting of various commissions of inquiry.
- Resulted into repealing of coop societies ordinance of 1952
- Replaced by the coop societies Act and Rules 1963; this restored control of soc by Registrar

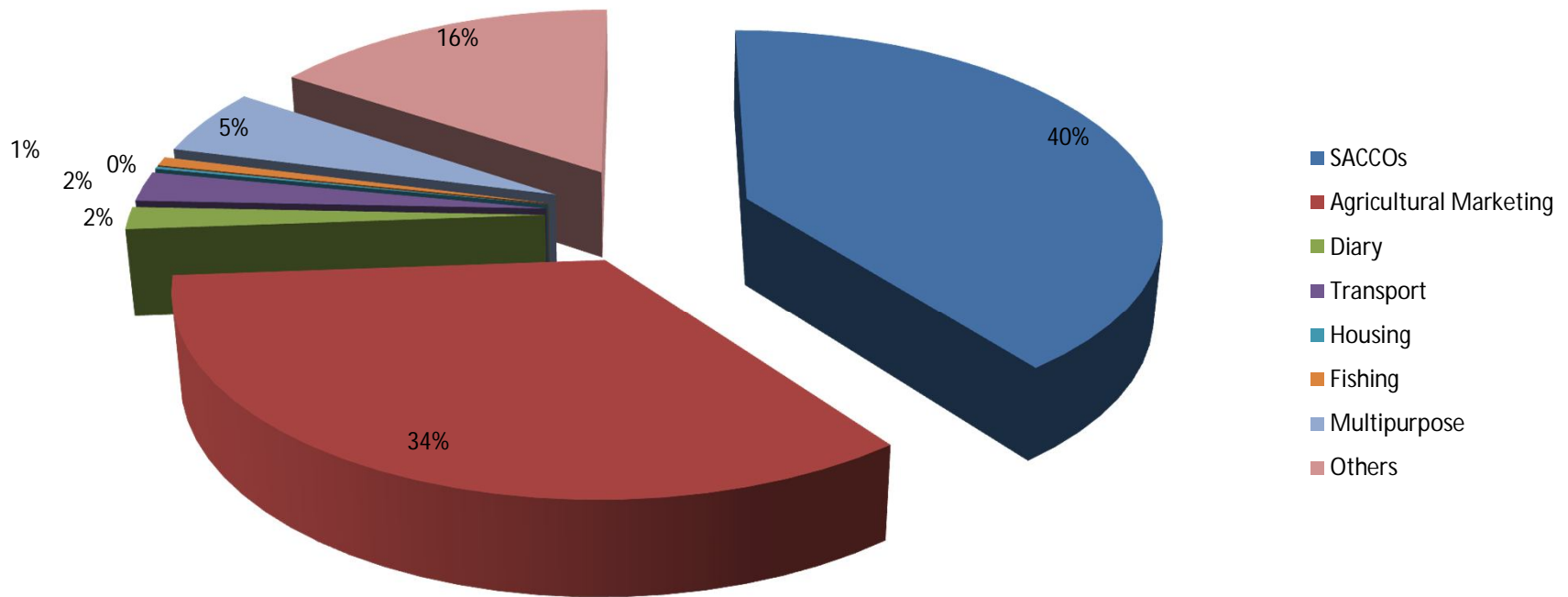
- In 1970 , the 1963 Act was repealed and a 1970 cooperative societies Act was put in place.
- This Act finally, took away all the autonomy and gave the minister direct control over the affairs of registered cooperative societies.
- Hence members lost control of their coops to managers , politicians and government officers.

- A ray of hope returned for cooperatives in 1986 when NRM took over the administration of this country.
- Consequently , the NRC enacted coop societies statute in 1991 that was later transformed into an Act Cap 112 in the laws of Uganda; this is still the legislation for coops up to this day in Uganda.

Registered Co-operative societies as at 30th August 2012

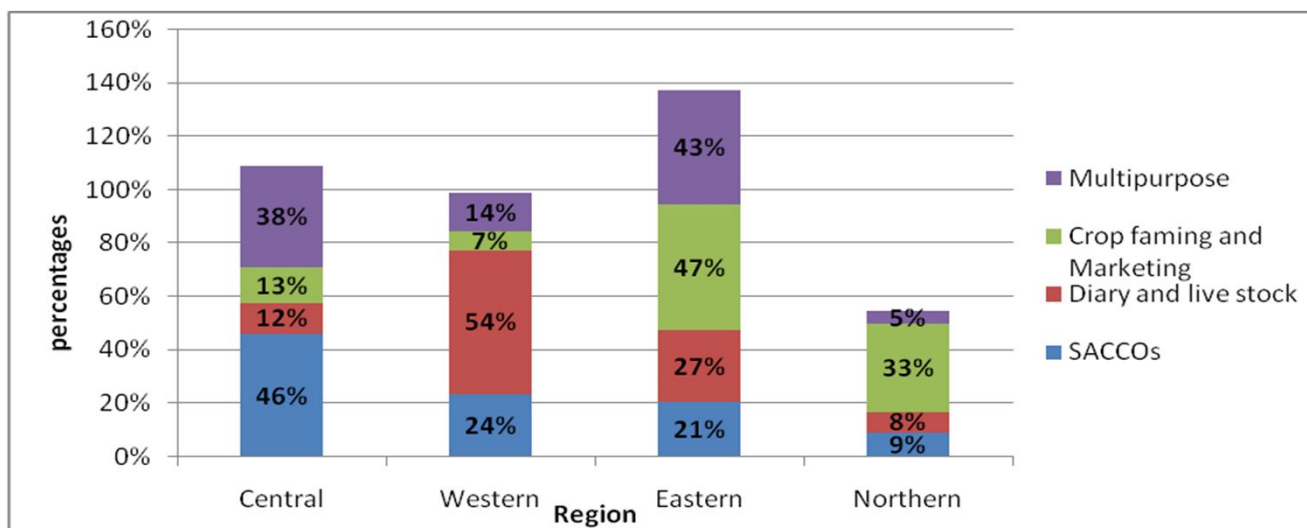
Category	Probation	Permanent	Total
SACCOs	2417	2811	5,228
Agricultural Marketing	138	4366	4,504
Diary	25	213	238
Transport	104	214	318
Housing	4	22	26
Fishing	19	76	95
Multipurpose	111	600	711
Others	394	1665	2,059
Grand total	3212	9967	13,179

Registered Co-operative societies as at 30th August 2012



Overview of cooperatives

- **Figure: Societies by Region, Economic Activity and Percentage, 2012**



- The figure above shows that, across all regions, 46% of the SACCOS are located in the central region, followed by western (24%), eastern (21%) and northern (9%). The Western dominated in area of dairy and livestock (54%), while the Eastern region dominated in the area of crop farming and marketing (47%).
- Generally, majority of the SACCOS are located in the Central region, Dairy and Livestock societies in the Western region and Crop Farming and Marketing societies in the Eastern region. It can also be observed that there is also a fair distribution of active cooperatives by type in the Eastern region.

Deliberate Interventions by MoTIC

- Promotion of high value commodity based cooperatives using an integrated approach model working UCA/dev't partners
- The figure depicts 3 community based and owned form of cooperative institutions-RPOs, ACEs and SACCOs to be mutually dependent, self-reinforcing in the way gear levers in a vehicle work.

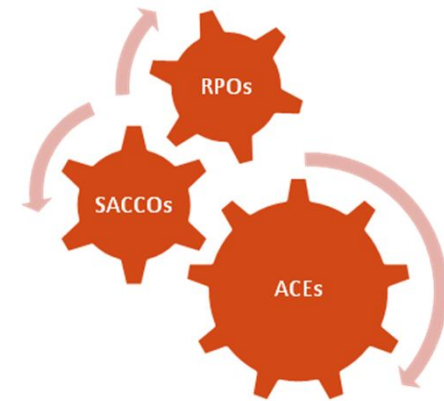


Figure: Integrated approach to local economic development

Deliberate Interventions by MoTIC (Cont'd)

- Each of the above 3 entities are supported to perform a specific function that will augment and reinforce the function of the other for holistic development of local communities.
- Forms of cooperatives that are being promoted include:
 1. RPOS-Rural Producer Organisations
 2. SACCOs – (Savings and Credit Cooperatives)
 3. ACEs-Area Cooperative Enterprises
 4. Energy cooperatives
 5. Consumer cooperatives
 6. Transport cooperatives
 7. Service cooperatives
 8. Workers cooperatives
 9. Hand crafts cooperatives

Deliberate Interventions by MoTIC (Cont'd)

- Successful RPOs include: Lukyabwa Fishing Cooperative society, Lujaggwa Multipurpose cooperative society in Kalangala district.
- Successful SACCOs include: Mukono-Kayunga Teachers' SACCO, Masaka teachers' SACCO, Lwengo SACCO, Kyotera Tusimbudde, Lukaya SACCO, Masaka Microfinance Cooperative Development Trust, Masaka Elders' SACCO, Lwabenge Amazima Bwebugagga and Bagezza SACCO, kyamuhunga peoples, MOYO SACCO
- Successful ACEs include: Kangulumira ACE, Kayunga ACE and Bagezza ACE, nyakatonzi coop union, ntungamo diary union

- The MTIC is in the process of reviewing the current law to come up with effective regulation and supervision of SACCOs.
- Attempts are being made to up scale membership education for members, skills development training for committees and management staff.

- The government is to provide start up kits and basic logistical support to SACCOs in need and those which are starting up.
- Government provides support towards security of SACCO premises for the SACCOs that have not yet attained a level of financial self sufficiency.

Major achievements of cooperatives

- The cooperatives in Uganda transcend all spheres of the economy and they are wide spread in all the major sectors as reflected in pie chart.-*energy distribution, fishing, housing , consumer, financial services, livestock and dairy, apiary fruit and crop farming*

Major Challenges faced by Cooperatives

- Poor leadership and governance generally
- Inadequate capitalization
- Insufficient economic patronization by the members
- Lack of access to reliable markets that pay competitive prices
- Inadequate storage, post harvest handling and agro processing infrastructure
- Massive frauds by management staff and committees
- High level of dishonesty and lack of transparency on the part of committees
- Lack of cooperative member education
- Some level of political interference from the local politicians

- insufficient loanable funds to handle big demands, as our membership grows also the demand for big money increases
- members don't save but demand for loans
- High delinquency levels in SACCOs
- Lack of security support in relation to guarding SACCO premises.

Reasons for Successful Cooperatives in Uganda.

- Visionary leadership
- Good governance
- Business plans
- Continuous member education
- Market access
- Accountable, honest and transparent leadership
- Good management information system
- Separation of roles between committees and staff
- Adherence to laws, policies and procedures by all the members of the cooperative including leaders.

Conclusion

- Cooperatives have the potential to transform the country only if they are founded on a common bond led by visionary and honest leadership and there is continuous and regular supervision



ALL FOR ONE,
ONE FOR ALL !!

Thank You