



A photograph of a person wearing a red t-shirt and dark trousers, standing next to a brick wall under construction. The person is looking down at something in their hands. The background shows more of the brick wall and a dirt ground.

ON THE SIMPLE DIFFERENCE BETWEEN COOPERATIVES AND SACCOS

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“Eh! Mama Tendo has really fought a good battle. Tendo is now at Makerere.” This is an instance of the conversations you eavesdrop on walking down the village paths, before you realise that actually Tendo is not at Makerere but at some other university. Makerere, which is the oldest and most popular public university in the country, has thus come to symbolize institutions of higher education and overshadowed all the other universities in the minds of many Ugandans. In a similar manner, SACCOs have come to symbolise all cooperatives. You will hear someone belonging to a certain housing cooperative telling stories of how his SACCO has built him or her a state-of-the-art residence; or a local belonging to a village funeral cooperative (burial society) talking of how her SACCO greatly aided in the burial arrangements for a deceased family member. Whereas the mix-up is understandable, a clarification is paramount. Just as Makerere is also a university, SACCOs are also a form of cooperative. If you did some basic mathematics, you remember sets and subsets. We can thus call SACCOs a subset of cooperatives. To further explain the difference, cooperatives are general and SACCOs are specific.

In simple terms, the coming together of people with similar socio-economic interests to set up a joint self-help

venture is what constructs a cooperative. But the decision to save and loan to one another is what defines the cooperative as a SACCO – a Savings and Credit Cooperative. SACCOs fall under the financial cooperatives that include, among others, cooperative (village) banks and cooperative insurance societies. All these provide financial services to members. Different paths can, however, be taken in setting up cooperatives, depending on members’ interests and circumstances. Against this background, the cooperative derives its signature name as one-solution-to-numerous-problems.

When a group chooses to sell all their agricultural produce (such as coffee, tea and sugarcane) through a joint initiative, they will have decided to belong to a marketing cooperative. These help to market farmers’ produce and also enable them to get better prices. The first such cooperative in Uganda was the subversive Buganda Growers Association formed in 1920 to counter the miserable prices offered by the colonial regime and the Asian entrepreneurs. It inspired many that were suppressed by the regime, though they continued to operate underground. Interestingly, there are also consumer cooperatives that



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aim at protecting consumers from unfair prices and lobbying for better services. When members choose to attain better housing, health care and other social amenities, they will have accepted to belong to a service cooperative. Common among these are the housing cooperatives and the funeral cooperatives (Muno Mukabi, Sikyomu, Tweziky), which are more widespread in rural areas. Recently, workers' cooperatives formed by people working at the same organisation(s) are becoming more popular. I remember my secondary school teachers teaming up to buy for each other a DSTV set. I want to surely believe this initiative was a form of workers' cooperative.

The cooperative is, thus, an open-ended concept, while the SACCO is close-ended, limited to holding savings and providing credit to members. SACCOs do not build houses for members; housing cooperatives do. SACCOs do not bury people; Tweziky and Sikyomu do. These are not their mandates. Undeniably, SACCOs are the more pronounced forms of cooperatives in Uganda. Even the workers' cooperatives are now taking on the SACCO approach. In

Kanungu town is located a cooperative under the identity of Kanungu Teacher's SACCO. It admits only teachers (both working and retired) as members. It offers loans to teachers at a lower interest rate than other SACCOs and commercial banks.

Something notable about the current cooperative society, however, is that most members of such SACCOs also subscribe to many other self-help cooperative initiatives. Sometimes it is difficult to establish at what point a member is participating in an activity as a member of the SACCO or the other cooperative society. The activities often get intertwined, but this is healthy. Imagine a member of a farmers' cooperative has lost all his produce or proceeds in a highway robbery, wouldn't it be kind of a SACCO to which he belongs to prioritise his loan request as the insurance cooperative processes a compensation? It also pays members dividends earned from the interest on loans, and encourages members to actively buy shares on a continued basis.