



THE COOPERATIVE MOVEMENT IN UGANDA IS ALIVE: HERE IS WHY

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Perhaps, it is in the anti-establishment spirit that cooperatives in Uganda have been able to thrive. Historical records show that Uganda's first cooperative was a subversive farmers' union in Buganda formed to undermine the exploitative prices offered by the colonial regime. The 1913 Kinakulya Growers Cooperative in Mubende shaped the later occurrences by inspiring sustained pressure on the colonial administration to grant autonomy to the Ugandan farmers. The 1920

Buganda Growers Cooperative was a brainchild of such a development. Despite being faced with two opponents – the Asian merchants and the British administrators – the Ugandan farmers persisted. As a result, between 1946 and 1962, the regime embarked on a process of legislating on and formalising the operations of cooperatives in Uganda. The move eroded the foreign monopoly on the market, and improved the terms of trade for the Ugandan farmers



whose signature cash crop then was coffee.

With the coming of independence, cooperatives gained even greater agency. In a country whose backbone was agriculture, cooperatives became the main driver of increased agricultural productivity. The socio-political status of farmers was also raised. Farmers started influencing the decisions of the post-colonial state. However, the post-colonial leadership read the development as a threat to the establishment. Consecutive government regulations, starting in 1970, were instituted to reduce the independence of the cooperatives. Soon, cooperatives would become a political machine, funding political projects at the expense of socio-economic empowerment. Mainstream politics started to also infiltrate the functioning of the cooperatives, with socio-political strife continuously obfuscating their operating environment. Not surprisingly, it didn't take more than a decade after the 1991 Cooperative Societies Statute for the government, through the Bank of Uganda, to close the Cooperative Bank – the spine that had firmly held together the cooperative movement in Uganda.

In 1999, Uganda's airwaves were jammed with news of the closure of the Uganda Cooperative Bank. Fear and frustration filled the farmers, who were the major stakeholders of the bank. The closure

hit the many cooperatives that depended on the Cooperative Bank for capital like a tsunami. The Cooperative Bank closure seemed to have been the last straw that broke the camel's back. Furthermore, the inroads by the multinationals seemed unstoppable. They hijacked trade (both import and export trade, for example) leaving the possibilities for the resurgence of cooperatives in doubt.

But tracing the story of Uganda's cooperative movement to the post-1999 closure is as thrilling and the findings are unbelievable. Can you believe that there are over 18,000 cooperatives in Uganda, excluding the over 8000 SACCOs? Yes, the requirement for collateral by commercial banks before advancing financial assistance to individuals necessitated alternative measures for, especially, the farmers. Falling back on the cooperative model, despite the limited financing, made more sense for thousands of citizens, especially the farmers.

Every little town in Uganda is home to at least three cooperatives, most of which are SACCOs. Popularised in the wake of the closure of the Cooperative Bank, SACCOs have replaced commercial banks in many areas. Even those who have accounts in commercial banks still subscribe to the SACCOs and different other cooperatives. If it was mostly farmers that subscribed to the cooperatives then, businessmen and women have since taken over the lead. It is undeniable that cooperatives are playing a tremendous role to change the lives of many Ugandans. Many years after the closure of the Cooperative Bank, it can be said that cooperatives are still alive and kicking.

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