



**THE REINVENTION OF
COOPERATIVES: A
SUSTAINABLE DRIVE TO
GENDER EQUALITY**

The close of the second millennium in Uganda announced itself in a shocking manner. Charles Kikonyongo, the then Bank of Uganda Governor, released a statement that the Uganda Cooperative Bank had become insolvent. On 19 May 1999, the bank was closed. That single statutory action had instantly crippled the hopes and aspirations of many farmers' cooperatives. Over a long period of time, the general consensus has been that the cooperatives were dead and buried. Yet reading the demographics seems to suggest something different. Over the last 20 years, the number of cooperatives has increased.

Conversations with Dennis Ashaba of Uganda Central Cooperative Financial Services Ltd (UCCFS), Dorothy Baziwe of Shelter and Settlement Alternatives (SSA), Kiyingi Edward of Uganda Housing Cooperative Union (UHOCU) and several other stakeholders in the cooperative movement in Uganda have been quite illuminating on the resilience of cooperatives. However, they have evolved into a new form.

UCCFS was formed to act as a central financial authority for cooperatives after the collapse of Uganda Cooperative Bank. The aim was to provide meaningful loans, competitive interest rates and secure savings accounts to all its members.

With over 25 years of experience in cooperative societies, Ashaba, in his conversation with , starts off by offering us an insight into the status of the modern cooperative.

Are Cooperatives really still alive?

It is a misconception that cooperatives are dead and dormant. They are actually up and running. However, the modus operandi of the traditional cooperatives is different from the

operation of the most recent model of cooperatives. When the traditional cooperatives got challenges, they were a result of financial mismanagement and governance issues. But the most recent cooperatives are in the form of SACCOs. Some SACCOs are community-based, operating especially upcountry, while some are non-community-based. The community-based SACCOs have, in fact, displaced the commercial banks in some areas. People don't normally clearly differentiate SACCOs from cooperatives. Yet, SACCOs are one form of cooperatives. They are, though, only financial cooperatives which mainly came into existence after the 1999 closure of the Cooperative Bank, courtesy of the Uganda Cooperative Alliance.

So how are you striking a balanced working relationship with the different cooperatives?

We are promoting an integrated approach within cooperatives by, for example, creating a link between the financial cooperatives and non-financial cooperatives. The producer cooperatives will, for example, not

improve without the financial cooperatives. The process of value addition needs finances. It is often through SACCOs that this demand can be fulfilled.

What is the strength of the new cooperative unions? What guarantees their sustainability?

We cannot fully grasp the reasons for the collapse of the Cooperative Bank, given that we didn't receive a liquidation report from the government. We are mitigating the unforeseen challenges by building internal reserves. Internal capital through shareholding by members enables the SACCOs to survive in case of any discontinuation of subscription by any given member. The new SACCOs cannot be entirely affected by, for example, withdrawal of external funding.

What are you doing differently from the Cooperative Bank?

Digital financing is our target presently. It is an attempt to modernise the operations of SACCOs. We have a programme where we are supporting SACCOs to put up the infrastructure required to promote mobile banking. We are giving the SACCOs computers, solar systems, internet connectivity and printers as part of the logistical kit to facilitate mobile banking. Eighty cooperatives in Uganda are now using the M-SACCO technology.

We are also promoting insurance services – with life insurance and general insurance policies. Each loan, too, from SACCOs, should be insured so that no one incurs losses in case of unprecedented failure to pay back.

We are also, however, targeting rural producer organisations

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(RPOs), area cooperative enterprises and some cooperatives in northern and eastern Uganda.

How are you incorporating the participation of women into all these programmes?

We are developing and implementing products and programmes that are specifically suited to the women and youths. Sheema Girls School can attest to the success of these initiatives, through their savings club. We are also working with several schools in eastern and central Uganda. Parents are also being engaged to participate and they are appreciative. Women are also being organised into saving groups, such as Niginas and Obubox.

But why then do we continue to see more success stories from men than from the women?

The problem comes from our past history that for long denied women

education. Illiteracy levels are more pronounced among the women than the men. Financial illiteracy among the women is thus more prominent than among men.

Akampurira Doreen, the Manager of Kanungu Teacher's SACCO, she offered me a different but related insight: Many female teachers don't have individual rights to property. This affects their ability to process loans from us because, even though we would like to help, the property is always registered in the name of the man, and if not, in the names of both partners. This, then, requires the man to be present if we are to take a land title as a mortgage.

But how are UCCFS' structures themselves being utilised to cater for gender equality?

The standard bylaw governing cooperatives is that a third of the

leaders should be women. We are using this model within our structures to lobby for more like-minded organisations to implement this gender guideline. Within our structures, women in management have also been beneficiaries of exchange visits to other countries like Canada and within Africa where they learn from other cooperatives. In addition, apart from capacity-building, we are starting financial literacy programmes, which will enable the sensitised women to start up profit-making activities for themselves.

We are providing on-site and off-site technical support to cooperatives. They send us their monthly returns and we analyse the reports and give them feedback on areas where they are doing well and those they need to improve in. Several times we do field visits

and train leaders and management, and engage the members themselves so as to enable them to acquire the necessary information.

How do you think you can be supported to promote this gender equality initiative?

We are working on several gender-policy prototypes to be used by our different cooperatives. We want to ensure that every policy in any cooperative has a gender element embedded in it. Perhaps ACFODE will help to do this.

Later, I have a conversation with Uganda Housing Cooperative's Edward Kiyingi, who holds out the same hopes:

A lot needs to come from organisations like ACFODE to create the link between gender and housing. For cooperatives to appreciate the gender concerns, all those advocating for gender equality need to get deeper into the communities. In Housing Cooperatives, women are able to own property and defeat all cultural prejudices that deny them the right to own property. Coming together of women in cooperatives has also strengthened the fight against gender inequality.

More insights from Mr Ashaba Dennis:

What is the UCCFS's relationship with the commercial banks?

We enjoy a very healthy working relationship with the commercial banks. When we started, we never wanted to create parallel financial structures. Even when we are giving money to cooperatives, we channel the money through the banks. Our loans are also paid through the banks. Not only do we have accounts with the commercial banks, but we also run link accounts with them.

Well, it is hoped, that soon the government will revive the Cooperative Bank.

How is the government supporting you in this drive?

The government, through ministers and area MPs, has been very supportive. We have been pushing of legislation for cooperatives and we now have the Microfinance Institutions and Money Lenders Act 2016. We have seen the introduction of the Microfinance Regulatory Authority and all this is aimed at creating discipline within the cooperatives. The Ministry of Trade, Industry and Cooperatives has been very influential and supportive. The SACCOs' financial discipline is being enforced by the government.

Recently, the government gave cooperatives a tax exemption. How is this being used to support the women?

The ten-year tax exemption was not given freely. We lobbied for it. The government first bowed to the pressure we had exerted by offering tax exemption to only agriculture-related businesses. But we kept on pressuring government till we secured the ten-year exemption. We shall continue to lobby for a permanent tax exemption on cooperatives and this will benefit all members.

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DENNIS ASHABA,
UGANDA CENTRAL COOPERATIVE FINANCIAL SERVICES LTD (UCCFS).