



REMINISCING ABOUT THE COOPERATIVE MOVEMENT: **EXPERIENCES TO REFLECT UPON**

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From 1913, with the formation of the first farmers' association, Ugandans started organising into cooperatives but informally. This was in response to the exploitative marketing systems that disadvantaged the native farmers, noted J. Mukasa in his unpublished dissertation on the performance of cooperatives union in Uganda. "The colonial arrangement was that the native farmers would be engaged in the production of cash crops, such as coffee and cotton,

while the Europeans and their Indian allies would concentrate on the processing and marketing of such produce," Mukasa wrote. "The racial division gave Europeans and Indians a chance to gain from the production of these crops to the detriment of the Africans. They then realised that forming cooperatives would give them a common voice, purpose and strong bargaining power."

So, cooperatives operated in Uganda

but informally until 1946, when the first Cooperative Ordinances were enacted. According to CoopAFRICA Working Paper No.15 entitled "Cooperatives: The Sleeping Economic and Social Giants in Uganda" by Lawrence Musiitwa Kyazze (PhD), a lecturer at Makerere University Business School, the Cooperative Ordinance of 1946 and the Cooperative Societies Act of 1962 only served to formalise the already organised cooperatives.

CoopAFRICA is a regional technical cooperation programme at the Job Creation and Enterprise Development Department of the International Labour Organisation Country Office of the Republic of Tanzania. Among others, the programme contributes to improving governance, efficiency and performance of primary cooperatives, other social economy organisations and their higher-level structures in order to strengthen their capacity to access markets, create jobs, generate income, reduce poverty, provide social protection and give their members a voice and representation in society.

Kyazze writes that by the end of 1946 there were 75 organisations of a cooperative nature. Fifty of these were agriculture marketing societies, eight were shopkeepers' or supply societies, six were consumer stores and the remainder were miscellaneous societies such as fishermen's societies (mainly for the supply of nets), cattle and dairy societies and one thrift society.

The period 1946 to 1970 saw a significant growth of the cooperative movement, especially



in the cotton and coffee sectors. In 1951, cooperatives handled 14,300 tons of cotton and coffee. Following the acquisition of two coffee curing works and 10 ginneries in 1956, the total tonnage rose to 89,308 by 1960.

In 1965, out of 437,923 bales of cotton produced in the country, cooperatives handled 267,420 bales (61%) in addition to 40% of Robusta coffee, valued at US\$ 60 million, and 90% of Arabica coffee, valued at US\$ 30 million. This value is much higher today, given the inflation of the Uganda shilling over time.

“We earned a lot of money during that time,” says Musa Otim, a retired teacher. “We did not worry about better salaries from the government. We had our plantations to supplement our salaries.”

The performance of cooperatives in the immediate post-colonial period, Kyazze writes, was impressive, with the government offering them a monopoly status in agricultural marketing. All the coffee that was produced was marketed through cooperatives, and when the Coffee Marketing Board was formed, through the board. If it was cotton, it was through the Lint Marketing Board, which greatly benefitted the farmers.

However, this good performance was short-lived, as political interference and insecurity started to take hold in the 1970s. This was the regime of former president Idi Amin Dada. Cooperatives were greatly mismanaged,

interfered with, and alienated from membership. The cooperative movement was misunderstood and its economic and social impact greatly underrated by both the membership and the public.

As a result of political control from outside the movement, members’ involvement in the management of cooperatives was eroded. Primary cooperatives and unions increasingly became indebted and they could not effectively provide services to members. This marked the beginning of a steady decline in the performance of cooperatives.

The period 1992 through 2006 exhibited continuous decline of cooperative commodity marketing. For instance, of the total coffee exports (130,068 tons) in 1992/93, cooperatives accounted for only 22% (28,585 tons). This dropped to only 2% (3,868 tons) out of the total of 180,164 tons in 2001/02 and further to a meagre 1% (2,104 tons) out of 162,254 tons in 2006/2007.

The early 1990s liberalisation policy by the government is blamed for greatly contributing to the collapse of cooperatives. After liberalisation, anybody could now buy, process and market coffee. Liberation, says Jovenal Kule, General Manager, Mt Rwenzori Coffee Farmers’ Cooperative Union, came with changes. “Cooperatives were no longer supported by government. If one was a farmer, they had to organise themselves and mobilise capital from

wherever they could. This was very difficult since cooperators were used to handouts so when such was stopped, almost all of them collapsed because they could not handle competition.

He then continues, “besides, people lost interest in cooperatives because most of the cooperatives collapsed with people’s produce before they paid their members. Farmers thought cooperatives were composed of thieving people. Many people today still remember that, especially those who really experienced it.”

“Nonetheless,” Kyazze concludes, “the cooperative movement remains, with its spidery network consisting of active, semi-active, dormant and extinct cooperatives that total over 10,000 primary cooperatives and 40 cooperative unions that fall under one apex cooperative organisation – the Uganda Cooperative Alliance. With poor service provision to the members, other cooperative-like organisations that included labour unions and community based-organisations sprang up to fill the lacuna that had been left by agricultural cooperatives. Nevertheless, the presence of over 3,000 Savings and Credit Cooperatives (SACCOs) has rekindled the hope of reviving cooperatives in Uganda.”