



**THE REPUBLIC OF UGANDA**

**NATIONAL CO-OPERATIVE DEVELOPMENT POLICY**

**MINISTRY OF TOURISM, TRADE AND INDUSTRY**

**P.O. BOX 7103**

**KAMPALA,**

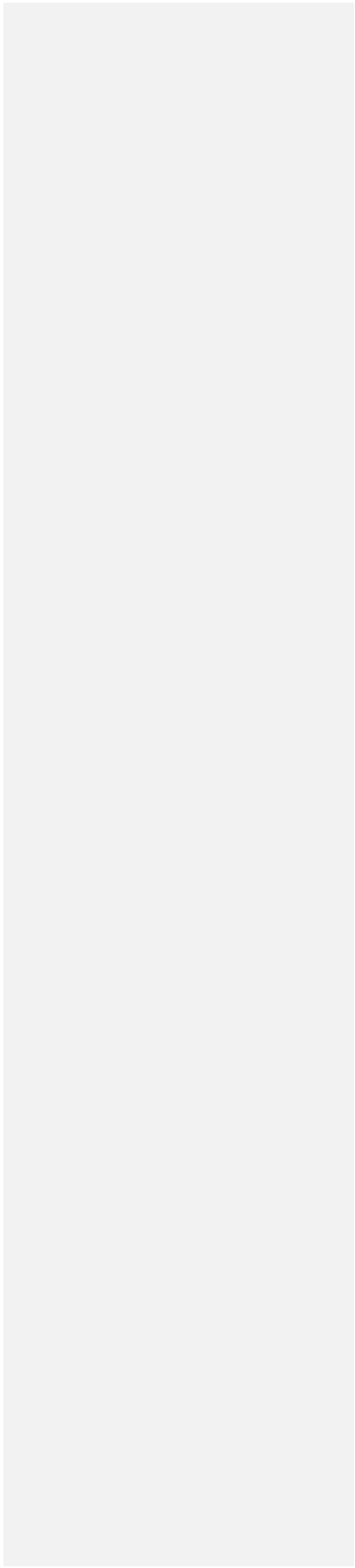
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**Foreword**

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## **ABBREVIATIONS AND ACRONYMS**

AGM:	Annual General Meeting
AIDS:	Acquired Immune Deficiency Syndrome
AMFIU:	Association of Micro Finance Institutions of Uganda
CICS:	Competitiveness Investment Climate Strategy
CIS:	Community Information System
COMESA:	Common Market for Eastern and Southern Africa
COPE	Complementary Opportunity for Primary Education
EAC	East African Community
FAL	Functional Adult Literacy
GDP:	Gross Domestic Product
HIV	Human Immune Virus
ICA:	International Co-operative Alliance
ICT:	Information Communication Technology
IMF:	International Monetary Fund
MDAs	Ministries, Departments and Agencies
MGLSD:	Ministry of Gender, Labour and Social Development
MTTI:	Ministry of Tourism, Trade and Industry
NAADS:	National Agricultural Advisory Services
NGC:	New Generation Co-operatives
NGO:	Non-Governmental Organization
NRM:	National Resistance Movement
PEAP:	Poverty Eradication Action Plan
PMA:	Plan for Modernization of Agriculture
R&D:	Research and Development.
RDS:	Rural Development Strategy
SACCOS:	Savings and Credit Co-operative Societies
UCA:	Uganda Co-operative Alliance Ltd.
UCSCU:	Uganda Co-operative Savings and Credit Union
UPE	Universal Primary Education
USE	Universal Secondary Education
WTO	World Trade Organisation

# 1 INTRODUCTION

## 1.1 Background

The co-operative movement is a global institution, comprising of over 800 million people, that is found in almost every country in the world. A co-operative is defined as “An association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”.<sup>1</sup> Co-operatives worldwide are based on the principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, co-operation among co-operatives and concern for the community.

In Uganda co-operatives are organized in a four tier vertical structure of primary societies that consist of at least 30 persons aged above 12 years. A minimum of two primary societies form a secondary while two or more secondary societies form a tertiary which provides specialized services<sup>2</sup>. Secondary and tertiary societies form the apex.

Ugandans started organizing themselves into co-operatives in 1913. Co-operatives operated informally until 1946 when the first co-operative ordinance was enacted. This marked the birth of the co-operative department and the present co-operative movement and by the end of 1946 there were 75 organizations of a cooperative nature. Fifty (50) of these were agriculture marketing societies, 8 were shop keepers (supply) societies, 6 were consumer stores and the remainder were miscellaneous societies such as fishermen (mainly for supply of nets), cattle and dairy societies and one thrift society.<sup>3</sup>

The period 1946 to 1970 saw a significant growth of the co-operative movement especially in the cotton and coffee sectors. In 1951, co-operatives handled 14,300 tons of cotton and coffee. Following the acquisition of two coffee curing works and ten ginneries

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<sup>1</sup> International Co-operative Alliance (2008) Statement on Co-operative Identity. They include financial, insurance, transport, housing among others

<sup>3</sup> Shafiq Arain (1967) The Report of the Committee of Inquiry into the Affairs of all Co-operative Unions in Uganda.

in 1956, the total tonnage rose to 89,308 tons by 1960. In 1965, out of 437,923 bales of cotton produced in the country, co-operatives handled 267,420 bales (61%) while they also handled 40% of the Robusta coffee; valued at 60 million shillings and 90% of Arabic coffee valued at 30 million shillings.

Beginning with the 1970s, the co-operatives were greatly mismanaged, interfered with, and alienated from membership. The co-operative movement was misunderstood and its economic and social impact greatly underrated by both the membership and public. This marked the beginning of a steady decline in the performance of co-operatives.

The period 1992 through 2006 exhibited a continuous decline of the co-operative movement participation in the economy, for instance, of the total coffee exports (130,068 tons) in 1992/93, co-operatives accounted for 22 % ( 28,585 tons). The percentage dropped to only 2 (3,868 tons) out of the total of 180,164 tons in 2001/02 and further to a meager 1 (2,104 tons) out of 162,254 tons in 2006/07. While the performance of co-operatives declined, that of multinational companies increased from 14% (18,459 tons) to a massive 83% (134,589 tons) over the same period.

The declining performance of co-operatives is attributed to a number of causes largely categorized as internal weaknesses and harsh external socio-economic factors.

## **1.2 Rationale and Justification**

The co-operative movement aspirations are in line with the Rural Development Strategy for poverty eradication through commercialization of agriculture, provision of rural finance, improved market access, employment creation and industrialization.

The strength of co-operatives lies in the fact that they are grassroot organizations, multi-sectoral and pervade every aspect of human endeavour, be it in rural or urban areas. Co-operatives have demonstrated the capacity to group together primary producers. This provides an opportunity for organizing small individual producers to solve the problems

of financing, production, processing and marketing. Consequently, they are able to compete favourably in the national, regional and international markets.

In addition, co-operatives provide a relatively more permanent institutional framework through which problems of basic human needs can be met. Co-operatives empower people by enabling even the poorest segments of the population to participate in economic progress; they create job opportunities for those who have skills but little or no capital; and they provide protection by organizing mutual help in communities.<sup>4</sup> They also generate and equitably distribute wealth, raise the level of awareness, education and management skills.

However, the effective realization of the co-operative advantage depends on the policy which guides the conduct of co-operatives and their integration in the development process. The absence of the policy also undermines the current co-operative law and efforts towards the development of the co-operative movement. This policy is meant to set guidelines to facilitate the conduct and transformation of the co-operative movement into more effective vehicle for poverty eradication and wealth creation.

[Existing programs undertaken by other MDAs](#)

### **1.3 Vision**

A strong, vibrant and prosperous co-operative movement

### **1.4 Mission**

To develop an organized, self reliant, democratically controlled and member centered co-operative movement for sustainable development through effective regulation, continuous technical support and resource mobilization.

### **1.5 Objectives**

The general objective of the National Co-operative Development Policy is to develop and strengthen the co-operative movement in order to play a leading role in poverty eradication, employment creation and socio-economic transformation of the country.

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<sup>4</sup> Juan Somavia, ILO Director General, June 2002



The specific objectives are to:

- 1.5.1 Re-build the co-operative movement to efficiently and effectively respond to member needs.
- 1.5.2 Develop and review the legal and regulatory framework
- 1.5.3 Promote and enhance good governance in the co-operative movement.
- 1.5.4 Develop the capacity of co-operatives to compete in the domestic, regional and international markets.
- 1.5.5 Improve capitalization and develop financing tools appropriate for the co-operative movement.
- 1.5.6 Facilitate improved supply chain efficiencies and marketing infrastructure
- 1.5.7 Diversify the type and range of enterprises that co-operatives undertake
- 1.5.8 Strengthen technical capacity of the co-operative development department and the local governments<sup>5</sup>
- 1.5.9 Build an efficient and modern co-operative management information system
- 1.5.10 Address the crosscutting issues of gender balance and fair representation of marginalized groups, sustainable natural resource use and, HIV/AIDS and malaria.
- 1.5.11 Secondary and tertiary processing

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<sup>5</sup> Local governments include District, Municipal, Town council, Division and Sub county Co-operative offices

## 2 SITUATION ANALYSIS

The co-operative movement in Uganda is composed of 10,687 co-operatives out of which 10,641 are primary societies (3.9 million people), 41 secondary societies, 4 tertiary societies and 1 apex<sup>6</sup>, The Uganda Co-operative Alliance Ltd. Of these 83% are on permanent registration while 17% are registered on probationary terms. These Co-operatives are generally categorized as follows: agricultural marketing (55%); savings and credit (23%), multipurpose co-operatives (6%) and others (16%)<sup>7</sup>.

The co-operative movement is characterized by the following:

### 2.1 Strengths

#### 2.1.1 User Responsiveness

The main strength of the co-operative movement lies in the fact that it is a grassroots organization, multi-sectoral and pervades every aspect of society; both rural and urban. In Uganda, the majority of farmers are engaged in small scale agricultural production. These lack organization at the farm and marketing levels to effectively exploit their land and labour resources and, collective marketing and bargaining power respectively. However, co-operatives have demonstrated capacity to facilitate primary producers' involvement in domestic and international trade and they provide a relatively permanent institutional framework through which problems of basic human needs can be addressed.

The Co-operative movement responds to the members' needs for education and management skills and facilitates their integration into the development process.

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#### 2.1.2 Income Generation, Distribution and Redistribution

The diverse nature of the co-operative business in the form of agricultural, housing, transport, insurance, finance, health, environment and tourism co-operatives, for instance, offers a great potential to create employment, generate wealth and equitably distribute it.

<sup>6</sup> The Registrar of Cooperative Societies, (February 2009) Register of Societies

<sup>7</sup> Consumer, housing, transport, health, handicraft and rural electrification co-operatives for instance

### **2.1.3 A Wide Network of Co-operatives and their Infrastructure**

The current 10,687 co-operative societies are spread throughout the country which makes the movement the most accessible institution in Uganda. These societies own stores, land and other assets. It is therefore possible to deliver relevant services to a wider population segment through the co-operative movement more than any other institution in Uganda.

### **2.1.4 Saving Culture within Co-operatives**

Co-operatives emphasize savings in their operations thereby mobilizing the communities to save as individuals or groups to enhance production, investment and capital accumulation. The drive to establish at least a SACCOS per Sub County is a clear manifestation of the role of the co-operative movement in savings mobilization and increased household incomes. [Savings side](#)

## **2.2 Weaknesses**

### **2.2.1 Leadership gaps**

Although co-operatives are democratic in nature, the membership has not taken advantage of this democracy to elect good leaders. The Ugandan experience shows that election of leaders is not necessarily a reflection of the required leadership competencies or commitment to the co-operative business. One of the consequences of this practice is the dominance of a few members which undermines sustainability of the co-operatives.

### **2.2.2 Inadequate knowledge on Co-operatives**

Most of the current co-operative membership is not adequately educated and trained in co-operative matters. This leads to member exploitation, low patronage and poor accountability which negatively impacts on co-operative business. This weakness is compounded by scarcity of supportive infrastructure in form of internet access, computer hardware and software, and electric power back-ups. Despite several strategies to address

information needs through PMA, CICS, RDS and CIS there is still inadequate knowledge on the formation of co-operatives, leadership and governance, markets, supply sources and cost analysis, capitalizing the co-operative, member investment, sources of debt capital, conduct member meetings and this continues to hamper proper planning for the benefit members of the co-operative movement and the development of co-operatives.

### **2.2.3 Inadequate Human Resource**

The co-operative movement is faced by inadequacies of staff in terms of numbers, skills and experience. This is in part attributed to the restructuring of government departments which left co-operatives with very few staff especially at local government level. The remaining structures were not adequately facilitated and equipped to effectively service the entire co-operative movement.

Due to various constraints within co-operative societies and competition in the labour market, many co-operatives can not attract and retain highly qualified personnel which results into hiring less qualified ones or none at all.

### **2.2.4 Dented Image and Weak Advocacy**

The co-operative movement has suffered a real and perceived negative image. This is attributed to various disadvantages suffered by the co-operative movement such as crop failure, market and price fluctuations, political instability, loss of assets and weak advocacy by the co-operative movement itself. Other internal weaknesses amongst particular societies and the failure of some have seriously dented the public perception of co-operatives that it is often difficult to attract new and energetic members to the co-operative movement.

### **2.2.5 Inadequate Formal Co-operative Education**

Uganda's current education curriculum provides inadequate co-operative knowledge. The Uganda Co-operative College-Kigumba offers only certificates and diplomas which do not match the ever changing global business environment.

### **2.2.6 Insufficient Financial Resources**

The co-operative movement in Uganda is faced with insufficient working capital. The main sources of finance for co-operatives are members' share capital, entrance fees annual subscription fees and retained earnings. The failure of the members to raise meaningful capital compels societies to take loans at interest rates of up to 29% per annum to run co-operative business. This compounds the financial problem.

Limited financial resources have other knock-on effects on co-operative business such as constrained acquisition of modern equipment, tools as well as attracting and retaining qualified professionals. As a consequence co-operatives have not achieved the desired growth and effectiveness in service delivery to the members.

### **2.2.7 Storage**

Uganda is faced with an acute shortage of agricultural commodity warehouses. The National Warehouse Survey of 2007 by the Ministry of Tourism, Trade and Industry shows that there are 866 warehouses with a total storage capacity of 450,733 metric tonnes. Of these only 3% meet the standard requirements for agricultural marketing while 8% require minor repairs. This contributes to high post harvest losses; estimated between 40-50% and compromises quality as well as commodity prices. This poses a great challenge in the commodity value chain for the co-operative movement.

### **2.2.8 Weak Management Information System**

The existing Co-operative Management Information System is characterized by paper based files, low number of ICT equipment, high degree of ICT illiteracy and poor data management practices. This results into scarcity of reliable and accurate data for co-operative planning, monitoring and decision making at all levels.

### **2.2.9 Inadequate Legal and Regulatory Frame work**

The co-operative law in place does not adequately address some of the emerging issues within the co-operative movement. Some sections of the law are inadequate on issues

such as governance, education fund, dispute settlement, offences and penalties, ethics and code of conduct.

## **2.3 Opportunities**

### **2.3.1 Political will**

The national strategy for poverty eradication through agricultural modernization, employment creation, deepening and widening of financial services and industrialization is an opportunity for development of the co-operative movement. Uganda's economic reforms have achieved a lot in terms of economic growth averaging 6% of GDP and poverty reduction from 56% to 31% between 1992 and 2005 respectively. Government recognizes the potential of the co-operative movement to generate wealth, contribute to further poverty reduction and foster wealth redistribution especially in rural areas. The political leadership not only advocates for the formation of co-operatives but is also committed to creating a conducive environment for genuine co-operative development.

### **2.3.2 Labour Abundancy and Flexibility**

One of Uganda's major strengths is in the flexibility of its labour market where the country is ranked 8<sup>th</sup> in the world and 1<sup>st</sup> in Sub-Saharan Africa on the 'Doing Business Database' in terms of the 'ease of employing workers'. While labour markets in Uganda are flexible this does not seem to flow through to productivity where the country is ranked just 109 out of 125 countries in terms of relationship between pay and productivity. Uganda also ranks relatively high on the private sector employment of women (8<sup>th</sup> in the world), indicating that businesses provide women with almost the same opportunities as men to rise to positions of leadership.

The country's labour force increased from 9.8 million in 2002/03 to 10.9 million persons in 2005/06 representing an annual growth rate of 3.6% and may be now well over 12 million. More than 65% of these people are employed in agriculture; 25% in the service sector; and 10% in the industrial sector. It's inevitable that more people will move from agriculture to the service and industrial sector, as the structural transformation of the economy takes root. It is therefore important that co-operative business be strategically

positioned to exploit the expected economic and labour market shifts in the country as well as other global trends.

### **2.3.3 Abundant Natural Resources**

Uganda has a rich diversity of natural resources such as numerous water bodies for irrigation, electricity generation, transport and a habitat to several aquatic species. Others include favourable climatic conditions, wild life, and minerals including gold, zinc, diamond, vermiculite, silica, petroleum and fertile soils. These provide an opportunity for co-operative enterprises. These offer a lot of flexibility and diversification for the co-operative business in the country.

### **2.3.4 Existence of Trained Co-operative Personnel within the Community**

These include all the unemployed graduates from various co-operative training institutions and former co-operative extension staff. They have the experience, the requisite technical know how and qualifications to run the co-operative movement. In addition, Uganda produces over 20,000 university graduates per year.

### **2.3.5 Literate Community**

The national household survey 2005-06, puts the nation's literacy rate at 69%. This is attributed to among others UPE, USE FAL and COPE programmes. These programmes are important for the facilitation of co-operative education and strengthening of the co-operative management.

### **2.3.6 Existence of a Pool of Potential Cooperators within the Society**

Uganda has a population of 29.6 million<sup>8</sup> people of which 3.9 million are co-operative members. This leaves an untapped potential of approximately 9 million people from which the co-operative movement can recruit. Some of these are already organized into formal and informal non co-operative associations which can be mobilized with relative ease.

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<sup>8</sup> UBOS,2008, Statistical Abstract

### **2.3.7 Wide scope of Co-operative Enterprises**

Co-operatives exist in virtually all sectors of the economy. However, in Uganda they are predominantly engaged in the production, processing and marketing of traditional cash crops mainly coffee, tea and cotton. There is limited involvement in other areas for example housing, transport, insurance, finance, health, environment and tourism. Unfortunate incidences such as crop failure arising out of vagaries of nature, pests and diseases leave the cooperators with no alternative choices to bank on which limits wealth creation. This scope therefore presents the opportunity for further diversification of co-operative enterprises.

### **2.3.8 Strategic Location of Uganda as a Regional Hub for Trade**

Uganda's strategic location within the Great Lakes region presents it a huge export market potential for co-operative products to Southern Sudan, eastern Democratic Republic of Congo, Burundi, Rwanda and northern Tanzania. The development of co-operative business in the country should thus be strategically tailored to exploit this market potential of over 120 million people.

## **2.4 Threats**

### **2.4.1 Inadequate Infrastructure**

According to the World Competitiveness Report 2006, the second factor of competitive disadvantage for Uganda is with infrastructure where the country ranks poorly on the quality of electricity supply, port and railroad development; with road quality adding to the disadvantages. The investment in Bujagali hydropower (250 MW) and the anticipated Karuma plant (180 MW) will add significantly to the current installed capacity (380 MW) though these may not be added into the system till 2011.

In the meantime, the country's power capacity will be expanded further through a combination of thermal, cogeneration (from sugar bagasse), smaller hydro-electricity plants and solar voltaic systems. The real challenge, however, is that economic growth is highly correlated with power consumption. The current power generation expansion plans will barely meet anticipated demand from current growth, let alone a surge from a



revitalized and faster growing industrial sector. The challenge is to accommodate the extra demand from a faster growing industrial sector and this may require greater use of independent power plants and diverse sources of supply. This poses a serious threat to diversification of co-operatives as well as the efficiency in the running of the existing co-operative business.

Another infrastructural deficiency that is closely related though not entirely attributed to power inadequacy are the low internet and telephone connectivity as well as high tariffs. Given the global trends, the ensuing ineffective communication is bound to wreck development of the co-operative movement and as such, matching interventions are vital to uplift the country's over all competitiveness in the medium to long term.

#### **2.4.2 Entry of Multinational Corporations**

The onset of economic liberalization triggered off greater participation of multinational corporations in the local businesses previously dominated by co-operatives and other local players. The entry of regional and global players with higher skills and organizational quality inevitably relegates co-operative societies to the lower business side. Current evidence shows that participation of these players in the Ugandan economy is indeed likely to intensify hence the possibility of more sustained competition and increased marginalization of co-operative societies particularly at the primary level.

The faster regional markets grow, the more the likelihood to attract the interest of low-cost global competitors. Stiff competition extends throughout the value chain from innovation, R&D, design, production and processing to services; including management. This presents a challenge to the traditional locally focused firms.

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There is also the proliferation of substandard and counterfeit goods; particularly agricultural and industrial inputs into the domestic economy. This has adverse effects on production and productivity of co-operatives that ultimately impedes access to foreign markets.

### **2.4.3 Exploitative Middlemen**

The operations of individual business people and firms (middlemen) other than co-operatives engaged in processing, marketing and service provision in the domestic market offers stiff competition to the co-operative business. These middlemen have a competitive edge over co-operatives because they offer instant and sometimes upstream payments. This exploitative practice not only ties producers to the middlemen but often compromises quality standards, compliance to co-operative behaviour and eventually the international market for the products.

### **2.4.4 HIV/AIDS and Malaria**

The cumulative number of reported AIDS cases in Uganda as of 31/12/2002, was 60,974 for both children and adults. Of these, 56,451 (92.6%) were adults while 4,523 (7.4%) were children aged less than 12 years. Although the Ministry of Health surveillance reports indicate very high levels of awareness, increased levels of knowledge of protection from HIV/AIDS and increased condom use in non-regular partnerships, the pandemic continues to affect the population in various ways.

Like HIV/AIDS, malaria continues to claim lives of the productive members of society, reducing the working time and energy of the people. The effects of these diseases pervade nearly all aspects of society; the co-operative movement inclusive.

### **2.4.5 Environmental Degradation**

From 1971 to 1997 Uganda lost 50%<sup>9</sup> of its forests including virtually all the primary ones. Between 1990 and 2005 the country lost a further 26% of the remaining forest cover and deforestation continues at a rate of 2.2% per annum; mostly due to subsistence farming, cutting for fuel wood and colonization by the burgeoning human population. Further more, water bodies and wetlands have been degraded to the extent that the water level of Lake Victoria has fallen by more than a metre.

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<sup>9</sup> Source: [www.rainforests.mongabay.com/2ouganda](http://www.rainforests.mongabay.com/2ouganda), [www.wetlands.go.ug](http://www.wetlands.go.ug), [www.nationsencyclopedia.uganda-climate](http://www.nationsencyclopedia.uganda-climate)

The net effect of these and other aspects of environmental degradation has been frequent and severe occurrences of drought, floods, landslides and hailstorms among others. These negatively affect co-operative activities hence the need for environmentally friendly approaches to co-operative business.

### 3 GUIDING PRINCIPLES

The success of the co-operative movement will depend on the way it adapts to the environment created by the Government's macro-economic variables, other public policies as well as international trends. The National Co-operative Development Policy is therefore guided by the following principles:

**a. Statement on Co-operative Identity**

Universally accepted co-operative principles of: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, co-operation among co-operatives and concern for the community.

**b. Public- Private Partnership**

Use a Public-Private Partnership approach in the implementation and monitoring of the National Co-operative Development Policy. Government shall put in place the necessary supportive infrastructure, regulate and provide technical support for co-operatives' activities while the core co-operatives' businesses shall remain in the domain of the co-operative movement. The two shall together develop the necessary human resource for co-operatives development.

**c. Gender Responsiveness and Equal Opportunities for All**

Creating opportunities for equal participation in co-operatives through entrepreneurship development, promoting involvement of disadvantaged groups<sup>10</sup>, gender balance and sensitivity to gender specific concerns in the conduct of co-operative business.

**d. Environmental Sustainability**

Co-operative business shall be conducted in a manner that harnesses environmental sustainability.

**e. Recommendation 193 on the Promotion of Co-operatives<sup>11</sup>**

**f. Quality Assurance, Standards and Competitiveness**

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<sup>10</sup> The disadvantaged groups include youth, elderly and people with disabilities

<sup>11</sup> International Labour Organisation 2002

## 4 POLICY ACTIONS

### 4.1 Re-building the Co-operative Movement

*Government is committed to rebuilding and revitalizing co-operatives as key business units in the economy*

- i. Review the status and operations of the existing co-operative societies countrywide to make them more responsive to member needs and implement the necessary revitalization interventions.
- ii. Mobilize people to form co-operative societies that suit their common interests.
- iii. Facilitate the establishment of tertiary co-operatives to provide specialized services.
- iv. Build the capacity of the Co-operative Movement to handle the various co-operative development programs.
- v. Rebuild the co-operative-image through improved governance, better service delivery and publicity campaigns among other measures
- vi. Undertake a funds mobilization drive for the revitalization process.
- vii. Support the development of SACCOS into viable and strong institutions.
- viii. Promote close collaboration between regional and international co-operative movements and other agencies

### 4.2 Legal and Regulatory Reforms

*Government shall effect the necessary legal reforms to facilitate the co-operative movement to operate and develop.*

1. Review, amend and where appropriate establish relevant laws<sup>12</sup> and regulations.
2. Review the structure and operation of the co-operative development department both at the central and local government levels to make it more effective in regulating the co-operative movement

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<sup>12</sup> These include but are not limited to the Co-operative Societies Act, Cap.112, Co-operative Societies Regulations, 1992 and the Income Tax Act, Cap 340

### **4.3 Compliance**

***Government shall promote compliance to laws, regulations, standards and other tenets of good governance in the co-operative movement***

- i. Develop, disseminate and enforce compliance to the co-operatives code of best practice.
- ii. Register new co-operatives.
- iii. Deregister and liquidate non-compliant co-operatives.
- iv. Supervise, monitor and evaluate co-operative societies' activities

### **4.4 Quality Assurance and Competitiveness**

***Government shall institute, promote and enforce quality assurance measures that conform to international standards in the conduct of co-operative business***

- i. Domesticate, disseminate and promote quality standards for co-operative products
- ii. Support bulk marketing, advance handling and processing practices that conform to international quality requirements
- iii. Through a public-private partnership arrangement, support acquisition of marketing infrastructure such as warehouses, cold storage facilities and transport facilities.
- iv. Promote irrigation of viable commercial co-operative enterprises
- v. Work with training institutions both public and private to provide business and entrepreneurial skills that promote the competitiveness of the co-operative movement

#### 4.5 Diversification of Co-operative Enterprises

*Government shall promote diversification of co-operative enterprises beyond the current scope dominated by commodity marketing.*

Government shall;

- i. Conduct feasibility studies to establish other viable co-operative enterprises
- ii. Generate and disseminate information on viable co-operatives through seminars and workshops, among others.
- iii. Promote knowledge and skills transfer through study visits to facilitate learning from co-operatives' best successes.

#### 4.6 Human Resource Development

*Government is committed to supporting co-operative education and training that meets ever changing co-operative movement needs.*

Government shall;

- i. Undertake a comprehensive co-operative training needs assessment
- ii. Review, upgrade and strengthen Kigumba Co-operative College as centre of excellence
- iii. Review the current co-operative curriculum and develop an appropriate one in collaboration with Ministry of Education and Sports
- iv. Develop ,finance and implement comprehensive member education and training program
- v. Develop training materials to facilitate delivery of effective member education.
- vi. Establish a framework for impact assessment, monitor and evaluate education and training programs.
- vii. Hold public lectures and panel discussions on co-operative issues
- viii. Translate and disseminate co-operative education materials and information in English, Swahili and local languages.

- ix. Strengthen Ministry of Tourism, Trade and Industry, District and Municipal Commercial/Co-operative Offices through the provision of continuous staff training, technical and financial resources

#### **4.7 Management Information System (MIS)**

*Government shall support upgrading and modernization of Management Information System for the Ministry and the co-operative movement to enhance sound and consistent management practices across the sector.*

Government shall;

- i. Support Co-operative societies to acquire modern ICT hardware and software to enable them improve their management and networking.
- ii. Upgrade and automate the existing Management Information Systems of both the Ministry of Tourism, Trade and Industry and the co-operative movement in collaboration with the Ministry of ICT
- iii. In collaboration with the Apex body develop and provide standards and guidelines for the acquisition, development, management, support and use of ICT hardware and software in co-operative processes and service delivery.
- iv. Network with relevant private and government agencies to provide timely and relevant market information to cooperators and other key players in the sector.
- v. Establish a Co-operative Management Information System for planning, monitoring and regulation purposes
- vi. Disseminate relevant information for advancing the objectives of the co-operative movement
- vii. Train in management information systems

#### **4.8 Crosscutting Issues**

##### **4.8.1 Gender Balance and Fair Representation of Marginalized Groups**

Government shall promote gender balance, and empower disadvantaged groups and people with disabilities with a view to enabling them participate effectively in the co-operative movement



#### **4.8.2 Co-operatives and Sustainable Natural Resource Use**

***The Co-operative Movement shall actively engage in environmental awareness creation, protection and sustainable use of natural resources.***

Government shall;

- i. Mainstream environmental concerns in the conduct of co-operative business
- ii. Promote sustainable use of natural resources in the conduct of co-operative business
- iii. Conduct awareness campaigns on environmentally friendly practices in co-operative enterprises

#### **4.8.3 HIV/AIDS and Malaria**

***Through the Co-operatives network, Government shall mitigate the spread and effects of HIV/AIDS and Malaria***

Government shall;

- i. Mainstream HIV/AIDS issues in the conduct of co-operative business
- ii. Promote community awareness, management of HIV/AIDS and malaria, care and support of the sick.
- iii. Engage co-operators in joint planning of interventions against HIV/AIDS and malaria.

## **5 IMPLEMENTATION, INSTITUTIONAL FRAMEWORK AND MONITORING**

In order to successfully implement the National Co-operative Development Policy, a public- private partnership approach shall be adopted. The Ministry of Tourism, Trade and Industry shall lead the implementation of the policy in collaboration with the Office of the Prime Minister and other relevant Government Ministries. These include Ministries of:

- Finance, Planning and Economic Development
- Local Government
- Agriculture, Animal Industry and Fisheries
- Gender, Labour and Social Development
- Education and Sports
- Justice and Constitutional Affairs
- Lands ,Housing and Urban Development
- Information and Communication Technology
- Works and Transport
- Energy and Mineral Development
- Water and Environment
- Health.

In addition, the Ministry of Tourism, Trade and Industry shall collaborate with relevant Government Departments and Agencies and, private sector organizations.

The Ministry shall work closely with the Ministries of Finance Planning and Economic Development, Local Government, Information and Communication Technology, the Department of Ethics and Integrity and the National Planning Authority to ensure the integration of co-operatives and other co-operatives related issues in the national development frame work and Development Plans. A National Co-operative Development Strategic Plan will be developed to guide implementation of this policy. The Ministry will also regularly interact with the academia and relevant civil society organizations.

A National Co-operative Development Forum shall be established to facilitate regular interaction and information sharing.

Monitoring and impact assessment of Policy implementation shall be carried out on a regular basis using appropriate sets of indicators and shall involve full participation of the private sector and other key partners in co-operative development.

The Policy Analysis Unit of the Ministry shall coordinate the overall monitoring and evaluation of the policy.

## **5.1 Roles of Key Players**

The roles of each of the key players are defined below:

### **5.1.1 Ministry of Tourism Trade and Industry**

- i. Disseminating the policy
- ii. Registering co-operative societies;
- iii. Regulating and supervising co-operative and quality assurance activities;
- iv. Mobilizing resources for policy implementation;
- v. Coordinating all MDAs involved in implementation of the Policy;
- vi. Monitoring and evaluating policy implementation;
- vii. De-registering and liquidating non compliant co-operative societies;
- viii.** Providing supportive legal and institutional framework
- ix.** Supporting capacity building for members of the co-operative movement;
- x. Supporting functionality of District Commercial/Co-operative Offices in the implementation of the policy
- xi. Supporting the establishment and improvement of co-operative infrastructure
- xii. Developing and adopting measures to facilitate co-operatives to access investment finance and credit
- xiii. Mainstreaming and strengthening gender equality in co-operatives
- xiv. Promoting best practice on corporate governance in co-operatives

- xv. Providing technical support services<sup>13</sup> to co-operative societies
- xvi. Resolving disputes within the co-operative movement
- xvii. Supervising operations of co-operative training institutions;
- xviii. Promoting the important role of co-operatives in transforming informal economy into legally protected work, fully integrated into mainstream economic life.<sup>14</sup>
- xix. Facilitating promotion of the co-operative movement

Community development officers might be of use.

### **5.1.2 District/Municipal Commercial/Co-operative Offices**

- i. Implementing the National Co-operative Development Policy in their areas of jurisdiction;
- ii. Integrating co-operative development policy issues in district development plans;
- iii. Providing technical support services to co-operative societies;
- iv. Supervising and monitoring co-operative activities;
- v. Collecting and disseminating co-operative management and market information.
- vi. Settling of disputes in co-operatives within areas of jurisdiction

### **5.1.3 Apex Body**

- i. Lobbying and advocacy for the co-operative movement
- ii. Promoting relationships and alliances between national and international bodies and institutions involved in the development of co-operatives
- iii. Image building of the co-operative movement;
- iv. Providing Capacity building and advisory services to the co-operative movement
- v. Mobilizing resources for the co-operative movement;

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<sup>13</sup> These include but are not limited to accountancy & audit, management & information, marketing, finance & investment, human resource development, research & consultancy, legal & taxation and public relations

<sup>14</sup> ILO (2002) Recommendation 193

- vi. Producing and disseminating information, educational and communication(IEC) materials
- vii. Carrying out research on co-operatives
- viii. Investing in human resource development

#### **5.1.4 Tertiary Co-operative Societies**

- i. Providing specialized services to co-operatives
- ii. Advocating for the members
- iii. Providing capacity building to the members
- iv. Representing the members at the Apex Body
- v. Providing linkages to national, regional and international markets
- vi. Investing on behalf of the members to generate wealth;
- vii. Investing in human resource development

#### **5.1.5 Secondary Co-operative Societies**

- i. Bulking, processing and marketing members' commodities
- ii. Procuring inputs in bulk for the members
- iii. Negotiating for better prices on behalf of the members
  
- iv. Establishing technology demonstration sites (TDS)
- v. Securing funding for co-operative business.
- vi. Trading through the Warehouse Receipt System and the Uganda Commodity Exchange.
- vii. Investing in human resource development
- viii. Investing on behalf of the members to generate wealth;

#### **5.1.6 Primary Co-operative Societies**

- i. Marketing of agricultural products;
- ii. Disseminating information on standards and enforcing compliance.
- iii. Mobilizing savings;
- iv. Providing financial services;

- v. Investing on behalf of the members to generate wealth;
- vi. Processing and adding value to primary commodities.
- vii.** Educating and training members.
- viii.** Investing in human resource development

#### **5.1.7 Development Partners**

- i. Providing technical support for policy implementation;
- ii. Mobilizing resources.
- iii. Facilitating access to regional and international data
- iv. Facilitating human resource development of the co-operative movement
- v. Promoting programmes for co-operatives aimed at enhancing productivity

## 6 CONCLUSION

In order to build a strong, vibrant and prosperous co-operative movement, this policy shall promote a saving culture, high productivity, value addition and collective marketing that contribute to increased household incomes, economic transformation and development of the country.

This shall be realized through:

- Instituting the necessary legal reforms to promote good governance that will facilitate rebuilding and revitalizing the co-operative movement;
- Strengthening the Ministry of Tourism, Trade and Industry and local Government co-operative offices for effective service delivery;
- Diversification of co-operative enterprises;
- Enhancing productivity & competitiveness;
- Co-operative training and education;
- Promoting gender balance, fair representation of marginalized groups and good environmental practices within co-operatives;
- Mitigating the spread and effects of HIV/AIDS and malaria using the co-operatives network;
- Improving coordination within Ministries, Departments and Agencies, and private- public partnerships.

The Consultative process that has been followed in developing this policy has helped to identify the priority areas for co-operative development and relate it to national development policies. Strategic actions to help achieve these priorities have also been arrived at through a consultative process mechanism.

An effective and efficient public-private partnership arrangement is envisaged for implementation of the policy.

[Achievements missing out](#)