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**9th National Development Policy Forum (NDPF)**

Report of Proceedings

**Strengthening of Cooperatives for Socio-Economic Transformation in Uganda**

Tuesday, 11th September 2018

Imperial Royale Hotel

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# List of Acronyms

BCU Bugisu Cooperative Union

ICT Information and Communication Technology

MDI Microfinance Deposit-taking Institutions

MFC Micro Finance Support Centre

MoFPED Ministry of Finance, Planning and Economic Development

MTIC Ministry of Trade, Industry and Cooperatives

NAADS National Agriculture Advisory Services

NDPF National Development Policy Forum

NPA National Planning Authority

NRM National Resistance Movement

OWC Operation Wealth Creation

PEC Presidential Economic Council

PROFIRA Project for Financial Inclusion in Rural Areas

SACCOs Savings and Credit Cooperatives

UCA Uganda Cooperatives Alliance

UCSCU Uganda Cooperative Savings and Credit Union Limited

UDC Uganda Development Corporation

VSLAs Village Savings and Loan Associations

# Introduction

The National Planning Authority (NPA) adopted an inclusive approach to development planning through the National Development Policy Forums (NDPFs); a platform to publicly discuss national development policy issues bearing on the realization of Uganda Vision 2040. The NDPFs also increase public understanding and participation in economic and social policy and at the same time help to enlist the public’s support towards Government Policies. In this regard, NPA in partnership with the “Civil Society in Uganda Support Programme” (CUSP), part of GIZ Uganda’s Strengthening Governance and Civil Society Programme (GCSP) organized the 9th debate of the National Development Policy Forum (NDPF) on the theme: **Strengthening Cooperatives for Socio-Economic Transformation in Uganda.**The Forum was held on Tuesday, 11th September 2018 at Imperial Royale Hotel. The event was co-funded by NPA, the European Union and the Federal Republic of Germany.The Minister of Finance, Planning and Economic Development - Hon. Matia Kasaija, represented the Rt. Hon. Prime Minister as Chief Guest. The other Ministers who attended and gave remarks where: Hon. David Bahati, Minister of State for Finance, Planning and Economic Development (Planning); and Hon. Fredrick Ngobi Gume, – Minister of State for Cooperatives. The audience comprised a cross-section of different cooperatives’ stakeholders including: politicians; representatives of government Ministries; Departments and Agencies; Cooperatives Societies; Development Partners; Private Sector; Civil Society Organizations; Academia; and students among others.

The Theme of the 9th NDPF was based on the findings of a study undertaken by the National Planning Authority (NPA) in conjunction with Ministry of Trade, Industry and Cooperatives. The key note presentation on the study findings was made by Dr. Asumani Guloba – Manager, Policy Research and Innovation at NPA, on behalf of Dr. Joseph Muvawala, the NPA Executive Director. The Presentation was discussed by a 3-member panel comprising of: Hon. Nandala Mafabi, Chairperson, Bugisu Cooperative Union Ltd; Mrs. Jane Amuge Okello, Operations Director at the Uhuru Institute for Social Transformation Ltd; and Dr. Lawrence Musiitwa Kyazze, a Lecturer at Makerere University Business School. The proceedings were moderated by Mr. Oskar Semweya-Musoke, the celebrated host of the Capital Gang (Capital Gang) and Face off (NBS).

# Record of Proceedings

## Remarks by the Authority Member – Dr. Okot Godfrey

Dr. Okot welcomed all participants and thanked them for honoring the invitation to the forum. He informed the participants that the National Development Policy Forum is an NPA innovation aimed at discussing strategic issues inclined to the realization of Uganda Vision 2040.

He explained that the theme of the 9th NDPF was on cooperatives because; cooperatives have the potential of increasing production, productivity, and value addition and therefore critical for Uganda’s transformation towards an inclusive middle-income country. Cooperatives can also increase citizen participation in the economy and ensure sustainable development. More importantly, there is need to develop an appropriate framework for strengthening cooperatives that takes cognizance of Uganda’s unique historical, political and socio-economic realities; this will ultimately drive the country’s socio-economic transformation.

He added that whereas there are many efforts in place towards cooperatives, they have not translated into a vibrant cooperatives sub-sector. It is for this reason that NPA in conjunction with the Ministry of Trade, Industry and Cooperatives (MTIC) undertook a policy study to provide a feasible framework under which cooperatives can be strengthened in Uganda. He indicated that the paper for the day’s discussion was also presented to the Presidential Economic Council (PEC) in March, 2018 and a Cabinet Memorandum was being prepared on the same. He implored the Public to share their thoughts so as to enrich the Cabinet Memorandum, and influence the policy making process

He thanked the GIZ/EU Project on Strengthening Governance and Civil Society in Uganda for partnering with NPA to ensure that this particular public discussion takes place.

## Remarks by GIZ (CUSP) from Ms. Konstanze Ricken, Head of Component

Ms. Konstanze Ricken informed the audience that GIZ and the European Union (EU) were delighted and honored to support the 9th National Development Policy Forum.

She briefly shared experience of cooperatives in Germany. She said that the cooperative movement has been in existence in Germany for over 130 years with a lot of ups and downs. However, the country now has over 500 cooperatives which play a very important role in the lives of citizens. The cooperatives operate on a notion of self-help. They are active, effective and operate independent of Government. They work with a motto “What one person cannot accomplish alone can be accomplished by many” and that this has enabled them to accomplish goals that in any ideal situation wouldn’t be accomplished individually.

Ms. Konstanze Ricken noted that by focusing on revamping the cooperative movement, the Government of Uganda through the Ministry of trade, Industry and Cooperatives and together with the National Planning authority (NPA) and the support of development partners will ably attain its target of the lower middle-income status by 2020 and subsequently achieve vision 2040 and that GIZ was fully committed to supporting the Government in this direction.

Before wishing the participants nice deliberations, she informed them that she was hopeful that the discussion from various stakeholders and the public will inform the final cooperative framework, the Cabinet Memo, and ultimately the cooperative policy brief and the draft Cooperative Bill.

## Opening Remarks by the Minister of State for Planning – Hon. David Bahati

Hon. Bahati welcomed the public to the 9th NDPF; and thanked NPA and GIZ for organizing it. He informed the forum that one of the functions of NPA is to study and publish independent assessments of key economic and social policy issues and options so as to increase public understanding and participation in the economic and social policy debate. This is the motive behind these National Development Policy Forums.

He noted that cooperatives are an integral part of the government's economic strategy in poverty alleviation, employment creation, food security and equitable distribution of resources. Due to their nature of mobilizing communities into economic activities both in urban and rural areas, cooperatives are important in economic transformation, particularly in small holder farmer communities. The aggregation of farmers into groups makes it easy to design interventions and programmes for: agricultural inputs like seeds and fertilizers; financing; extension services; storage; production; marketing and export among others.

He also informed the forum that, Government allocated money in the national budget for FY2018/19 for organizing farmers into producer cooperatives or groups linked to nucleus commercial farmers who will be encouraged to add value to farmers’ produce, put up efficient storage and minimize post-harvest losses.

Before officially opening the forum, Hon Bahati said that Government continues to seek better efforts in strengthening the cooperatives framework and that this specific forum was an avenue to further refine the findings of the study so as to inform the policy direction towards strengthening the cooperatives framework.

# Key Emerging Issues

1. The clause in the prevailing Investment Code that prevented foreign investors from getting involved in some activities (e.g. agriculture etc.), so as to encourage domestic enterprise development should be retained in the proposed Cooperatives Bill.
2. Cooperatives should operate competitively so as to survive in current competition of the prevailing economic environment. This is because there no longer exists business monopoly for cooperatives like it used to be.
3. Cooperatives needs to be taught in schools so as to inculcate the culture of cooperating especially for today’s generation.
4. Interventions for procurement and distribution of farm input channeled through different agencies like NAADS and OWC, should instead be channeled through cooperatives. This is because cooperatives have structure and unity around them and therefore bond to be more successful than other agencies.
5. Cooperatives should not be restricted to dealing with only their members. They, like private business enterprises should be allowed to transact business with anyone they wish.
6. Absence of supervision leads to poor cooperatives’ corporate governance which increases their losses, breeds corruption and retards growth. There is therefore need to provide experienced and trained personnel to offer services to cooperators at the grassroot level.
7. The proposed Cooperatives Bill should introduce a Cooperatives Tribunal and be harmonized with the Accountancy Act so as to effectively deal with issues of audit.
8. The Cooperatives Bill should also endeavor to harmonize the Tier 4 and MDI Act and bring SACCOs under the supervision of the Ministry of Trade, Industry and Cooperatives (MTIC).
9. There is need to streamline the tax regime for the entire cooperative sector. Pro-cooperative tax initiatives like immediate tax holidays to cooperatives should apply to all cooperatives and not just SACCOs which were given a ten year tax holiday.
10. There is need to further sensitize the public about Uganda’s Development Ambitions and Agenda as enshrined in The Uganda Vision 2040 and the constituent National Development Plans. NPA was implored to create such awareness programmes through different media so as to bridge the gap between the Development Planners and the Plan beneficiaries.
11. National Planning Authority should continue coordinating with other cooperative stakeholders like MTIC and Uganda Cooperative Alliance (UCA) so as to streamline cooperative operations. Currently, UCA has produced a policy paper on the Cooperative Bank and has now engaged a consultant to undertake a feasibility study.

# Key-note Presentation on Strengthening of Cooperatives for Socio-Economic Transformation in Uganda

This presentation was made by Dr. Asumani Guloba – Manager, Policy Research and Innovation on behalf of the NPA Executive Director (Dr. Joseph Muvawala). The findings were a result of a collaborative policy study that was undertaken by NPA and MTIC under the direction of the Hon. Minister of State for Cooperatives, Hon. Fredrick Ngobi Gume.

The key findings of the policy paper are;

1. Cooperatives have the potential of increasing production, productivity, and value addition; and are therefore critical for Uganda’s transformation towards an inclusive middle-income country.
2. For sustainability and survival in a liberalized market, cooperatives should be market driven. They must compete in the market by offering better incentives, products and services than middlemen.
3. Provision of selected cooperative public goods including; education, auditing, affordable finance, extension and targeted subsidies through an efficient delivery mechanism is key for the success of cooperatives.
4. In particular, entrenching cooperative education is key for embedding the cooperative culture, values and strengthening capacity of the cooperative movement.
5. An organic bottom-up formation of cooperatives (voluntary, democratic, and shared purpose) based on guiding principles, creates social cohesion and mutual trust (social capital) that is necessary for the sustainability of cooperatives.
6. A well-developed tertiary level of cooperatives is critical for the provision of dedicated services including insurance, finance, marketing, and transport, among others.
7. In particular, a dedicated cooperative bank managed by cooperatives with appropriate Government support is important for harnessing and enhancing access to affordable credit for cooperatives.
8. There is a need for an appropriate mechanism for compensation of cooperatives for losses incurred during political instability.
9. The political economy of the time determines the success of cooperatives. Government commitment to the revitalization of cooperatives requires that government policies and interventions leverage cooperatives in all possible ways.
10. An appropriate policy, legal, regulatory and institutional framework that takes regard of the diversity of cooperatives and provides for cooperative autonomy is critical for the vibrancy of cooperatives.

# Discussion

# Discussion by Hon. Nandala Mafabi – Panelist

Hon. Nandala Mafabi’s discussion specifically focused on how the Organization of Cooperatives in Uganda should be revigorated so as to bring about socio-economic transformation in Uganda. The key discussion points that he made are as below;

1. He noted that most of the developed country in the world have done so because of cooperatives and that the Government of Uganda must realize this and act accordingly. He said that cooperatives were the drivers of Uganda’s Economy in the 1950s and 1960s (with cotton and coffee as the highest foreign exchange earners) and that whereas there were some short comings, these should have been corrected and cooperatives supported for them to survive.
2. There are shortcomings in the proposed Investment Code Bill that is before Cabinet; in that the proposed bill has dropped the clause of preventing foreign investors to get involved in some activities (like agriculture) earmarked for the promotion of domestic enterprise development, as is with the prevailing investment code. He explained that this will affect the local entrepreneurship which is the back bone of the cooperative movement in Uganda. He therefore advised Government to take note and change this accordingly.
3. Uganda Cooperatives Alliance (UCA) had taken up the role of the Registrar of Cooperatives by involving itself in the creation of area cooperatives in the villages. He explained that this is very detrimental to the spirit and principles of cooperating.
4. Resources given to different agencies, such as NAADS and OWC to procure and distribute inputs to farmers should be channeled through cooperatives; this, he argued is because these member-based organizations are well established at the community level and have knowledge of their members’ needs better, are accountable to them and therefore best placed to deliver.
5. He agreed with the presenter that the organically formed cooperatives are more likely to survive because they develop out of a common need, other than those created because of incentives from the government and other sources. He also noted that currently, there are many cooperatives on the cooperatives’ Register which actually do not exist.
6. Uganda should focus on increasing household wealth instead of food security; with cooperatives, the small entities can combine their efforts, sell their produce together and therefore earn more and can afford to buy food for themselves.
7. He advised that the unfavorable requirement that cooperatives should only deal with their members, yet companies and private business enterprises deal with anyone they wish should be removed.
8. He also reiterated the need for training of farmers so as to inculcate cooperating ethics because currently most farmers lack the culture of cooperation.

# Discussion by Dr. Lawrence Musiitwa Kyazze (PhD) - Panelist

Dr. Kyazze’s discussion specifically focused on how cooperatives can learn from history and also be able to thrive within the current political environment. He started by informing the audience that he is a Cooperatives’ specialist who started studying and researching about them in 1969; and has seen them operate in real life. The key discussion points that he made are as below;

1. He corrected that real cooperatives started in 1946 after the Cooperative Ordinance was passed in 1946; the earlier cooperatives that started in 1913 were *“pseudo”* cooperatives.
2. He explained that historically, there were many advantages associated to cooperatives; in the past every parish had a cooperative society. Economically, there were positive changes in the standards of living and wellbeing of members. The cooperatives then were: well organized; well supervised by the Cooperative Department; well and timely audited; regular general meetings were organized; cooperative trainings were conducted; and access to banking facilities from the Cooperative Bank and other banks among others.
3. However, Cooperative bodies like; Lint Marketing Board (LMB), Coffee Marketing Board (CMB), Produce Marketing Board (PMB) and other cooperative unions started declining during the 1978/1979 war. This deterioration further escalated between the period of 1982-1986 due to wars and social conflicts. After this period, the economy was liberalized and the cooperatives failed to manage or compete during this period, hence leading to their collapse.
4. He further informed the forum that according to a survey conducted by the Ministry of Trade, Industry and Cooperatives (MITC) in 2013, the total registered cooperative societies between 1947 and 2013 were 14,060, some of which are active and others are dormant or extinct. Only about 35% were still active and 16% made annual returns to the Registrar in accordance with law (The Cooperative Societies Regulations, (1992, section 37)). This showed that there was limited feedback and coordination between the districts and the Ministry, a gap which requires closing up.
5. He observed that there are currently few cooperative officers to the detriment of the cooperative subsector. By the end of 2016, only 150 cooperative officers were available, charged with the supervision of 17,625 cooperative societies; giving a ratio 1:118 against the recommended ratio of 1:20. He emphasized that this is the lowest number of officers in the region. He noted that the low supervision may explain the high prevalence of dormant cooperatives (50%). Going forward, he recommended that there is need for experienced and trained personnel if Uganda is to improve cooperative performance.

The s other recommendations he gave so as to improve Uganda’s cooperatives’ performance included:

1. The government should strengthen its various roles of; supervision, monitoring, arbitration, conducting professional audits and giving valuable advisory services to the cooperators. Where there are misappropriations, frauds, and mismanagement in cooperative societies, the government should take on the concerned employees, Committees or Board members for action after a thorough audit.
2. The Cooperative Bank should be reinstated as a means of serving the cooperators.
3. A number of cooperative assets in the hands of a few fraudulent people/members who are misusing them, should be repossessed by the cooperative societies
4. Membership to cooperative societies, cooperative unions and the National cooperative organizations should be duly controlled by the law to avoid internal fights and struggle for power. For example, in the case where Uganda Cooperative Alliance (UCA) and Uganda Cooperative Saving and Credit Union (UCSCU) have conflicts.
5. The MPs should not pass the current Cooperative Bill until due diligence in the whole cooperative recovery programmes has been addressed and resolved.

# Discussion by Ms. Jane Amuge Okello- Panelist

The discussion of Ms. Amuge focused on the legal and institutional framework of cooperatives in Uganda and how it can be strengthened to achieve the national development agenda. The key discussion points that she made are as below;

1. She said that all the relevant Ministries and non-state Agencies need to appreciate the bigger picture regarding cooperatives so as to design long lasting strategies that can benefit the achievement of the plans.
2. She noted that whereas, the second National Development Plan provides a framework to strengthen cooperatives, the Uganda Vision 2040 only mentions them once in relation to Agriculture.
3. She noted that Section 4 of the Cooperatives Act (112) places too much power in the hands of the Registrar.
4. The proposed Cooperatives Bill should introduce a Cooperatives Tribunal, increase the autonomy of cooperatives, and harmonize the Cooperatives Act with the Accountancy Act, so as to effectively deal with issues of audit.
5. Some sections of the Tier 4 Microfinance and Money Lenders Act (2016) should be repealed to bring SACCOs back to MTIC within the amended Cooperative Act. If however the government goes ahead with SACCOs under the Tier4 Act, the formulation needs to consider cooperative identity and their gazette expedited.
6. She also recommended the introduction of term limits for cooperative managers so that they don’t end up owning the cooperative societies.
7. In addition, the Education Fund for coops proposed in the Cooperatives Bill should be reduced to 3%.
8. There is need to streamline the tax regime for the entire cooperative sector. Pro-cooperative tax initiatives like immediate tax holidays to cooperatives should apply to all cooperatives and not only SACCOs which were given a ten year tax holiday.
9. The provision of the mobile money tax and social media tax should be repealed because these affect a majority of ordinary Ugandans. The mobile money tax discourages bulking in cooperatives and the social media tax affects social media advertising.
10. She agreed with the presenter on the need for cooperatives to focus on building demand driven structures and less of the supply driven; the latter would highly lead to patronage;
11. Cooperative officers should be reinstated at district level with assistants at sub county levels to enhance cooperative training and supervision.
12. The mandate of cooperative education should be returned to MTIC for better supervision of the curriculum.

# Remarks by Hon. Fredrick Gume, Minister of State for Cooperatives

Hon. Fredrick Ngobi Gume said that he was excited as the Minister of State for Cooperatives to be at the forum. He was also happy that different stakeholders had assembled to discuss the paper. He informed the forum of how initially he had a challenge of the best way to revitalize cooperatives in Uganda. He decided to approach the National Planning Authority as the technical arm of government, to undertake a study that will empower the Ministry and Cooperatives sub-sector in this regard.

He thereafter invited the public to make sound contributions so as to influence the policy process. He gave them the background of how the same policy paper had been discussed by the Presidential Economic Council (PEC) and that PEC had tasked MTIC to develop a Cabinet Memorandum on the same.

He advised the cooperators to adjust their operations to the prevailing economic environment so as to compete favorably with the private businesses and middlemen. He argued that there is also need for a comprehensive and professional cooperatives’ business training programme; this would teach cooperatives how to do business competitively and with the integration of ICT solutions. All these tackled in the paper.

**Thereafter, the Minister explained some Government efforts towards Cooperatives, these included;**

1. The Ministry of Trade, Industry and Cooperatives is now in alliance with the Micro-Finance Support Center sensitizing cooperators so as to elucidate the auditing function of cooperatives so that they get started on their business.
2. Government has solved the value addition challenge of the Fruit Growers’ Cooperative Societies in Soroti; this has been done through the establishment of Soroti Fruit Factory by UDC and support from Korea. About 20% of the shares in this factory belong to the fruit growers in Soroti and Eastern Uganda. With time, the government will hand over the factory to the cooperators to manage the whole value chain, from production of fruits, processing and marketing of juice.
3. The government is also trying to address the challenge of access to cheap finance for cooperatives so that they favourably compete with middle man. These middlemen sometimes have exploitative tendencies of moving with faulty weighing scales in the villages to exploit farmers.
4. Cooperatives needs to be taught in schools. The syllabus must change towards practical subjects like cooperatives – not only Diploma level by Degree level.
5. The practice of the cooperative boards to select the auditors is going to be stopped.

# Plenary Discussion

After the panellist’s discussion, a plenary discussion took place. Key of the comments and suggestions that were raised during the plenary are:

1. Over 2000 cooperatives have been supported through the Micro-finance Support Center Ltd (MSCL), and therefore contributing to their revival. Prominent among these are Nyakatonzi (Ushs. 10Bn) and Banyankole Kweterana(3.8Bn). Cooperatives should therefore leverage the opportunity of MSCL and the Agricultural Credit Facility (ACF).
2. The Government has partly failed cooperatives to fulfill their full potential and must therefore apologize for that. This is because many properties of farmers’ cooperatives were looted during the guerilla war but up to now they have not been compensated by the current Government.
3. Whereas Government has massively promoted farmers’ cooperatives in Northern Uganda, especially at production stage, there are no industries that require these agro-inputs for their production process. For example, there are no industries to provide market for the farmers’ cassava harvests; the starch factory that existed is now non-operational. Production is usually driven by demand but if there are no agro-led industries to demand for these agricultural products, the cooperative farmers at the grassroots are discouraged and eventually production dwindles.
4. Some of the proposed Government policies end up promoting middlemen instead of cooperatives. For example, the proposed intervention/policy by Ministry of Finance to give money to middlemen to purchase maize will turn out to be exploitative to the local farmers. The Government of Tanzania for example, has a policy on cashew nuts where no one is allowed to buy cashew nuts unless they do it through cooperatives. The Government of Uganda should therefore adopt some of these
5. Government should pick positive lessons from regional administrative units like those of China, where economic performance is based on the percentage of specific targets set and realized by the respective Provinces. The Provincial Governors devise means (including cooperatives) to achieve these targets or they are penalized. However, Uganda’s districts are tiny administrative units that can’t have any meaningful growth on their own.
6. The Micro-finance Support Center Ltd (MSCL) and Uganda Development Bank (UDB) are not helpful as would have been expected; this is because they are very expensive. The Government of Uganda should therefore harness the potential of Village Savings and Loan Associations (VSLAs) and SACCOs by integrating them into the cooperatives’ agenda. Grassroot farmers should be trained in both aspects of saving and trading of their products. Consequently, funding to these grassroots farmers should be transferred to through cooperatives instead of middlemen.
7. Similarly, grassroot farmers and cooperatives should network with each other so as to create synergies against the exploitative middlemen.
8. Cooperatives as an approach has more advantages than a wholly liberalized economy. There were concerns regarding timing of the cooperatives agenda if it won’t contradict with Uganda’s development strategy; which is mainly geared towards a private sector led economy. The re-invigoration of cooperatives would instead lead to a mixed economy.
9. For cooperatives to thrive, there is need for a national incentives scheme and a national mobilization strategy to orient people towards the cooperatives approach through schools, media, religious and cultural institutions. At the moment, this is not happening.
10. Government should strengthen the already existing cooperative institutions to promote cooperatives. For example, it doesn’t make sense to shift Kigumba College of Cooperatives to the Oil Industry.
11. For proper management of cooperatives, there is need to increase the number of cooperative field officers at the district. The current 185 cooperative officers are not enough to supervise and monitor about 18,000 cooperatives in Uganda.
12. Government has to change the belief that people who are well off of rich can’t be governed. Cooperatives were killed because they were independent and had their own source of survival. They were killed so that their members remain poor and governable.
13. There is poor management of cooperative unions in Uganda; for example, apart from BCU many other cooperative societies are suffering from a leadership crisis.
14. Access to affordable finance is one such way through which cooperatives can be promoted.
15. There must be a paradigm shift. If cooperatives are to survive, Government must go back to build the support system for cooperatives; schools, banks, warehousing, and marketing, otherwise even the revision of the law will not be enough.
16. As regards training, the Uganda Development Corporation (UDC) in partnership with MTIC have trained and are still training farmers on the benefits of cooperatives. They have consequently encouraged them to form cooperatives especially in the different districts including; Soroti, Nebbi, Zombo, and Luweero among others.
17. In the process of strengthening cooperatives, there is need to address some of the key reasons as to why they failed such as; politics, nepotism, and corruption among managers. As a solution, Government should tailor patriotism lessons for the populace.
18. This technical report is a waste of time because government trusts politicians more the technical workers/experts.
19. There must be urgent effort to train small holder farmers about formation and management of cooperatives. Currently, most of the farmers take cooperatives to mean a situation where farmers with special interest come together to solve development problems however, when they contribute to the cause the leaders embezzle all the funds and they get more discouraged.
20. The biggest challenge for Uganda is lack of patriotism among Ugandans unlike our neighbours in Kenya and Tanzania. Without a patriotic state it’s had for cooperatives to stand.
21. An argument was made that suspicion is the main factor undermining cooperatives in Uganda as politicians seem to be afraid of organized cooperatives. Giving government more control over cooperatives is a recipe for disaster. Cooperatives should instead be more autonomy for them to thrive.
22. There are currently many farmers’ associations which need to be encourage to transform into cooperatives. Many farmers still have a negative mindset about cooperatives.
23. In order to improve access to affordable finance for cooperatives, the Islamic Banking model should be followed. The conventional banking system cannot help.
24. A reformed cooperative is one that can compete with the middle man and private traders who have money.

# Closing Remarks by Hon. Matia Kasaija

Hon. Kasaija informed the audience that he has experienced the cooperative spirit throughout his life; during his birth, growth and currently. He also intimated that he will probably *“die”* in cooperatives.

He explained that Government did not deliberately kill the cooperatives; but that the change in policy towards free market competition and liberalization didn’t favor the cooperators. Additionally, cooperatives at the time were performing very poorly due to bureaucracy. They were given crop finance but it disappeared. For example, in Kakumiro Cooperative Union where the Minister (Hon. Kasaija) was Chairperson, the money would take 5 days to process and management had to invite a cooperatives officer from Kagadi who would convene a meeting to decide what to invest in, and from where they would buy the crops among others. In the meantime, the private sector would outcompete this cooperative bureaucracy and take the coffee away.

The Minister denied the view from some sections of the audience that Uganda’s economy is limping. It is in fact ready to take off as H.E. the President stated in his address to the nation. He also added that cooperatives are not excluded as beneficiaries to the funds the Government has allocate for buying maize. Cooperatives, private enterprises, and individuals who are capable are all targeted.

In order to revive the cooperatives, there is need to get leaders who are trustworthy and have good ethics which is a challenge with today’s generation. All government needs to do is to put in place regulations and enforce them.

The Minister said that NRM Government is determined and committed to implement the promises made in its Manifesto and consolidate the measures and reforms that have already been undertaken. For instance, through the Project for Financial Inclusion in Rural Areas (PROFIRA) housed under the Ministry of Finance, Planning and Economic Development (MoFPED), support is directed towards supporting Savings and Credit Cooperatives (SACCOs). Government is also in the process of verifying and compensating Cooperative Unions that lost assets and property during the liberation wars and insurgencies that followed thereafter.

In conclusion he thanked the audience for coming and providing their thoughts and he promised that all your contributions shall be considered to improve Government interventions to strengthen cooperatives.

He thereafter officially close today’s forum.

# APPENDICES

# PROGRAMME

**9th National Development Policy Forum (NDPF)**

**Tuesday, 11th September 2018, Imperial Royale Hotel, 2.00pm - 5:00 pm**

|  |  |  |
| --- | --- | --- |
| **Time** | **Activity** | **Responsible Person** |
| 2:00-2:30pm | Arrival and Registration | NPA Secretariat |
| **Session 1** | **Opening Session** | **Authority Member** |
| 2:30-2:35pm | Remarks from GIZ Representative | GIZ Representative |
| 2:35-2:45pm | Opening Remarks | Hon. David Bahati, Minister of State, Finance, Planning & Economic Development (Planning) |
| 2:45pm – 2:55pm | Remarks from Minister of Trade, Industry and Cooperatives | Hon. Amelia Kyambadde |
| **Session 2** | **Presentation and Discussions** | **Moderator** |
| 2:55pm -3:25pm | Presentation: "**Strengthening Cooperatives for Socioeconomic Transformation in Uganda"** | Dr. Joseph Muvawala; Executive Director, National Planning Authority |
| 3:25pm – 4:00pm | Panel Discussion | Moderator |
| 4:00pm -4:10pm | Remarks from the Minister of State for Cooperatives | Hon. Gume Fredrick Ngobi |
| 3:50-4:30pm | Plenary Discussion | Moderator |
| **Session 3** | **Closure** | **Authority Member** |
| 4:30pm -4:40pm | Concluding Remarks from the Discussion by the Minister of Trade, Industry and Cooperatives | Hon. Amelia Kyambadde |
| 4:40pm-5:00pm | Remarks from the Guest of Honour | The Rt. Hon. Prime Minister, Dr. Ruhakana Rugunda |

# Closing Remarks by Rt. Hon. Ruhakana Rugunda

The Hon. Ministers Present

The Members of Parliament Present

Development Partners Present

NPA Authority Members

Permanent Secretaries and Government Officials Present

Invited Participants,

Ladies and gentlemen,

1. Let me thank NPA and Ministry of Trade, Industry and Cooperatives (MTIC) for organising this debate on such an important development issue of cooperatives. I also equally thank the GIZ/EU Project on Strengthening Governance and Civil Society in Uganda for supporting this event. I thank the discussants for providing useful thoughts on how to strengthen cooperatives for socioeconomic transformation in Uganda. More importantly, let me thank you, the Public for your attendance and useful insights towards strengthening cooperatives for socioeconomic transformation in Uganda. Let me assure you that I have listened, and the Government has listened to all your contributions. I also assure you that the Government will take into consideration these submissions to the proposed framework to strengthen cooperatives.
2. The NRM Government is determined and committed to implement the promises made in its Manifesto and consolidate the measures and reforms that have already been undertaken. We are convinced that if we do this, Uganda’s cooperatives shall be strengthened for socio-economic transformation.
3. Government is already undertaking a number of activities to strengthen cooperatives in Uganda. Government has encouraged the organization of the population into cooperatives so as to reap from economies of scale at both production and marketing levels. The interventions also include provision of a conducive policy and regulatory environment. Specifically, Government through Ministry of Trade, Industry and Cooperatives (MTIC) has over time provided equipment to a number of cooperatives across a number of districts through the One Village One Product (OVOP) Programme; It has also trained them in business studies and value addition. Government has also helped and promoted cooperatives to access international export markets and provided financing through the Micro-Finance Support Centre at below market rates. The Uganda Warehouse Receipt System Authority was established to help in agricultural storage and commodity financing while Uganda Development Corporation has played an instrumental role in formation of fruit Growers cooperatives in the Teso region among other interventions. Government has been very key in maintaining national and regional security so as to give the citizenry opportunity to cooperate, and this increases production and productivity.
4. Government has also been instrumental in financing of cooperatives. For instance, through the Project for Financial Inclusion in Rural Areas (PROFIRA) housed under the Ministry of Finance, Planning and Economic Development (MoFPED), support is directed towards supporting Savings and Credit Cooperatives (SACCOs). Government is also in the process of verifying and compensating Cooperative Unions that lost assets and property during the liberation wars and insurgencies that followed thereafter.
5. Ladies and Gentlemen, that said, we believe that the policy study that has been presented today and the outcomes of this forum, will go a long way in influencing Government Policy direction to strengthen cooperatives for socioeconomic transformation. Government therefore pledges its full support towards the implementation of the outcome of this policy study and forum.
6. Let me reiterate my sincere gratitude to NPA and Ministry of Trade, Industry and Cooperatives (MTIC) for initiating and organizing this debate. I am pleased to know that NPA will continue working together with different stakeholders and share its knowledge on how to strengthen cooperatives for the socioeconomic transformation of Uganda.
7. Lastly, I thank you all for coming and providing your thoughts. I promise that all your contributions shall be considered to improve Government interventions to strengthen cooperatives.
8. I therefore, officially close today’s forum.

**For God and My Country**

# Opening Remarks by Hon. David Bahati

The Rt. Hon. Prime Minister

The Hon. Ministers Present

The Members of Parliament Present

Development Partners Present

NPA Authority Members

Permanent Secretaries and Government Officials present

Invited Participants,

Ladies and gentlemen,

1. Let me join National Planning in warmly welcoming you all to the 9th National Development Policy Forum (9th NDPF).
2. One of the functions of NPA is to study and publish independent assessments of key economic and social policy issues and options so as to increase public understanding and participation in the economic and social policy debate. This is the motive behind these National Development Policy Forums.
3. This particular forum is on Strengthening Cooperatives for Socio-economic Transformation in Uganda. Government recognizes cooperatives as suitable vehicles for socio-economic development. Cooperatives are an integral part of the government's economic strategy in poverty alleviation, employment creation, food security and equitable distribution of resources. Due to their nature of mobilizing communities into economic activities both in urban and rural areas, cooperatives are very important in economic transformation, particularly in small holder farmer communities. The aggregation of farmers into groups makes it easy to design interventions and programmes for: agricultural inputs like seeds and fertilizers; financing; extension services; storage; production; marketing and export among others.
4. It is for this reason that Government continues to support the cooperatives framework. For instance, in the FY2018/19 Budget, Government allocated money for organizing farmers into producer cooperatives or groups linked to nucleus commercial farmers who will be encouraged to add value to farmers’ produce, put up efficient storage and minimize post-harvest losses.
5. Nevertheless, Government continues to seek better efforts in strengthening the cooperatives framework. This study produced by NPA and Ministry of Trade, Industry and Cooperatives (MTIC) comes as one such effort to define ways of strengthening the cooperatives for socio-economic transformation. This forum is an avenue to further refine the findings of the study so as to inform the policy direction towards strengthening the cooperatives framework.
6. I therefore invite you to debate openly and unreservedly. Your thoughts on this development issue are useful and will help to improve the outcomes that will inform Government Policy. I am confident that Government efforts will go a long way in strengthening cooperatives for the socio-economic transformation of Uganda.
7. Let me also take this opportunity to thank everyone for having found time to attend this forum. In particular, I want to thank the National Planning Authority and Ministry of Trade, Industry and Cooperatives for their tireless efforts towards the preparations to make this forum successful.
8. Lastly, I thank the GIZ/EU Project on Strengthening Governance and Civil Society in Uganda for the support that they have provided.
9. I look forward to a fruitful deliberation.

**For God and My Country**