

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



Background

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



INTERNATIONAL FOOD POLICY
RESEARCH INSTITUTE

sustainable solutions for ending hunger and poverty

Partnership for the CGIAR

Photo Courtesy of Paul Seemanga/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 flourishes

1960ies: Political interference and control rises

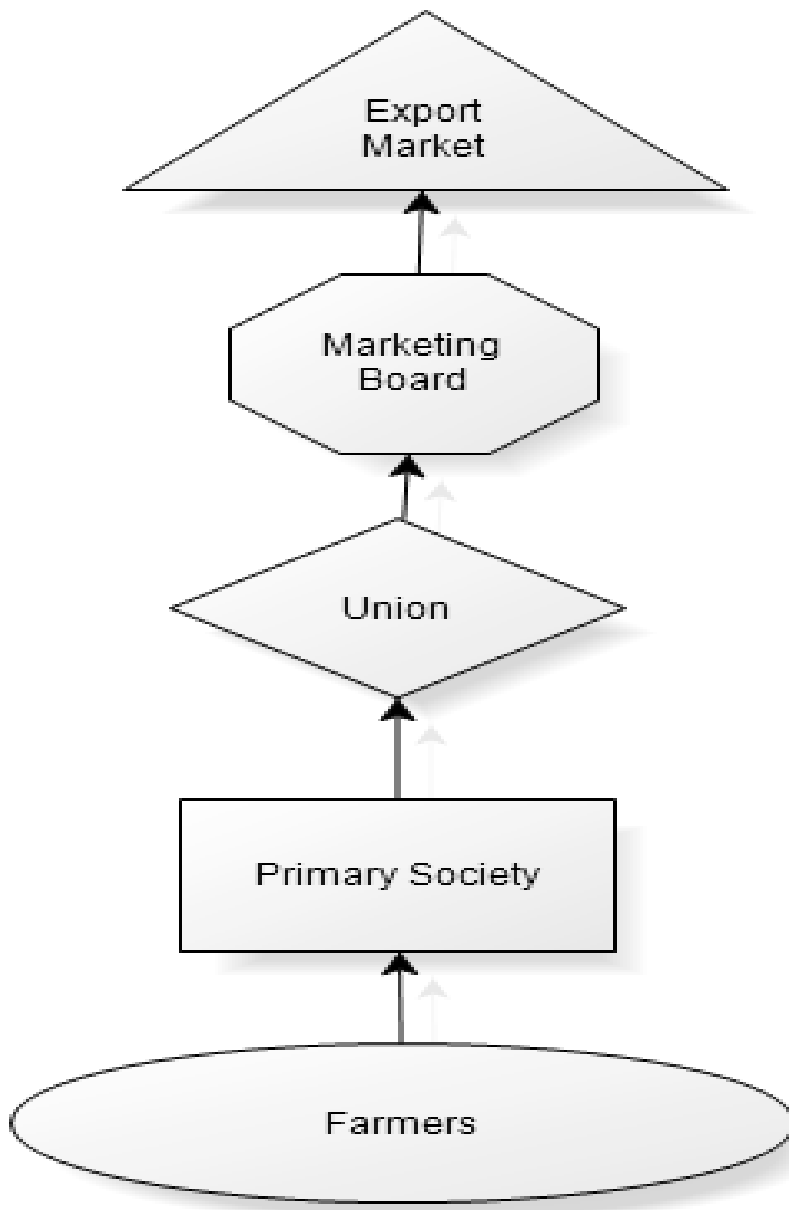
1979 and 1986: Two wars hamper operations - erode asset base

1990ies : Liberalization finishes off what was left

after 2000: Politically guided revival of the movement



How concepts matter

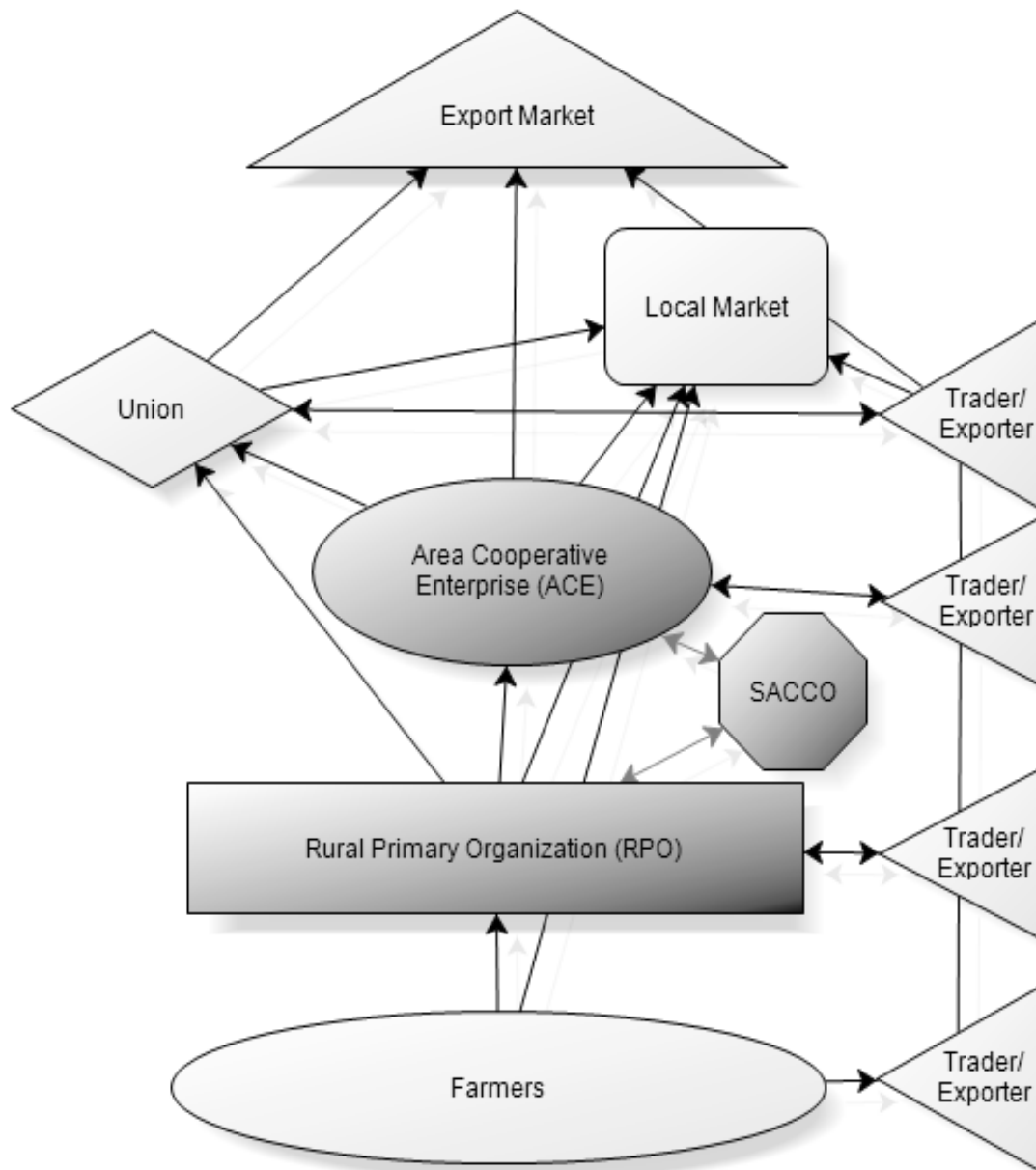


Anatomy of the rural-coop societies until the late 1990ies

How concepts matter

“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.

Source: National Cooperative Development Policy (2008). MTTI Uganda



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.



407 Members 2 Area Cooperatives

How has your income changed?	Percent
Increased	91.9
Decreased	5.4
Remained constant	2.9

Income change groups	Percent
Up to 24% change	26.5
Between 25 & 49% change	23.8
Between 50 & 74% change	42.7
Over 75% change	6.9

Source: IFPRI/Humboldt University Uganda
Cooperatives survey, 2009-10

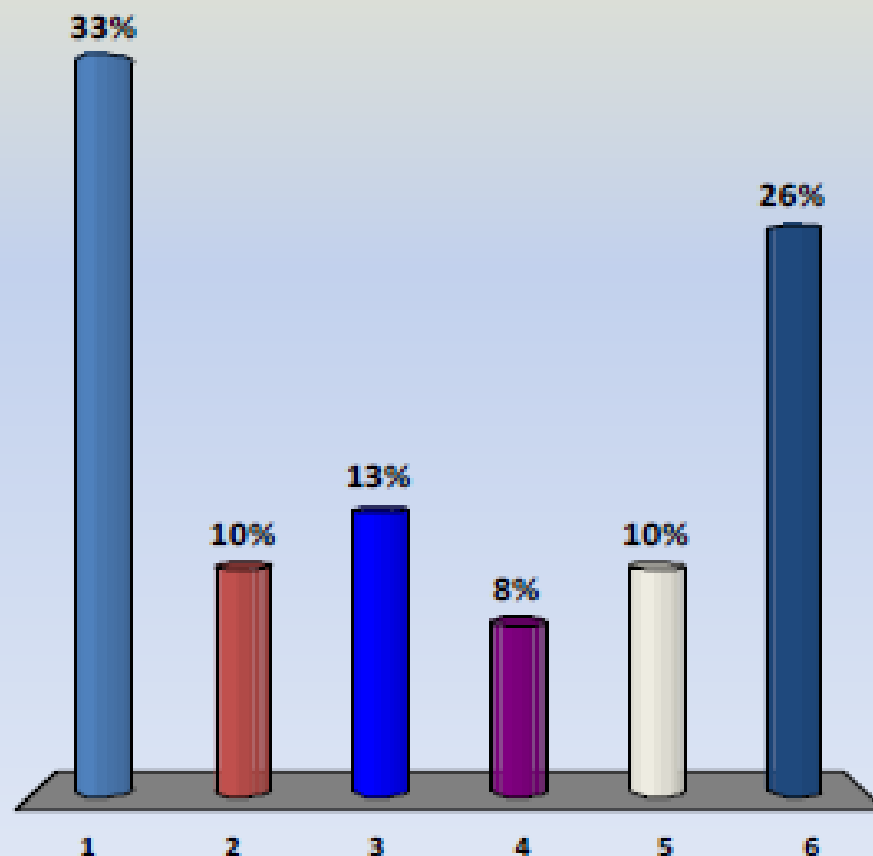


90 experts workshop, Kampala

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

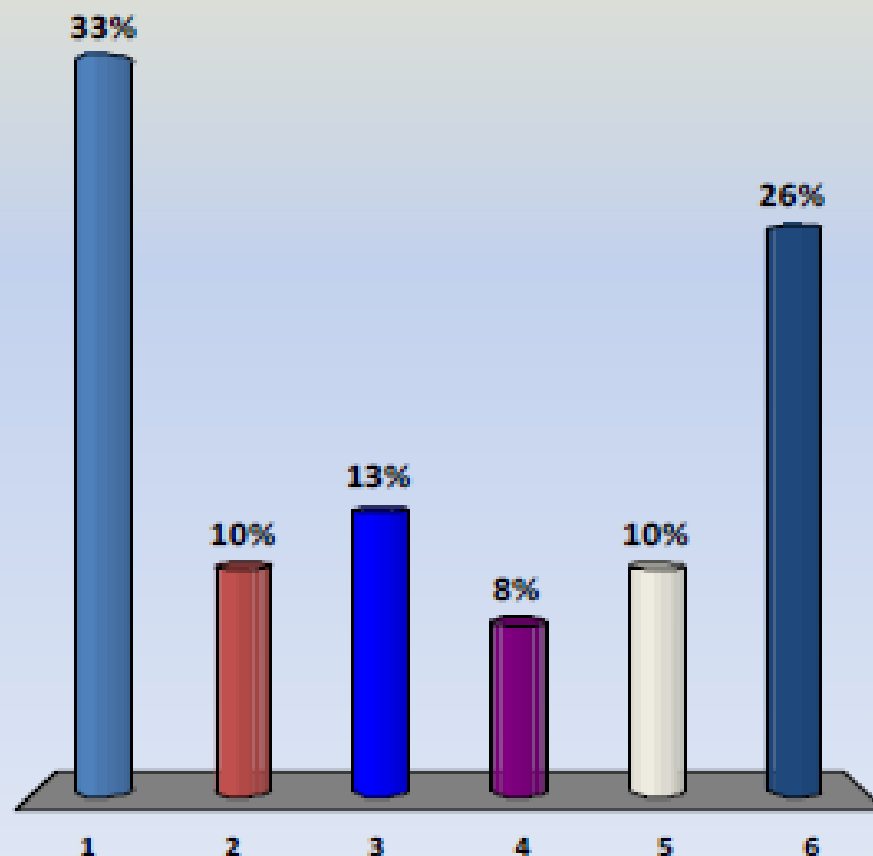


90 experts workshop, Kampala

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



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

Indicator	July 2005	June 2006	Dec 2006*
<i>SACCO Performance</i>			
Supported project SACCOs	33	34	34
Membership	11,336	11,510	13,559
Share Capital (Ug Shs)	452,600,000	461,411,000	581,002,000
Savings Balance (Ug Shs)	487,100,000	493,522,000	736,172,000
Loan Portfolio (Ug Shs)	850,500,000	864,039,000	1,254,325,000
<i>RPOs Status</i>			
No. of RPOs	152	136	143
Membership	11,842	14,669	17,089
RPOs share capital (Ug Shs)	291,785,250	431,373,450	435,630,450
<i>Status of ACEs</i>			
No. of ACEs	32	27	27
Membership	12,142	14,669	17,089
Share capital (Ug Shs)	14, 841,000 ^a	37,600,000	39,575,000
Value of produce marketed (Ug Shs)	n.a.	457,573,000	519,970,320
Commission earned on sales (Ug Shs)	n.a.	46,079,175	51,779,975
Commission earned on inputs (Ug Shs)	n.a.	8,128,300	10,270,100
Value of input procurement (Ug Shs)	n.a.	73,181,000	78,200,435



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



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



- 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

