Cooperatives in Development

Reviving the cooperative sector in Uganda

presentation

“Harnessing the Cooperative Advantage to Build a Better World”

Global Forum and Workshop on Cooperatives

Markus Hanisch and Nana Afranaa Kwapong

4-6 September 2012
Addis Ababa, Ethiopia
The International Food Policy Research Institute (IFPRI), Humboldt University in Berlin, and Makerere University in Kampala present research findings and policy implications of the Rural Services Project.

Making Rural Services Work for the Poor

The Role of Rural Institutions and their Governance in Agriculture-led Development

4th Floor Conference Room
Senate Hall
Makerere University, Kampala
8:30am – 5:30pm
June 24, 2010

Photo Courtesy of Paul Sebewa/IFPRI
Lessons from analyzing service reforms in Uganda

- reform of agricultural extension (NAADS)
- the revival of cooperative marketing
How history matters:

1913: Beginning of the coop movement
1923-1933: Main associations form
1946 -1962: Shortly before and after independence the movement flourshes
1960ies: Political interference and control rises
1979 and 1986: Two wars hamper operations - erode asset base
1990ies: Liberalization finishes off what was left
after 2000: Politically guided revival of the movement
Anatomy of the rural-coop societies until the late 1990ies
“Liberalization rightly understood“: Uganda’s Area Cooperative Enterprise and SACCO Konzept
How supportive policy matters

The National Cooperative Development Plan (2011):
Government shall be responsible for:
i. Registering co-operative societies;
ii. Regulating co-operative and quality assurance activities;
iii. Mobilizing resources for policy implementation;
iv. Coordinating all agencies involved in implementation of the Policy
v. Monitoring policy implementation;
vi. De-registering non compliant co-operative societies;
**vii.** Policy Review;
**viii.** Support capacity building for members of the co-operative movement;
ix. Supporting District Commercial/Co-operative Offices
x. Coordinating co-operative activities;
xi. Building and improving supportive infrastructure;
xii. Supervising operations of co-operative training institutions,
xiii. Preparing co-operative development strategy.

How the collaboration between the movement, NGOs and technical cooperation matters

Uganda Cooperative Alliance (UCA), collaborates with development partners in giving:

- Training in leadership and management skills
- Establishing and strengthening of producer, marketing and financial services
- Linking UCA to the outside world, which has enabled UCA to learn from best practices in cooperative development and management.
- Promotion of women and youth participation in the cooperative activities.
- Enhancing the UCA’s profile and national acceptability.
- Increasing UCA’s capacity to deliver on its mandate to date.
## How has your income changed?

<table>
<thead>
<tr>
<th>How has your income changed?</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased</td>
<td>91.9</td>
</tr>
<tr>
<td>Decreased</td>
<td>5.4</td>
</tr>
<tr>
<td>Remained constant</td>
<td>2.9</td>
</tr>
</tbody>
</table>

## Income change groups

<table>
<thead>
<tr>
<th>Income change groups</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 24% change</td>
<td>26.5</td>
</tr>
<tr>
<td>Between 25 &amp; 49% change</td>
<td>23.8</td>
</tr>
<tr>
<td>Between 50 &amp; 74% change</td>
<td>42.7</td>
</tr>
<tr>
<td>Over 75% change</td>
<td>6.9</td>
</tr>
</tbody>
</table>

Source: IFPRI/Humboldt University Uganda Cooperatives survey, 2009-10
Agricultural cooperatives
What should be done to strengthen agricultural cooperatives?

1. Farmer and management training and education – sensitization of farmers who are coop members
2. Auditing for control purposes to build trust
3. Infrastructure development such as feeder roads, stores to access production & market infrastructure
4. Revive – reform policies, incl. taxation
5. Change structure of cooperatives to capture economies of scale
6. Clear government policy commitment towards independent cooperatives
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Challenges

UCA in the Mid 1990s began effort to revive the fallen cooperative movement by promoting self reliant SACCOs. This approach was supported by the Swedish Cooperative Centre (SCC), Canadian Cooperative Centre (CCC) and Royal Norwegian Society for development (Norges-Vel). An example of such a project is the ‘Promoting Area Cooperative Enterprises’ (PACE) supported by Norges-Vel, with the objective of contributing to reduction of rural poverty through increasing incomes of small scale holders by providing support to RPOs, SACCOs and ACEs. The pace project adopted the integrated approach of combining production with financial services.
## Results UCA

<table>
<thead>
<tr>
<th>Indicator</th>
<th>July 2005</th>
<th>June 2006</th>
<th>Dec 2006*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SACCO Performance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supported project SACCOs</td>
<td>33</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Membership</td>
<td>11,336</td>
<td>11,510</td>
<td>13,559</td>
</tr>
<tr>
<td>Share Capital (Ug Shs)</td>
<td>452,600,000</td>
<td>461,411,000</td>
<td>581,002,000</td>
</tr>
<tr>
<td>Savings Balance (Ug Shs)</td>
<td>487,100,000</td>
<td>493,522,000</td>
<td>736,172,000</td>
</tr>
<tr>
<td>Loan Portfolio (Ug Shs)</td>
<td>850,500,000</td>
<td>864,039,000</td>
<td>1,254,325,000</td>
</tr>
<tr>
<td><strong>RPOs Status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of RPOs</td>
<td>152</td>
<td>136</td>
<td>143</td>
</tr>
<tr>
<td>Membership</td>
<td>11,842</td>
<td>14,669</td>
<td>17,089</td>
</tr>
<tr>
<td>RPOs share capital (Ug Shs)</td>
<td>291,785,250</td>
<td>431,373,450</td>
<td>435,630,450</td>
</tr>
<tr>
<td><strong>Status of ACEs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of ACEs</td>
<td>32</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Membership</td>
<td>12,142</td>
<td>14,669</td>
<td>17,089</td>
</tr>
<tr>
<td>Share capital (Ug Shs)</td>
<td>14,841,000*</td>
<td>37,600,000</td>
<td>39,575,000</td>
</tr>
<tr>
<td>Value of produce marketed (Ug Shs)</td>
<td>n.a.</td>
<td>457,573,000</td>
<td>519,970,320</td>
</tr>
<tr>
<td>Commission earned on sales (Ug Shs)</td>
<td>n.a.</td>
<td>46,079,175</td>
<td>51,779,975</td>
</tr>
<tr>
<td>Commission earned on inputs (Ug Shs)</td>
<td>n.a.</td>
<td>8,128,300</td>
<td>10,270,100</td>
</tr>
<tr>
<td>Value of input procurement (Ug Shs)</td>
<td>n.a.</td>
<td>73,181,000</td>
<td>78,200,435</td>
</tr>
</tbody>
</table>
Government of Uganda adopted the Savings and Credit Cooperative (SACCO) model as the vehicle through which all parts of Uganda at Sub County level will have access to safe, affordable and sustainable financial services.
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- While UCA founded 32 SACCOs in few years the new approach led by government has up to now founded 1000
- Politicians encourage the people to form SACCOs promise, and make monetary and logistical donations.
- People increasingly join the SACCOs to receive financial handouts
- SACCO formation in the sub-county mostly formed by the local elite.
- Capacity building has been at the core of the UCA supported SACCOs for sustainability. This lacks in the government supported cooperatives.
What about the core and its context?

Thanks for listening!

Markus

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