



**REPUBLIC OF UGANDA**



**FINAL REPORT**

**IMPLEMENTATION EVALUATION OF GOVERNMENT OF UGANDA'S  
NATIONAL CO-OPERATIVE POLICY**

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## Executive summary

Cooperatives play an important role in promoting production and productivity, and value addition, and marketing innovations to foster the well-being of their members and the development of the economy. This Report presents findings of an implementation evaluation of the National Cooperatives Policy 2010 to ascertain the extent to which its intended objectives of policy are being attained, the effects of the policy on the country's co-operative movement, and to determine the necessity efficiency and validity of the policy.

**Objective and Scope of the Study:** Government recognizes the potential of the co-operative movement to general wealth, contributes to further poverty reduction and foster wealth redistribution especially in rural areas. As result implemented the National Co-operative Policy. However, despite continued implementation of the policy, the cooperatives continue to face numerous challenges, including; poor leadership and governance; inadequate capitalization; lack of access to reliable markets and competitive prices; inadequate storage, post-harvest handle ling and agro processing Infrastructure; weak accountability and transparency issues; and constructive political interference; delinquency levels especially for SACCO's. Therefore, the main objective of this evaluation was to examine the effects of the national co-operatives policy, specifically the policy outcomes; the efficiency with which the policy is

being implemented, focusing on the relationships between the resources invested in a policy and the effects achieved; and the policy relevance, particularly the link between policy objective and pressure of the problems it was established to address with in the productive economy.

**Approach and Methodology:** A multi-method approach was adopted in addressing the evaluation objective; desk review, and expert interviews. The study reviewed policy documents and literature relevant to cooperatives and trade policy. Among the policy documents, NCP policy documentation, policy log frame, past feasibility and monitoring reports were reviewed. Literature review focused on empirical studies on cooperative performance success and challenges in Uganda, and from other countries. Expert interviews were conducted with key stakeholders in cooperative sub sector from government, private, academia, development partners, civil society organizations, and cooperative societies. The experts were those individuals who were directly involved in the cooperative policy development, implementation as well as those affected by policy actions and strategies.

## Summary of Findings

### Evaluation of implementation of the national Cooperative Policy

<b>Strengthening Cooperative Movement</b>	<b>Extent of Implementation</b>
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Review the status and operations of the existing Cooperative societies countrywide	Poor
Mobilize people to form Cooperative societies that suit their common interests	Very good
Facilitate the establishment of tertiary Cooperatives to provide specialized services such as Cooperative insurance and commercial banking	Poor
Rebuild the Cooperative-image through improved governance, better service delivery and publicity campaigns	Fair
Support the development of all types of Cooperative societies into strong and sustainable institutions	Poor
Promote close collaboration between regional and international Cooperative movements and other agencies	Very good
<b>Legal and Regulatory Framework</b>	<b>Extent of Implementation</b>
Review, amend and establish relevant laws and regulations	Very good
Structure and operations of the Cooperative Development Department at National and local government levels	Fair

Review the structure of the Cooperative movement	Poor
<b>Diversification of Cooperative Enterprises</b>	
Facilitate feasibility studies to establish other viable Cooperative enterprises	Poor
Generate and disseminate information on viable Cooperatives	Poor
Mobilize and sensitize communities about the different types of Cooperatives	Good
Promote new Cooperatives enterprises based on existing industrial and agricultural zones	Fair
Promote, undertake and facilitate research and development in the Cooperative movement	Poor
Cooperative management Information System	
Automate Management Information Systems	Poor
Networking between relevant private and government agencies to provide timely market information to cooperators and other key players in the sector	Poor
Dissemination of relevant information for advancing the objectives of the Cooperative movement	Fair
Establishment of a Cooperative Satellite Account	Poor

Cooperative societies mapping to ease interventions by the various stakeholders	Poor
<b>Promoting Cooperative Activities at the Regional Level</b>	<b>Extent of implementation</b>
Ensure that the Cooperative policy and movement does not introduce barriers that may be a hindrance to the EAC regional integration	Good
Monitor and evaluate the implementation of EAC council decisions on Cooperatives	Fair
Establish collaborations between the regional and international Cooperative movement and other agencies	Good
<b>Cross-cutting issues</b>	<b>Extent of Implementation</b>
Promote Gender equality	Good
Promote Awareness and transformation through sensitization on gender issues	Good
Conduct awareness campaigns on environmentally friendly practices in co-operative enterprises	Poor
Mainstream environmental concerns in the conduct of Cooperative business	Poor

Develop and promote adherence to environmental standards through eco-labels	Poor
Conduct Cooperative members' awareness of HIV/AIDS and malaria	Good
Mainstream HIV/AIDS issues in the conduct of Cooperative business	Fair

### Positive effects of the National Cooperative Policy

The stakeholders interviewed during the evaluation pointed out some key positive effects created by the implementation of the NCP. These include

1. Farmers under cooperatives have embraced farming as a business. They can access business management skills (through trainings), improved inputs and production technologies and credit for capitalizing their businesses.
2. Prioritisation of rural industrialisation and promotion of locally produced goods under the BUBU initiative, which provides more opportunities for Cooperatives to engage in economic activities to take up the available market opportunities. The Industry and technology department of the Ministry of Industry Trade and Cooperatives (MoITC) is implementing the Rural Industrialisation

Programme with targets Cooperatives, creating opportunities to leverage on other Government programmes to develop Cooperatives into sustainable Business.

3. Creation of the Commercial department and the district level and the support to commercial officers, which was not the case before the existing NCP was passed.
4. The DCOs at the districts to support Cooperatives offer opportunities for the Department to increase its outreach and support to cooperative entities. The NCP and Cooperatives Act 2019 as amended has improved coordination by provided for reporting of the District Cooperatives Officer to the Registrar, thereby creating a better environment for coordination and supervision of DCO's activities in supporting Cooperatives entities.
5. The Policy (and amended Act) strengthened the powers of the Registrar in giving direction to the Cooperatives, and streamlined regulations required to promote competitive and resilient Cooperatives, including a strong regulatory regime for SACCOs. It also provided for revival of Cooperative Bank, which will increase access to capital and financing to business initiatives by the Cooperatives.

## **Conclusion and recommendations:**



Historically, the potential of Cooperatives in impacting its members as well as that of the country is undisputable. To revive the cooperative sector that had collapsed due to many historical factors such as liberalization policies of 1990s and wars, the government developed the National Cooperative Policy, in order to revive the sector. Government recognizes that growth of the co-operative sub-sector play a leading role in poverty eradication, employment creation and socio-economic transformation of the country. Therefore, the overall objective of cooperative policy was to strengthen the Cooperative sector for wealth creation, employment and prosperity by providing a policy framework for co-operative development in a dynamic economic environment. There is clear evidence that government intend to create a more conducive environment for the co-operatives to expand, and diversify their activities by focusing on improving governance, enhancing production, value addition and marketing capacities of the cooperatives.

Government is committed to revamp cooperative sector by integrating cooperative development in its development process through its commitment to implement the cooperative policy commitment, and incorporation of cooperatives' relevance into other relevant national policy and development agendas. However, the evaluation results show that policy implementation has been beset by both institutional challenges on part of the government and its key actors as well as internal challenges on side of cooperatives themselves. To effectively revamp and raise the potential of cooperative in national development, these challenges such as

inadequate skilled human and financial resources. The evaluation has identified areas which have performed relatively poorly in implementation of the National Cooperative Policy and require improvement. These include: the cooperation Management information system, addressing the environmental sustainability within the operations of cooperatives; and review of laws and regulations to address some of the policy inconsistencies such as the liberation policy which does not promote adherence to the cooperative principles by society members, among others. The Parish Development Model, which is designed to be implemented through SACCOs provides an opportunity for cooperatives to access more resources and leverage the business development services to be provided under this new PDM.

## List of Abbreviations and Acronyms

ACE:	Area Cooperative Enterprises
DCO:	District Commercial Officer
CDO:	Community Development Officer
CSOs:	Civil Society Organisations
EAC:	East African Community
GOU:	Government of Uganda
MoTIC:	Ministry of Trade, Industry and Cooperatives
NCP:	National Co-operatives Policy
NDP:	National Development Plan
NPA:	National Planning Authority
OECD:	Organization for Economic Co-operation and Development
OPM:	Office of the Prime Minister
PDM	Parish Development Model
SACCOs:	Saving and Credit Cooperative Organisations
UCA:	Uganda Cooperative Alliance

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***NB. The cover-page photo was obtained from the MoTIC monitoring reports***

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## 1.1 Background

Cooperatives in Uganda can be traced to as far back as 1913 when a group of peasant cotton growers in Kiboga in Mubende district by then, came together to form the first ever cooperative society in the country. Since then, cooperatives, especially those involved in cash crops have successfully provided agricultural-related services to farmers until the mid-1980s. The political instability from early to mid-1980s, the mismanagement of cooperatives societies and the liberalization of markets in the early 1990s, weakened the cooperative movement. These events led to the collapse of once prominent cooperative societies, across the country, such as East and West Mengo, Lango Cooperatives, Banyankole Kweterana, Masaka Cooperative Union. However, a few cooperatives, such as Bugisu Cooperative Union survived these turbulent times, and government has made a deliberate effort to revive the cooperative movement recognizing their important role in reducing poverty and promoting rural and national development. The National Cooperative Policy, 2010, and more recently the National Development Plan (NDP) III, recognize the potentially strong role cooperatives play towards the social and economic transformation of the country.

By the end of 2020, co-operative space in Uganda comprised 10,746 registered co-operative societies with a membership of over 3.9 million people. There are 10,621 primary societies, 121 secondary societies 1 and

all of which are coordinated under an apex body, the Uganda Co-operative Alliance (UCA).

In recent times however, the onset of economic liberalization has triggered off greater participation of multinational corporations in the local business previously dominated by co-operatives and other local players. The stiff competition extends throughout the value chain from innovation, R&D, design, production and processing to services and management. This, coupled with proliferation of substandard and production of co-operatives which ultimately impedes access to foreign markets.

To address these challenges, government approved the National Co-operatives Policy (NCP) 2010; as a means of strengthening and revitalization co-operatives as key business players in the economy the policy, under the theme "strengthening the cooperative sector for wealth creation, employment and prosperity", was established to provide request implementation and regulatory frame work for co-operative development in dynamic economic environment. The policy was therefore envisioned to build a strong, vibrant and prosperous co-operative movement, through promote and save the culture, high productivity, value addition and collective marketing that contribute to increase house hold incomes, economic transformation and development of the country.

## **1.2 Significance and Objectives of the Evaluation**

Majority of Ugandan farmers are engaged in small scale agricultural

production, with in adequate organization at the farm and marketing levels to effectively exploit their land and labor resources, engage in collective marketing and enhance their bargaining power. Since the liberalization of agricultural markets in Uganda in the early 1990s, the cooperative sector has gone through a dynamic process of rehabilitation and restructuring, adjusting to the condition of a liberalized economy.

Cooperatives do continue to demonstrate the capacity to provide the requisite versatile, grassroots based and multi-sectorial organizational frame work to facilitate primary producers, involvement in domestic and international trade and provide a relatively permanent institution frame work through which problems basic human needs can be addressed. The diverse nature of the co-operative business also offers a great potential to create employment, generate wealth and equitably distribute it.

Out of the total registered cooperative societies, 83% are on permanent registration while 17% are registered on probation. The majority of cooperative businesses in Uganda are related to the purchase, processing and sale of agricultural products, mostly coffee, cotton and dairy products. There is also a large number of cooperatives which operate as SACCOs across the country for savings mobilization and credit provision. Despite the fact that the cooperatives were established to eliminate private dealers (middlemen) in the marketing of agricultural produce, private traders and processors still operate side by side with co-operatives. Government recognizes the potential of the co-operative



movement to general wealth, contributes to further poverty reduction and foster wealth redistribution especially in rural areas, the political leadership not only advocates for the formation of the co-operatives but is also committed to the creation of a favorable environment for co-operative development. To reiterate this commitment Government set out specific policy actions within the NCP, including

- I. Strengthening and revitalizing co-operatives as key business players in the economy
- II. Legal reforms to facilitate the co-operative movement to operate and develop
- III. Enforcement of compliance to laws, regulations, standards and other tenets of good governance in the co-operative movement
- IV. Instituting, promotion and enforcing quality assurance measures that conform to standards in the management of co-operative business
- V. Promoting the diversification of co-operative enterprises beyond the current scope dominated by commodity marketing.
- VI. Supporting the upgrading and modernization of management information systems for the ministry and co-operative movement to enhance sound and consistent management practices across the sector.
- VII. Promoting harmonization of the cooperative policy and those of the region so as to deepen EAC regional integration process

The NCP identifies several opportunities for further strengthening the cooperative movement, which include: labor abundance and flexibility; abundant nature resources; existence of trained co-operative personnel within the community; existence of pool of potential co-operators within the community; wide scope co-operative enterprises; and market expansion. Despite continued implementation of the policy, the cooperatives continue to face numerous challenges, including; poor leadership and governance; inadequate capitalization; lack of access to reliable markets and competitive prices; inadequate storage, post-harvest handling and agro processing Infrastructure; weak accountability and transparency issues; and constructive political interference; delinquency levels especially for SACCOs.

This evaluation examined the effects of the national co-operatives policy, specifically the policy outcomes, which describes the effects actually generated among the end beneficiaries. It also examined the efficiency with which the policy is being implemented, focusing on the relationships between the resources invested in a policy and the effects achieved; and the policy relevance, particularly the link between policy objective and pressure of the problems it was established to address within the productive economy. The study also assessed the relevancy of the cooperative policy and cooperative sub-sector in general in the current national development framework of program-based development planning

and implementation at the national level and the parish development model designed to spearhead local economic development and transformation at the community level.

## **2.0 Approach and Methodology**

Following the improved version of the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) evaluation criteria, a multi-method approach was adopted to address the objectives of the assignment. The methods included; the desk review of key policy documents and literature relevant to cooperatives and trade policy. We shall also conduct expert interviews with key stakeholders in cooperative sub sector from government, private, academia, development partners, civil society organizations, and cooperative societies. The desk review focused on reviewing policy documents and literature concerning NCP policy documentation, policy log frame, past feasibility and monitoring reports, and case studies. While the empirical literature review focused on studies on cooperative performance success and challenges in Uganda, and from other countries.

### **2.2 Data collection and target respondents**

To obtain sound, balanced and informed opinions pertinent to the evaluation questions, experts of suitable competence for policy evaluation were purposively identified and selected particularly those who were involved in the cooperative policy development, implementation as well as

those affected by policy actions and strategies. Specifically, the selection of expert was based on their occupational position, involvement in the formation and implementation of cooperation policy as well as work experience in the cooperative sub-sector either as a practitioner or beneficiary. In total, out of 49 experts targeted, 36 experts were identified and participated in the study.

At national, district and sub country implementation level, the study targeted officials from Ministry of trade, Industry and Cooperatives, Registrar of Cooperatives, Uganda Cooperative Alliance, and the district Commercial Officer (DCO). According to National Cooperative policy document, the cooperative sub sector is composed of 4 tier vertical structure; primary, secondary, tertiary cooperative societies and apex body. The statistics show that as of 2011 there were a total of about 10,746 co-operative societies with a membership of 3.9 million people. These include; 10,621 primary societies, 121 secondary societies including 80 Area Cooperative Enterprises, 4 tertiary societies and 1 apex body- the Uganda Co-operative Alliance Ltd. By February 2020, the total of cooperative societies has increased to 21, 346 with membership of 5.6 million people.

To obtain information that is representative of the different tiers, the study targeted to include participating societies following the tier classification. At tertiary level, four tertiary cooperative societies were

selected purposively to cater for regional and sector representation. From the selected tertiary cooperatives, two secondary cooperative societies were randomly selected, giving total of 8 secondary societies. The district location of the secondary cooperative societies selected determined the CDOs and CCOs that were interviewed at sub county and district level respectively. We selected three primary cooperative societies from each of the selected secondary cooperatives, giving total of 24 primary cooperative societies. Therefore, a total of 36 expert interviews were conducted. The table below summarizes the expert interviews to conducted at various levels and tier structure of cooperative societies.

### **Summary of expert interviews targeted**

Level	Organization/cooperative society	Number of Interviews
National	MoTIC (2)	5
	UAC (2)	
	Registrar of Cooperatives (1)	
District	Commercial Cooperative Officer	4
Sub-county	Community Development Officer	4
Cooperative society Tier	Tertiary cooperative societies	4
	Secondary cooperative societies	8
	Primary cooperative societies	24

Total		49
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The list of experts to interview were obtained from Ministry of Trade, Industry and Cooperatives (MoTIC) and Uganda Cooperative Alliance (UCA) and agreed on with OPM. To obtain information from various experts following the OECD DAC criteria, an interview guide was designed to collect expert information, experiences, perception, and opinions. The experts were provided with a list of evaluation question under each criterion of improved OECD DAC; *Relevance, effectiveness, efficiency, sustainability, impact and coherence*. The interview guide was designed in such way that experts do explain or provide their experience, opinion or perception regarding the reasoned opinion provided for the various evaluation issues.

Appointments were made with each identified expert with support from OPM. In view of the social distancing restrictions imposed due to the COVID-19 pandemic, most interviews were conducted via the phone. In instances where it was possible to meet the experts, face-to-face interviews were conducted. During data collection, the standard procedures for obtaining qualitative data were followed such as obtaining consent, and permission to record interviews. Participation in the evaluation was voluntary and participants had a right to withdraw from the exercise at any time of the evaluation. Optimal information was

provided to the participants before enrolled into the evaluation study. Confidentiality of study participants was ensured at all stages of data collection and analysis.

### **2.3 Data management and analysis**

The information gathered from the desk reviews and expert interviews organized, summarized, and analyzed thematically. Written document Analysis was used to analyse policy documents and reports obtained. A qualitative narrative literature review approach was adopted to review various studies on cooperative movement in Uganda. A narrative literature review is a semi-systematic review that looks at how research within a selected field has progressed over time (Snyder, 2019; Green et al, 2006). Qualitative information obtained from the expert reviews were transcribed and analyzed thematically following the evaluation questions.

### 3.0 Structure and composition of cooperatives in Uganda

The reports by the cooperative development department in the ministry of trade, industry and cooperatives (MoTIC) show that by January 2020, Uganda had a total of 20,916 registered Cooperatives from 13, 179 in 2012. These comprise all the three levels: primary, secondary and tertiary cooperatives, which are spread across the country. Majority of the cooperatives are involved in Agricultural marketing (45.1%) and savings and credit (SACCOs) at 43.9%. The main types of cooperatives have registered significant growth over the past 8 years except those involved in the fishing and fisheries products, which registered a decline as indicated in Table 1.

**TABLE 1:NUMBER OF REGISTERED COOPERATIVES, 2012 & 2020.**

<b>Category of Cooperative</b>	<b>Aug 2012</b>	<b>Jan 2020</b>	<b>%age Share in 2020</b>	<b>%age growth</b>
Agricultural Marketing	4,504	9,432	45.1	109.4
SACCOs	5,228	9,189	43.9	75.8
Multipurpose	711	989	4.7	39.1
Transport	318	406	1.9	27.7
Dairy	238	331	1.6	39.1



Housing	26	80	0.4	207.7
Fishing	95	80	0.4	(15.8)
Others	2059	664	3.22	(67.7)
<b>Total</b>	<b>13,179</b>	<b>20,916</b>	<b>100</b>	

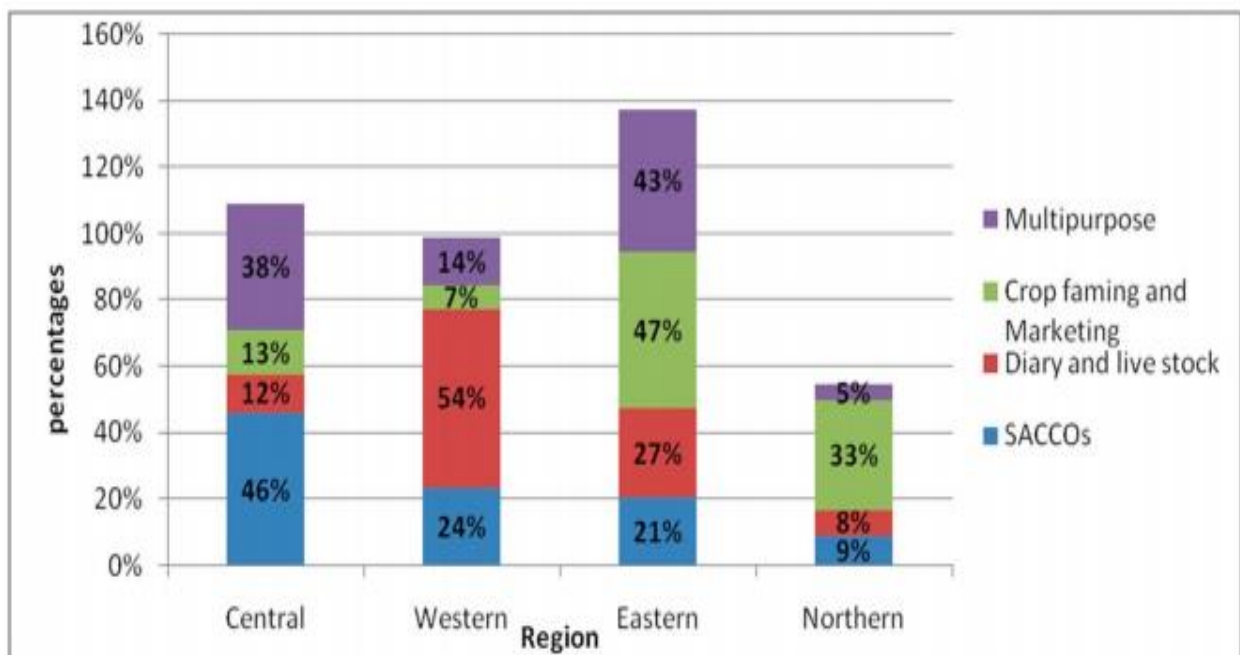
Source: Cooperatives Development Department, MoTIC

A diagnostic study of the cooperatives department in MoTIC conducted in May 2020, shows that, overall, Agricultural marketing Cooperatives and SACCOs account for 89% of the total Cooperatives in the country. This is followed by multipurpose Cooperatives accounting for 4.7%, transport Cooperatives (1.9%) and Dairy Cooperatives (1.6%). Others were Area Cooperative Enterprises (0.62%), Cooperative Unions (0.6%), housing (0.39%), energy (0.13%), fish (0.4%), consumer (0.23%), microfinance (0.1%) health (0.04%), handcraft (0.05%), mining (0.4%), and central pulperies (0.01%). Categories with only two Cooperatives were distillers, journalists and employee, while categories with only one Cooperative were photography, baking, banking, stationary, insurance, foundation, publicity and education, pensioners, revenue collection, tailoring, baby care, telephone operator, waste disposal and engineering. (MTIC, 2020).

The distribution of cooperatives reflects some level of concentration of primary cooperatives in specific regions, which also reflects the main economic sub-sectors for each region (Figure.1). For example, the

western region is dominated by cooperatives in the dairy sub-sector while the Eastern and Northern regions have a high concentration of cooperatives in agricultural marketing – perhaps due to the coffee, cereals and cotton growing being dominant in these regions. SACCOs are very predominant in the central region. This pattern of regional distribution of cooperatives has some advantages in terms of providing technical and managerial support to cooperatives, which are dealing in similar business within the region.

**FIGURE 1: SECTORAL DISTRIBUTION OF COOPERATIVES BY REGION**



In terms of districts, Kampala accounts for 14.3% of all registered Cooperatives in the Country. Other districts with at least 2% of the registered Cooperatives were Mbarara (4.31%), Wakiso (4.05%), Iganga

(3.69%), Mbale (3.66%), Masaka (3.16%), Mukono (2.56%), Kasese (2.44%), Kabale (2.32%), Bushenyi (2.11%), Mubende (2.07%) and Tororo (2.02%). The distribution of registered Cooperatives by district is summarized in appendix VI. There are however many groups with structure and functioning of cooperative nature, but not fully registered. One of the objectives of the policy is to ensure proper coordination of cooperatives and monitoring their activities through formal registration. The cooperative officers at the district and sub-county level are mandated to support emerging cooperative groups to fully register, but there are still gaps in this aspect.

#### **4.0 Main features of the National Cooperative Policy**

The general objective of the National Co-operative 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.

The specific objectives of the policy include:

- i. Strengthening the co-operative movement to efficiently and effectively respond to member needs.
- ii. Improving the cooperative legal and regulatory framework.
- iii. Promoting and enhancing good governance in the co-operative movement.
- iv. Strengthening technical capacity of the Co-operative Development Department and the local governments

- v. Building an efficient and modern Co-operative Management Information System
- vi. Developing the capacity of co-operatives to compete in the domestic, regional and international markets.
- vii. Providing a framework for improving capitalization and diversification of financing tools appropriate for the co-operative movement.
- viii. Facilitating improved supply chain efficiencies and marketing infrastructure
- ix. Diversifying the type and range of enterprises that co-operatives undertake
- x. Addressing the crosscutting issues of gender mainstreaming and fair representation of marginalized groups, sustainable natural resource use and, HIV/ AIDS and malaria.

This evaluation examined how the implementation of the Policy at the different levels of the cooperative movements has addressed itself to these core objectives of the policy. Areas of strong performances as well as those for which performance has been dismal were identified. The reasons for the poor performance in some aspects and suggestions for improvement were documented during interviews with officials of the cooperatives included in the study. A desk review assessed the extent to which the NCP is oriented to the current development paradigm in the country, by examining the role of the cooperatives envisaged in the NDP

II, NDP III, the NRM manifesto (2021- 2026) and the parish model for local economic development.

## 5.0 The National Cooperative Policy and National Development Agenda

### 5.1 The National Cooperative Policy and NDP III

The evaluation assessed the relevancy of the National Cooperative Policy (NCP) to the current development agenda of the country as espoused in the National Development Plan III (NDP III). Since 2010 when the NCP was passed, there have been two (2) National development plans (II & III), both of which have highlighted the role of cooperatives in the national development, particularly in the development of the local economy.

Government recognizes that growth of the co-operative sub-sector play a leading role in poverty eradication, employment creation and socio-economic transformation of the country. This is in tandem with the overall objective of cooperative policy, which is: To **strengthen the Cooperative sector for wealth creation, employment and prosperity** by providing a policy framework for co-operative development in a dynamic economic environment. Through this policy, government sought to create a more conducive environment for the co-operatives to

expand, and diversify their activities by focusing on improving governance, enhancing production, value addition and marketing capacities of the cooperatives (Republic of Uganda, 2011).

The policy specifies government policy actions which include: Strengthening the Cooperative Movement (*Government is committed to strengthening and revitalizing co-operatives as key business players in the economy*); Legal and Regulatory Reforms (*Government shall cause the necessary legal reforms to facilitate the co-operative movement to operate and develop*); Compliance with relevant Laws (*Government shall ensure compliance to laws, regulations, standards and other tenets of good governance in the co-operative movement*); Quality Assurance, Standards and Competitiveness (*Government shall institute, promote and enforce quality assurance measures that conform to standards in the management of co-operative business*); Diversification of Co-operative Enterprises (*Government shall promote the diversification of co-operative enterprises beyond the current scope dominated by commodity marketing*); Human Resource Development (*Government is committed to supporting co-operative education and training that meets the ever changing co-operative movement needs*); Management Information Systems (MIS) (*Government shall support the upgrading and modernization of Management Information Systems for the Ministry and the co-operative movement to enhance sound and consistent management practices across the sector*); Promoting Cooperative

Activities at the Regional Level (*Government shall promote harmonisation of the cooperative policy and those of the region so as to deepen EAC regional integration process*); and Crosscutting Issues including the Gender mainstreaming and Fair Representation of Marginalized Groups, Co-operatives and Sustainable Natural Resource Use and HIV/AIDS and Malaria. Therefore, to appreciate the relevance of the policy, and interest and commitment of government towards the policy, we assessed government policy and program agenda towards the policy by analyzing government aspirations and interventions towards cooperatives in its development plan and sector specific programs and projects. Thus, a review of the National Development Plans (11 and 111) and sector specific frameworks and programs was done.

The National Development Plan 11 broadly specified a chapter on trade and cooperatives (chapter 10), in which three objectives on cooperative development were provided: (i) Promote the formation and growth of cooperatives; (ii) Enhance the capacity of cooperatives to compete in domestic, regional and international markets; and (iii) Increase the diversity in type and range of enterprises undertaken by cooperatives. It is highlighted that by the time of the NDP ii was formulated, Uganda had 15,225 registered cooperative societies in the country, and between the years 2013 and 2014, 481 cooperatives were registered and 1,185 are on provisional registration. There were about 100 Cooperative Unions and Area Cooperative Enterprises, engaged mostly in value addition and agro

processing of coffee, cotton, honey and fruits among others. Among these, the most prominent ones included: the Bugisu Cooperative Union Ltd, Ankole Coffee Producers Cooperative Union Ltd, Wamala Cooperative Union Ltd, Kayunga ACE, Teso Cooperative Union Ltd and Gumutindo ACE.

Within the cooperative sub sector, SACCOs have become an important force with a total 6,351 registered SACCOs, commanding over UGX 120 billion, total shareholding of over UGX 25 billion and loans of UGX 80 billion. This is consistent with government recognition that savings and credit cooperatives (SACCOS) is a significant driver in the mobilization of people to save as individuals or groups for purposes of enhancing production, investment and capital accumulation. The growth in number of SACCOs across the country is in line with the government's goal is to have a SACCO in each Sub-County to spearhead savings mobilization and increased household incomes.<sup>1</sup> Cooperatives have also been formed in other sectors of the economy including energy, housing cooperatives and those managing public infrastructures like markets and transport terminals/taxi parks. To demonstrate government commitment to cooperative development, specific interventions to achieve the three objectives were specified in NDP II as outlined in Table 1.

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<sup>1</sup> Thangata, P. (2016). Cooperative Business Models in Uganda: The Case of Nyakyera-Rukoni Area Cooperative Enterprise (NRACE).



**TABLE 2: COOPERATIVE DEVELOPMENT OBJECTIVES AND INTERVENTIONS IN  
NDP II**

<b>Objective</b>	<b>Interventions</b>
<b>Promote the formation and growth of cooperatives</b>	
	i. Popularize, disseminate and implement the National Cooperative Development Policy implementation strategy.
	ii. Strengthen governance of the cooperative movement.
	iii. Strengthen the cooperative commodity marketing infrastructure.
	iv. Revitalize the Uganda Commodity Exchange.
	v. Improve access to financial services for the cooperative institutions.
	vi. Supervise and audit cooperative societies regularly.
	vii. Reviewing and implementing an appropriate cooperative curriculum to strengthen cooperatives education and training.
	viii. Review and upgrade Kigumba Cooperatives College as a center of academic excellence in cooperatives skills development.
	ix. Establish an Agricultural Commodity Marketing

	Fund to promote collective marketing.
	x. Establish and strengthen the cooperatives information systems.
<b>Enhance the capacity of cooperatives to compete in domestic, regional and international market</b>	
	i. Support farmers in enterprise selection through provision of advisory services to the different categories of farmer cooperatives.
	ii. Support the re-establishment of the co-operative based inputs delivery system to avail quality inputs to the members.
	iii. Support and facilitate cooperative society members to acquire mechanization, irrigation equipment, farm level post-harvest handling technologies and other appropriate technologies.
	iv. Support research and development in cooperatives as well as providing extension services to members.
<b>Increase the diversity in type and range of enterprises undertaken by cooperatives</b>	
	i. Support and strengthen other forms of co-operatives including insurance, housing, health, tourism, energy, consumer, shared services and enterprise-based

	cooperatives.
	ii. Revitalize and strengthen dormant co-operatives by focusing on research, networking, study tours, mobilization and sensitization of the communities

Looking at the specific intervention under each objective, it is evident that national development planning adopted the policy aspirations towards cooperative development. According to National Planning Authority (2018), Policy Paper for Presidential Economic Council (PEC): Strengthening of Cooperatives for Social Economic Transformation in Uganda; it is evident that government is strongly committed to use cooperatives to enhance production and productivity. The policy paper argues that NDPII recognized the need to revamp the cooperative enterprises given their role in empowering members. Through access to economic and social services like financial services, delivery of inputs to farmers, access to markets, enhancing small scale producers' bargaining power, imparting skills for better production and marketing services; and economies of scale at both the production and marketing levels, cooperatives have the potential to empowerment by increasing production, productivity, and value addition. Therefore, cooperatives are critical for Uganda's transformation towards an inclusive middle-income country status aspiration articulated in the Vision 2040.

Similarly, the NDP III prioritizes cooperatives under different development programs such as agro-industrialization, private sector development, and regional development. For example, under agro-industrialization, there two programme objectives specifically concerning cooperatives which highlight government interest and commitment to cooperative development; namely: (a) Strengthen farmer organizations and cooperatives and (b) Increase the mobilization, equitable access and utilization of Agricultural Finance. For instance, government emphasizes to:

- ✚ Sensitize farmers on the benefits of cooperating;
- ✚ Support up-coming farmer groups and cooperatives to effectively manage themselves
- ✚ Engage cooperative colleges and colleges of commerce to inculcate Cooperatives and cooperative and entrepreneurial skills to the farmers and farmers groups;
- ✚ Empower youth to form cooperatives.
- ✚ Facilitate organic bottom-up formation of farmers groups (including youth) and
- ✚ cooperatives (production, collective marketing, provision of financial services,
- ✚ and savings mobilization)
- ✚ Review legislation aimed at supporting organic bottom-up formation of farmer groups and cooperatives

At sectoral level, government is actively and effectively supporting the development of cooperatives through providing an enabling legislative, political and economic environment (Nannyonjo,2013<sup>2</sup>). The development of cooperatives was a key component of the Ministry of Agriculture, Animal Industry and Fisheries Development Strategy and Investment plan MAAIF/DSIP 2010/11 – 2014/15 and Agriculture Sector Strategic Plan (2010/11 to 2014/15). At program level, since 2007, the Government of Uganda has promoted the establishment of politically-driven Savings and Credit Cooperatives (SACCOS) under the Prosperity for All (PFA) program (a.k.a. *Bona Bagaggawale*)<sup>3</sup>.

It is evident from the review above that the current national development agenda, of economic transformation recognize the key role of cooperatives in the development process of the country. The NCP is therefore relevant to the current development paradigm, which view is shared by the stakeholders interviewed in this review both, at national and sub-national level, as shown in the results proceeding results sections of this report.

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<sup>2</sup> Nannyonjo, J. (2013). Enabling agricultural cooperatives through public policy and the state. *United Nations Research institute for social Development*.

<sup>3</sup> Makoba, J. W., & Wakoko-Studstill, F. (2015). From prosperity for all (PFA) to prosperity for few (PFF): political SACCOS and their impact on rural development in Uganda. *Journal of Third World Studies*, 32(2), 99-122.

## 5.2 Cooperatives and Parish Development Model

The larger portion of the cooperatives in Uganda comprises Savings and credit cooperatives (SACCOs). These are informal and formal financial intermediaries that focus on socioeconomic well-being of their members promote the economic interests in communities. SACCOs are member-owned, member-managed, member-used, and member-controlled. Their membership include individuals and group entities who typically share a “common bond” based on geographic area, employer, community, or other affiliation. SACCOs in Uganda are well-positioned to foster production and productivity, and value addition, and marketing innovations to promote development of the economy (National Planning Authority, 2015). They continue to significantly impact on reducing poverty by providing affordable financial credit and business development services to their members thereby promoting local economy and national development (Ministry of Trade, Industry and Cooperatives [MTIC], 2016). While SACCOs, and cooperatives in Uganda more generally face a number of organisational and structural constraints in their operations, Government recognises their important place as players in promoting development among their members. Government continues to provide support to SACCOs to access affordable loanable funds through the Microfinanca support center (MSC) and other programmes of government to enable them provide low-interest credit to their members, especially those without collateral to access credit though the regular banking

institutions. Given their wide presence across the country and experience in providing credit and other development services to local communities, government is leveraging the experiences of SACCOs and other cooperatives at the Parish level to implement the Parish Development Model – a flagship programme for economic transformation.

The Parish Development Model (PDM) has been billed by the Government as a hallmark programme for development of the local economy and socio-economic transformation of Uganda. The model has been adapted by the 3rd National development plan (NDP3) as a strategy to unlock the potential for rural socio and economic transformation. It is argued that the model will be the epicentre of multi-sectoral community development planning, implementation, supervision, monitoring and accountability. The PDM is an approach aimed at organizing and delivering public and private sector interventions for wealth creation at the parish level as the lowest economic planning unit. It will accelerate the implementation of Area-Based Commodity Development (ABCD) planning and it will be financed by Government of Uganda to a tune of Ushs. 200 billion, in the first year of implementation.

In respect to model implementation, the LC2 chairman and parish chief shall be responsible for political and administrative stewardship in the implementation of the parish model in their respective parishes with

support from the sub county and district technical planning committee (STPC and DTPC). The beneficiaries within the parish will organize themselves into SACCOs or cooperative groups to access the capital and development services under the PDM. The common infrastructure and business development services, such as skills development programmes, marketing and storage and value addition infrastructure under the PDM has the potential to benefit the cooperative society members within the parishes and therefore will complement rather than compete with the objectives of the cooperative movement in Uganda. The PDM will provide additional resources to existing SACCOs and other cooperatives. The cooperative members and leaders will benefit from the trainings/capacity building planned under the PDM and the PDM will encourage some cooperatives (such as those in dairy) to move into value addition.

To leverage this opportunity the apex body (UCA), should ensure that the Cooperatives are adequately prepared before registering; they are supported to make proper use of government funding opportunities through the different funds (youth fund, women fund, innovation fund, Rural Industrialisation Development Programme (RIDP) funds for value addition and training, etc.) to transform their business competitiveness and take up opportunities in the local and regional market, including local content requirements. It is also important that cooperatives are adequately mentored, trained and coached to grow the business ideas into sustainable and competitive businesses ventures.



The Cooperative movement in Uganda has received political will and support at national, DLG and LLGs levels. A number of political and civic leaders have continued to mobilize the community to form Cooperatives, especially SACCOs for their own development.

## **6.0 Implementation of cooperative policy**

The review and interviews with different stakeholders revealed that the government and its prime agencies, ministries and departments are in support of cooperative development in Uganda and consider cooperatives as a gateway through which, the current development trajectories responsible for escalating poverty can be overcome in Uganda. Indeed, according to Okello & Ahikire (2013)<sup>4</sup>, there is increasing outcry for the reactivation of the cooperative movement in the hope that this would particularly re-energize the rural economy to the benefit of majority citizens. There is apparent consensus of opinions by key stakeholders, that strengthening of cooperatives is the gateway to resuscitation of the agriculture sector and the economy in general from this present dismal performance (Action Aid, 2013; NPA, 2018). This consensus is embedded in historical facts about the performance and contribution of cooperative movement to macroeconomy. Historical analysis of cooperatives reveal that cooperatives enjoyed their most illustrious period between 1950 and 1970 as the main drivers of production and productivity (NPA, 2018). During these periods, the growth levels and agricultural boom at the time

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<sup>4</sup> Okello, L., & Ahikire, J. (2013). The cooperative movement and the challenge of development: A search for alternative wealth creation and citizen vitality approaches in Uganda.

was impressive. For example, by 1965, the total value of agricultural produce sold through co-operatives including coffee, cotton and other minor crops and animal products amounted to UShs. 325,311,5005. Nonetheless, co-operative unions handled 267,420 bales (61%) of 437,923 bales, 40% of the Robusta coffee (valued at Shs. 60 million) and 90% of the Arabica coffee valued at Shs. 30 million (NPA, 2014).

The review of government policies and documents revealed that apart from National Development Plans (NDPII and III) that recognizes the need to revamp the cooperative, there is a strong integrated government commitment to use cooperatives to enhance production and productivity. For example, the Second National Development Plan (NDPII) recognizing the need to revamp the cooperative enterprises, and numerous national policies acknowledge and emphasize the need to development cooperatives in Uganda. For instance, all the national policies and development agendas reviewed have been formulated in tandem with national cooperative policy and cooperative development in general. These include, the National Local Economic Development (LED) Policy; National Agriculture Policy; National Irrigation Policy; National Trade Policy, National Industrial Policy and the National Cooperative Development policy, Buy Uganda Build Uganda Policy, MSME policy, National Standards Policy, Trade in services policy among others.

In addition to government integrated approach of aligning its policy and programing activities to cooperative development, both at national and sectoral level, different activities have been undertaken to implement the cooperative policy. For example, Government has encouraged the organization of the population into cooperatives so as to reap from the economies of scale at both the production and marketing levels. Currently, there are 16,408 registered cooperatives in the country and 1,014 of these were registered in 2015 alone (MTIC, 2016). Majority of these cooperatives are SACCOs and agricultural marketing cooperative societies. In addition, Government through the One Village One Product (OVOP) Programme has provided equipment to over 40 cooperative societies in 18 districts and trained them in business studies and value addition (MTIC, 2016). This is on top of helping cooperatives access international export markets like the fair-trade market and providing financing facility through the Micro-Finance Support Centre at below market rates of 9 percent and 13 percent for commercial and agricultural loans respectively (MTIC, 2016). Also, the Uganda Warehouse Receipt System Authority was instituted to help in agricultural storage while Uganda Development Corporation has played an instrumental role in forming 53 fruit Grower's cooperatives in the Teso region (MTIC, 2016).

The report by Nannyonjo (2013) documented that the establishment of a Warehouse Receipt System (WRS) and commodity financing as a marketing instrument has impacted cooperatives. For example, the intervention has enabled producers of commodities to increase access to

commodity trade finance, improve stock quality, access to better markets, and maximize their returns has been put in place, in partnership with cooperative unions and societies. In terms of operation, the system involves a farmers group depositing produce into a certified warehouse where it is weighed and tested for quality. In return the warehouse manager, issues a receipt to the produce depositor, which outlines the product details. This receipt can then be used by the farmer to look for a market instead of carrying the produce physically, it can be traded on the Uganda commodity Exchange or it can be used as collateral in the banks for loans.

Cooperatives Mobilization and Outreach Services such as those promoting registration of cooperatives, cooperative education, compliance with existing regulatory frameworks have been undertaken. Evidence from the Ministry of Trade and Cooperatives show that extensive community mobilization and sensitization as well as general education has been carried out through meetings and workshops with a view to raising the community's awareness about co-operatives, improving their financial literacy and banking culture, gender awareness, climatic change and health management. More RPOs are joining cooperatives as a result of the "cooperative sensitization" in RPOs and they are in the process of getting registered. For example, there was an increase of 21,049 members of RPOs in all ACEs in 2011/12, representing 39 %, as a result of

sensitization of 21 RPOs. Through different program interventions, communities are being encouraged to participate in the various promotion activities. This has enhanced linkages among cooperatives; created awareness and generated solutions to some of the challenges the cooperatives face. A national cooperative development Forum has been established to facilitate interaction and information sharing in the sector. Among the channels for creating awareness and promoting of cooperatives is Celebration of Cooperatives Day which is done on the first Saturday of July. However, in spite of the community mobilization and sensitization exercises conducted so far, there is still lack of co-operative awareness among many communities in the country, a low banking culture and financial literacy.

In respect to efficiency and effectiveness of cooperative policy, the review and interviews with different stakeholders revealed that cooperative policy is quite an ambitious document with many well-meaning intentions to revamp the cooperative sector. However, the existing laws are deficient in their enforceability to help realize and later on protect the kind of cooperative friendly environment envisaged under the policy. Okello and Ahikire (2013) argues that the objectives are about everything; the entire development aspirations of the country are here indicated as if they can wholly be achieved under cooperatives. This overloading of the cooperative policy risks resulting into a paralysis of implementation. Nonetheless, there was general feeling that during the policy development

and its implementation, all the key stakeholders such as CSOs and co-operators, government and UCA were not fully incorporated and therefore had limited participation.

The review and interviews conducted during the evaluation indicate that the good intentions of policy to revive the cooperative movement has been hampered by a number of institutional challenges in the areas of human and human resources, linkage between the central and local governments and resistance from the cooperative movement. To effectively spur and develop cooperative sector to the level desired by the government and other stakeholders, these institutional challenges need to be addressed. At cooperative level, the policy has not yielded much to unlock the potential of the cooperative enterprises in fostering development and enhancing production and productivity due to the weaknesses among the cooperatives themselves. For instance, the culture of cooperation; and the trust among cooperators are problematic. Therefore, understanding and addressing these weaknesses at level, is necessary to unlock cooperative potential.

The assessment of the extent of implementation of the NCP objectives is given in the next section. This assessment is based on the desk reviews and interviews with the stakeholders consulted during the evaluation.

## **6.1 Implementation evaluation of NCP objectives**

## Strengthening the Cooperative Movement

<b>Cooperative Movement Strengthening</b>	<b>Ranking extent of implementation</b>
Review the status and operations of the existing Cooperative societies countrywide	Poor
Mobilize people to form Cooperative societies that suit their common interests	Very good
Facilitate the establishment of tertiary Cooperatives to provide specialized services such as Cooperative insurance and commercial banking	Poor
Rebuild the Cooperative-image through improved governance, better service delivery and publicity campaigns	Fair
Support the development of all types of Cooperative societies into strong and sustainable institutions	Poor
Promote close collaboration between regional and international Cooperative movements and other agencies	Very good

The implementation evaluation revealed two specific areas regarding strengthening the cooperative movement in Uganda which were rated to have worked very well. These included: mobilizing people to form cooperative societies. A number of cooperatives, especially SACCOs were formed and were embraced by the communities as vehicles of development. SACCOs and cooperatives generally are considered channels to access government programme support, particularly

affordable credit and business development services through trainings. The political leadership at national and local government levels has been instrumental in rallying the communities to form cooperatives (especially SACCOs) in order to access government funding, through the Operation wealth creation, OWC, Emyooga and more recently the PDM. The reports from the Cooperative department at MoITC showed that between 2017 and 2019, a total of X cooperatives were formed. This signifies the importance communities now attach to forming and joining cooperatives as vehicles of development.

Another component which has performed well is promotion of collaboration between regional and international cooperative movements and other agencies. Areas which received fair ratings in terms of performance were building the cooperative image by improving the governance of cooperatives and better services delivery and publicity. Except for a few progressive cooperatives (such as Bugisu Cooperative Union), the status and operations of most cooperatives is rated as being poor. This was largely attributed to the limited support in terms of capacity building of the leaders/managers, the understanding of the functioning of cooperatives as a business entity, and the concentration of SACCOs in credit services, which are detached from the production activities for which the credit is used by the beneficiary cooperative members. There is also a common feeling among the commercial officers interviewed that many cooperatives are formed with the aim of accessing



government funding, and without long-term vision of the members which tends to undermine their sustainability.

In terms of supply chain efficiency and marketing infrastructure development, the Policy has clear objectives to improve the supply chain and marketing infrastructure, but very little has been achieved in this area. The investments required to improve the efficiency of supply chain and marketing infrastructure for products from the cooperatives and inputs has not been done. Individual cooperatives cannot afford to undertake the required investments to improve supply chain and it is difficult to organize primary cooperatives to make joint investments. The need to improve supply chain and marketing infrastructure was reported to be more pronounced for product-based cooperatives such as dairy, coffee, tea and other products than service-based cooperatives like SACCOs and transport cooperatives.

### **Cooperative Legal and Regulatory framework**

<b>Legal and Regulatory Framework</b>	<b>Extent of Implementation</b>
Review, amend and establish relevant laws and regulations	Very good
Structure and operations of the Cooperative Development Department at National and local	Fair

government levels	
Review the structure of the Cooperative movement	Poor

The NCP seeks to improve the Cooperative legal and regulatory framework, by amending reviewing and establishing necessary laws and regulations’ strengthening the structure and operations of the cooperative development department at the ministry level; and where appropriate review and restructure the cooperative movement to better services its core goal of enhancing the welfare of the members.

The evaluation shows that the aspect of reviewing and amending/establishing laws and regulations to improve the function of cooperatives was rated highly. This good rating in implementation of this sub-objective is based on the fact that the NCP led to the establishment of the Cooperatives ACT 2019 (as amended). The amended legislation has strengthened the powers of the Registrar in giving direction to the Cooperatives, and streamlined regulations required to promote competitive and resilient Cooperatives, including a strong regulatory regime for SACCOs. The cooperative ACT 2019 also provides for revival of Cooperative Bank, which, when implemented, will enable cooperatives to have increased access to capital and financing for their business initiatives.

The stakeholders interviewed during the evaluation pointed out some important regulatory aspects which required to be reviewed. Firstly, the liberalization policy by government, which allows cooperative members to sale their products to markets outside the cooperatives. This policy is considered to be inconsistent with the NCP aspirations of members cooperating in areas of production and marketing through their member organization. Since a number of cooperatives are yet to become competitive in the market, the liberalization policy crowds out and stifles the principle of the cooperative movement. Another regulatory issue which emerged from the interviews with commercial officers at the district level relates to the lack of or non-functioning arbitration committees, which render cases being referred to courts of law – making the settlement of dispute a lengthy and protracted process. The cooperative department officials lack the legal skills necessary to undertake the arbitration and settlement of disputes. It is recommended that the regulatory framework should provide for arbitration committees at the district level and the cooperative bodies provide the necessary logistical and skill capacity to make these committees functional.

**Diversification of enterprises by cooperatives**

<b>Diversification of Cooperative Enterprises</b>	
Facilitate feasibility studies to establish other viable Cooperative enterprises	Poor

Generate and disseminate information on viable Cooperatives	Poor
Mobilize and sensitize communities about the different types of Cooperatives	Fair
Promote new Cooperatives enterprises based on existing industrial and agricultural zones	Fair
Promote, undertake and facilitate research and development in the Cooperative movement	Poor

Diversifying the type and range of enterprises that Cooperatives undertake is a core objective of the NCP. The evaluation assessed the extent to which the commercial officers at district level and managers of cooperatives at secondary and primary level were involved in activities which would lead to diversification of the enterprises undertaken by the cooperatives. The ranking above shows that very little progress had been made in implementing this particular policy objective. Most of the cooperatives are specialized in nature- focusing on a single enterprise and very few are diversifying their enterprises. The limited diversification at the cooperative society level is mainly structural, since the members under the primary society are motivated to join the cooperative depending on their primary production activity, say dairy, coffee or other produce. There is also an issue of capacity, in terms of finance, human resources and organizational capacity for cooperatives to engage in multiple enterprises.

Regarding the NCP implementation of this policy objective, most of the DCOs interviewed indicated two areas which had been fairly implemented, “i.e.” mobilizing and sensitizing communities about the different types of cooperatives they can join and become more productive and business-oriented entities; and promoting cooperatives along the product value chain, especially value addition and agro-processing. Activities regarding conducting research and feasibility studies into viable enterprises for cooperatives were limited- largely due to inadequate funding of the cooperative department, both and the ministry and local government levels.

**Co-operative Management Information System;**

Automate Management Information Systems	Poor
Networking between relevant private and government agencies to provide timely market information to cooperators and other key players in the sector	Poor
Dissemination of relevant information for advancing the objectives of the Cooperative movement	Fair
Establishment of a Cooperative Satellite Account	Poor
Cooperative societies mapping to ease interventions by the various stakeholders	Poor

The policy encourages the development of information regarding the cooperative in terms of membership, savings, shares and the economic

activities. The NCP envisaged establishment of an automated management information system at all levels from primary to apex body to facilitate information sharing, coordination and accountability. Almost all stakeholders rated the cooperative MIS policy objective as one of the poorly implemented objective despite its major function of facilitating coordination of activities of the entire cooperative movement in Uganda. While the expansion of the digital platforms and improved access and affordability of smartphones by cooperators is seen as an opportunity to develop and use an automated MIS at all levels, this have not been achieved.

Over 40% of the primary cooperative societies (mostly SACCOs) do not have access to computers and maintain their records in paper form – manual record keeping. The lack of computer-based (automated) records/information management system this conducting audits on time and enforcing operational standards.

The improved internet connectivity countrywide provides an opportunity for an automated cooperative Management information system, but cooperative groups need to make the necessary investment in terms of hardware and software, including human resources with the required skills to operationalize the system.

### **Promotion of Cooperatives at the Regional Level**

<b>Promoting Cooperative Activities at the Regional</b>	Extent of
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Level	implementation
Ensure that the Cooperative policy and movement does not introduce barriers that may be a hindrance to the EAC regional integration	Good
Monitor and evaluate the implementation of EAC council decisions on Cooperatives	Fair
Establish collaborations between the regional and international Cooperative movement and other agencies	Good

The NCP provides for the protection of the interest of the EAC regional integration, such that its implementation does not introduce barriers to regional economic integration, as well as to monitor how the decision made by the EAC affect the cooperative movement in Uganda. Implementation of the NCP in terms of promoting cooperative activities within the EAC region was rated as being good –to fair, but only three parameters were considered. Most stakeholders interviewed had the view that rather than creating a hindrance to EAC regional integration, it was the lack of full operationalization of the EAC protocol that was affecting the functioning of the cooperatives, particularly being limited to do business in other countries. The apparent failure by the EAC countries to fully implement the common markets protocol between member states was cited as a barrier for cooperatives to fully engage and benefit from the business opportunities in other member states.

The evaluation noted some limitations regarding the capacity of co-operatives to compete in the domestic, regional and international markets. Entry into regional and international markets is very important for the growth of cooperatives, but require meeting high level of service and product standards. To be able to compete in regional and international markets, cooperatives need to ensure: bulky and consistent supply of required goods – normally through supply tenders; value addition to the primary products; maintaining high quality along the supply chain, including adhering to international products standards such as rules of origin and product health safety regulations.

A number of cooperatives, even at tertiary level have not been able to penetrate regional and international markets due to capacity constraints for bulky supply, product quality, marketing infrastructure and network linkages to niche markets.

The NCP encourages cooperatives to engage in aggregation of commodities for bulky supply to markets within Uganda, in the region and internationally. However, cooperatives need to be supported to invest in the required infrastructure and technology to become competitive in these markets. Funding, access to production and marketing technology and market linkages in regional and international markets were the main limiting factors given to penetrating the regional and international markets in the middle East, Asia and Europe.



### **Crosscutting objectives of the Policy**

Cross-cutting issues	Extent of Implementation
Promote Gender equality	Good
Promote Awareness and transformation through sensitization on gender issues	Good
Conduct awareness campaigns on environmentally friendly practices in co- operative enterprises	Poor
Mainstream environmental concerns in the conduct of Cooperative business	Poor
Develop and promote adherence to environmental standards through eco-labels	Poor
Conduct Cooperative members' awareness of HIV/AIDS and malaria	Fair
Mainstream HIV/AIDS issues in the conduct of Cooperative business	Fair

The NCP incorporated three core cross-cutting issues; namely: gender equality; environmental concerns and awareness on HIV/AIDS and malaria. Promotion of gender equality was rated to be good, especially the SACCOs having a particular focus to promotion of women and gender issues, with specific credit lines for women. The cooperatives have

embraced more women through the SACCOs compared to other types of cooperatives, which tend to be dominated by men. While in the past men dominated the cooperative movement when cooperative were concentrated in production and marketing of agricultural produce, the SACCOs have attracted more women in to the cooperative movements, and many have taken up leadership positions. The entry of more women into the cooperatives is also attributed to the increased economic empowerment of women, through their engagement in business activities.

The stakeholders recognized that cooperatives have tried to mainstream HIV/AIDS issues in their activities, particularly through awareness campaigns among members. However, issues of environment protection and adherence to standards are much less emphasized and they were rated as having been poorly implemented so far. Very few cooperatives have engaged into activities such as tree planting as a business while at the same time sustaining the environment. The commercial officers interviewed indicated the need for greater collaboration between the departments of cooperatives and environment at the district and lower local governments to promote environmental protection issues in the operations of cooperatives. Inadequate funding and human resources were however given as limiting factors for officials at the local government levels.

## **6.2 Interventions to strengthen cooperatives in Uganda**

Aside from the implementation of the NCP, the evaluation assessed possible interventions to Strengthening Cooperatives for social and economic transformation of households. This assessment is based on the desk reviews and views from stakeholders – mostly the DCOs and leaders of primary societies visited. Most of the intervention proposed are related to the operational, structural and organizational aspects of cooperatives, and included the following:

**Promoting and upholding principles of good governance,** characterized by the leadership being accountable, honest and transparent in conducting the business of cooperatives. About 74% of the cooperative leaders interviewed reported this as being key in developing a vibrant and progressive cooperative movement in Uganda. Good governance principles was also associated with building confidence, trust and respect for policies, byelaws, procedures and sustainable shared goals by all the members of the Cooperative including leaders.

**Integration between primary Cooperatives groups, Area Cooperative Enterprises and SACCOs** to simultaneously serve the objectives of bulking produce, bulk procurement of inputs and easing access to affordable credit to members.

The integration would support bulking of produce and bulk procurement of inputs through the ACEs. This approach reduces the need for huge

financing volumes by the primary cooperatives, which is more efficient. A typical example where this approach is being used currently is the Nyakyeru-Rukoni Area Cooperative Enterprise business model, where the funds used to pay for the members' produce are supplied by the buyers and the Cooperatives do not carry any risk or pay so much in interest. Likewise, the ACE facilitates bulk purchasing of inputs and thereby enabling farmers to get them at a lower price – lowering the cost of production and increasing profit margins. Over 60% of the respondents considered integration as an important intervention to strengthen cooperatives.

**Sustained Farmer Training and Capacity development** is important for Cooperatives to become commercial enterprises and vehicles for supporting MSMEs Development, entrepreneurship and business formalization. The farmer training is needed is needed in technical aspects such as agronomics, enterprise selection, value addition, post-harvest handling, information system management (book-keeping) and environmental conservation technologies. This is also need for capacity building in terms of promoting a better understanding of the Cooperative business principles and model. Nearly half (49%) of the respondents considered capacity building interventions being key for the development of cooperatives in vehicles of economic transformation of the country.

**Improved production technologies and value addition.** For

cooperatives to become commercial enterprises and channels for promoting entrepreneurship and development of Micro, small and medium enterprises, they need to engage in value addition for their produce and use modern production storage and marketing technologies. Value addition is a key development goal within the National Development Plan III (NDP III) which cooperatives need to embrace to become viable growth centres and sustainable. About 60% of the stakeholders identified adoption of modern technologies and value addition as a pre-requisite for cooperatives to grow, prosper and become competitive enterprises.

### **Use of ICT and digital technology for information management and marketing.**

Using ICT in records management improves transparency at the cooperative society level and networking between cooperatives and other agencies. For example, financial institutions, including SACCOs which lend to cooperatives, would easily access the required information of the activities and credit worthiness of the cooperative society applying for a credit facility. Generating records on financial and other transactions promptly whenever required improves reporting and audits as well as building confidence among the leaders by the cooperators. Similarly using ICT and digital platforms in marketing increases access to marketing information including potential consumers and suppliers, product quality and prices- thereby reducing transaction costs associated with information asymmetry. Using ICT in

marketing enable cooperative to access markets across outside their localities, including regional and international markets. The financial cost of investing in digital technologies and the skill capacity to use them were the common limitations to adoption of ICT. However, 45% of the stakeholders interviewed considered ICT adoption, especially in marketing as an important innovation for cooperatives to expand and grow their businesses to become competitive in the local and international market.

**Strategic and Business planning by Cooperatives** to adopt efficient business models in their operations. About 59% of the DCOs interviewed noted that most cooperatives at primary and secondary level do not have adequate technical capacity to plan for their businesses to take up business opportunities. This underscores the importance of providing business development services support in form of skills training, mentorship and coaching cooperative society leaders to build their entrepreneurial skills.

**Empowerment of members** to have a clear understanding of the functioning of cooperatives and standard cooperative business models and principles. This empowerment can be achieved through continuous training and education for members, management and committee, as well as social mobilization and awareness activities for members to build confidence within the cooperative movement leadership.

### 6.3 The effect of COVID-19 on Cooperatives

The COVID-19 global pandemic has had a profound negative effect on the functioning and operations of cooperatives across the board including affecting the production and marketing systems. The movement restrictions during the lockdowns hampered the activities of the cooperatives including holding meetings for members and leaders of the cooperative societies.

The limited economic activity across sectors of the economy equally affected the cooperative movement and its members. As business enterprises, the pandemic affected their financial position since production and marketing of produce, and provision of services such as for SACCOs was severely affected. The commercial officers at the district level reported how the pandemic affected their supervision roles and planned activities such as trainings, study visits for members among others could not be undertaken. The credit portfolio for many SACCOs declined as their clientele reduced and recoveries for borrowed funds was disrupted.

Majority of the cooperatives, especially at the primary level, could afford to conduct their operations online including meetings to consider and pass important decisions. To a great extent operations were limited to the leaders which greatly affected the normal operations. For most SACCOs, the members and other clients could not borrow or meet their repayment obligations due to the reduced business activity and earnings.

## 7.0 Conclusion and recommendations

Historically, the potential of Cooperatives in impacting its members as well as that of the country is undisputable. To revive the cooperative sector that had collapsed due to many historical factors such as liberalization policies of 1990s and wars, the government developed the National Cooperative Policy, among other interventions to revive the sector. Government recognizes that growth of the co-operative sub-sector play a leading role in poverty eradication, employment creation and socio-economic transformation of the country. Therefore, the overall objective of cooperative policy was to **strengthen the Cooperative sector for wealth creation, employment and prosperity** by providing a policy framework for co-operative development in a dynamic economic environment. There is clear evidence that government intend to create a more conducive environment for the co-operatives to expand, and diversify their activities by focusing on improving governance, enhancing production, value addition and marketing capacities of the cooperatives.

There is no doubt that Ugandan government is committed to revamp cooperative sector by integrating cooperative development in its



development process through its commitment to implement the cooperative policy commitment, and incorporation of cooperatives' relevance into other relevant national policy and development agendas. However, the evaluation results show that policy implementation has been beset by both institutional challenges on part of the government and its key actors as well as internal challenges on side of cooperatives themselves. To effectively revamp and raise the potential of cooperative in national development, these challenges such as inadequate skilled human and financial resources, and weak linkage between the government and cooperative movement, poor culture of cooperation; and the trust among cooperators; need to be addressed systematically.

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## Appendix I: Distribution of Cooperatives by District and Regions: 2020

District	No.	%age	District	No.	%age	District	No.	%age	District	No.	%age
<b>Kampala</b>	2996	14.30	Kitgum	142	0.68	Lwengo	56	0.27	Agago	25	0.12
<b>Mbarara</b>	903	4.31	Kamwenge	136	0.65	Bukedi	52	0.25	Kyegegwa	25	0.12
<b>Wakiso</b>	848	4.05	Nebbi	136	0.65	Rubirizi	49	0.23	Kaabong	24	0.11
<b>Iganga</b>	773	3.69	Kayunga	131	0.63	Adjumani	48	0.23	Maracha	21	0.10
<b>Mbale</b>	766	3.66	Mayuge	130	0.62	Butaleja	48	0.23	Pakwach	21	0.10
<b>Masaka</b>	662	3.16	Apac	128	0.61	Kalangala	48	0.23	Ntoroko	20	0.10
<b>Mukono</b>	536	2.56	West Nile	128	0.61	Kotido	48	0.23	No Designated Districts	18	0.09
<b>Kasese</b>	511	2.44	Bugiri	126	0.60	Lyantonde	48	0.23	Otuke	17	0.08
<b>Kabale</b>	486	2.32	Busia	119	0.57	Oyam	47	0.22	Kakumiro	15	0.07

<b>Bushenyi</b>	443	2.11	Kyenjojo	119	0.57	Kiryandongo	46	0.22	Lamwo	14	0.07
<b>Mubende</b>	433	2.07	Buikwe	109	0.52	Ngora	45	0.21	Bukomansimbi	13	0.06
<b>Tororo</b>	424	2.02	Bududa	107	0.51	Pader	45	0.21	Kyotera	13	0.06
<b>Gulu</b>	414	1.98	Sironko	105	0.50	Yumbe	45	0.21	Nakapiripirit	13	0.06
<b>Mpigi</b>	413	1.97	Nakasongola	100	0.48	Amolatar	44	0.21	Buvuma	12	0.06
<b>Kamuli</b>	412	1.97	Kibaale	94	0.45	Buliisa	44	0.21	Nwoya	12	0.06
<b>Jinja</b>	400	1.91	Namutumba	94	0.45	Butambala	44	0.21	Ankole	11	0.05
<b>Lira</b>	386	1.84	Sembabule	93	0.44	Bulambuli	41	0.20	Buhweju	11	0.05
<b>Kabarole</b>	381	1.82	Kaliro	91	0.43	Bukedea	40	0.19	Abim	9	0.04
<b>Ntungamo</b>	346	1.65	Moyo	90	0.43	Mitooma	40	0.19	East Acholi	9	0.04
<b>Hoima</b>	345	1.65	Sheema	84	0.40	Namayingo	38	0.18	Kwania	9	0.04
<b>Luwero</b>	307	1.47	Amuru	82	0.39	Bugweri	37	0.18	Kassanda	8	0.04

<b>Soroti</b>	291	1.39	Amuria	78	0.37	Teso	37	0.18	West Buganda	8	0.04
<b>Rakai</b>	240	1.15	Manafwa	76	0.36	Kalungu	34	0.16	Zombo	8	0.04
<b>Masindi</b>	222	1.06	Kaberamaido	72	0.34	Kyankwanzi	34	0.16	Bunyangabu	7	0.03
<b>Arua</b>	210	1.00	Kiboga	72	0.34	Moroto	34	0.16	Busoga	7	0.03
<b>Rukungiri</b>	203	0.97	Nakaseke	72	0.34	Alebtong	33	0.16	Kigezi	7	0.03
<b>Kiruhura</b>	193	0.92	Luuka	71	0.34	Kibuku	33	0.16	Napak	6	0.03
<b>Mityana</b>	186	0.89	Rubanda	71	0.34	Kole	32	0.15	Amudat	5	0.02
<b>Bundibugyo</b>	179	0.85	Katakwi	70	0.33	Dokolo	31	0.15	Namisindwa	5	0.02
<b>Kumi</b>	174	0.83	Mengo	69	0.33	Tooro	30	0.14	Butebo	4	0.02
<b>Kisoro</b>	168	0.80	Kanungu	67	0.32	Karamoja	29	0.14	Bunyoro	2	0.01
<b>Isingiro</b>	162	0.77	Budaka	62	0.30	Koboko	29	0.14	East Ankole	1	0.00
<b>Pallisa</b>	162	0.77	Gomba	61	0.29	Bukwo	28	0.13	East Buganda	1	0.00

<b>Ibanda</b>	147	0.70	Serere	60	0.29	Kagadi	28	0.13	Kazo	1	0.00
<b>Kapchorwa</b>	146	0.70	Buyende	57	0.27	Kween	28	0.13	Nabilatuk	1	0.00
									West Mengo	1	0.00