

Some Reflections on The New Co-Operative Movement in Uganda

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In Uganda we all know that we are in competition, everyone, has to find their way out of competition "Uganda Musician".

1.0 BACKGROUND

The Africa Ministerial Conference was held in Kampala, Uganda, from the 18 to the 23 rd November 2002. As usual, the meeting touched on the issues of reforms and change in co-operatives, after liberalization of markets and globalisation. The reality of the need for member driven co-operative movement was once again confirmed. In the so called liberalised market conditions, co-operatives, like all other business organisations, have to compete it out to survive.

During the conference, the participants as usual in such conferences had a fourth day off to visit rural co-operatives and tourist sites. The participants were taken to Mukono and Jinja. In Mukono, we visited one primary society in Busoga and a second tier organisation known as Area Co-operative Marketing Enterprise at Kanyunga District.

In this short presentation, I would like to make a recollection of what I observed on the one day field visit and connect it with the totality of change in the Ugandan Co-operative and the Tanzanian co-operative situation.

2.0 THE CONTEXT

In many respects, the history and structure of the old Ugandan co-operative movement, resembles that of Tanzania mainland. It bears its history on pre-independent Uganda, starting around 1920's. Like in Tanzania, the first co-operative ordinance comes in the 1930's. The old Uganda co-operative movement is active in the traditional cash crop economy -- coffee, cotton and tobacco. Old co-operative activity, did not address the economic life of the membership, but what foreign markets demanded. Hence, food crops such as potatoes, bananas, maize, millet, onions and tomatoes, did not find a place in the co-operative framework of organisation. One question which must be answered by co-operative promoters and development practitioners today is whether co-operatives or co-operation is only viable with internationally trade able commodities or whether they are a means to mobilise economic action. This is a historical error of omission and submission. The traditional tier structure of the Uganda co-operative movement represents the structure that we have in Tanzania today formed by primary societies, co-operative unions and national apex bodies forming the Uganda co-operatives alliance (UCA) as the national umbrella organisation. Like Tanzania, Uganda reviewed its old legislation and enacted its 1991 co-operative Act that tried to address the major changes in economic policy, towards liberalisation privatisation and competition. The major question addressed by the two movements in the early 1990's was how to make the co-operative movement re-design itself so that it was more member-driven in the first place but also recondition itself to face market competition and maximise members' benefits through economic empowerment, good governance and democratic control in general.

3.0 THE DIFFERENCES

Reconditioning the co-operative movement in the face of globalisation to maximise member advantages was an issue addressed in the 4th African Ministerial Conference in 1993 held in Nairobi Kenya. In that conference, the ICA headquarters, presented a topical paper on the need to structure the officialised co-operative movement to fit into competitive markets or perish.

One of the strongest recommendations of the ICA was the need for each co-operative movement to carry out national Soul-searching discussions to determine a more practical and proactive approaches to co-operative restructuring. Both the Tanzanian and Ugandan national organisations held national workshops to chart out ways on how the co-operative movements were strategically going to face the new realities. In the Tanzanian process, researchers from

the college and the ministry were even involved. A soul searching conference was held in Dodoma, August 1994.

The differences between the Ugandan and the Tanzanian co-operative movement are found on how the two movements have so far handled the market — driven repositioning process. In Tanzania, the national workshop marked the end of the process. In Uganda, it was the beginning. So, the reflections I am going to highlight are part of a planned process of restructuring and change that has never taken place in the Tanzanian cooperative movement.

In 1996, the Uganda Co-operative Alliance invited the ICA Regional Office for East, Central and Southern Africa to make an analytical assessment of the competitive situation that was facing the co-operative movement and make suggestions as to how the movement was going to reposition itself. The author of this paper was involved in this study.

What we saw was similar to what has been happening in Tanzania. Private traders were allowed to buy crops such as coffee, cotton and tobacco from house to house. There was collusion of private buyers to price out co-operatives; the Uganda Co-operative Alliance was distant from co-operatives problems at the primary society level. Although the UCA had an export facility known as UNEX, it was working through the old co-operative unions which were in severe disarray. At the local level, primary societies lost patience of waiting for crop finance from unions. On their part, the unions decided to open crop buying posts near primary societies as they later started doing business on behalf of their members.

The chaotic situation that ensued made us make an important recommendation that has been one of the contributing factors to the major developments in Ugandan co-operative movement. The recommendation was to allow primary societies stand on their own breaking out any affiliation to traditional unions. Second was for primary societies to be allowed the freedom of association and form structures that were within their proximity and responsive to the needs of members. These recommendations and others were discussed at workshop of all general managers of traditional unions and were diplomatically rejected. But the Uganda Co-operative Alliance took the issues in their own hands. This is the second difference between Uganda and Tanzania. They pushed the recommendations on three fronts:

First, they developed direct connections with primary societies after making progressive review of bye-laws of the alliance. Second, they created direct trade connections between UNEX and

primary societies and third, they promoted business practice and free forms of association among primary societies and between primary societies and a new secondary level structure, known as the Area Marketing Co-operative Enterprise providing market access for primary societies for any sizeable crop produced by the members. It is a market information centre, agricultural technology dissemination centre and mechanism. UNEX also makes its connection at the Area Marketing Co-operative Enterprise for facilitation of any surplus production of internationally tradable commodities.

Those are the changes which dramatise the difference of process between the Tanzanian and the Ugandan co-operative movements.

4.0 THE STUDY VISIT

4.1 The Primary Society

During the Ministerial conference, participants visited Busoga Primary Society in Mukopo district and an Area Marketing Co-operative Enterprise in Kayunga District.

The primary society used to market coffee. But fulfilling government policy, the Uganda Co-operative Alliance defined member empowerment to mean the freedom to discover new crops of high value. Busoga primary society discovered vanilla as an alternative crop. The primary society serves 6000 members in the whole of Mukono district and primary society members have also formed a rural SACCO as part of member empowerment. It is not vanilla alone, but the primary society is the marketing gateway of all other crops that farmers/members are producing, such as bananas, potatoes, millet and maize. If some of them cannot find buyers at the primary society, they can be taken to the Area Marketing Co-operative Enterprise. The primary society also, has become an important entry point for business education, general education especially adult education and literacy, agricultural extension all organised and supported by the UCA, and directed with a sole objective of improving member income as finality. To facilitate education and action, the UCA uses a system of Local Change Agents supported by the primary societies themselves. But more important, are the study circles of members similar to action learning groups where groups of five members are formed to address a common problem they are facing. It could be supply of seeds or other inputs, crop finance or marketing problems. They identify a facilitator amongst themselves and discuss the problem until they arrive at a solution. After getting a solution the group may dissolve or may choose to continue and probe into other problems of their own choice. If they choose to dissolve the group, they are free to form different groupings when they identify new problems. The UCA has study

circle organiser who facilitates the formation of study circles especially in providing skills for problem analysis, solution analysis and conflict resolution. One important structure of the new co-operative societies, right from primary societies to the UCA itself, is its affirmative action on gender and age balances. There is a balanced mixture of men and women and the old and the youth in the leadership.

4.2 The Area marketing Co-operative Enterprise

At Kayunga Area Marketing Co-operative enterprise, the participants were introduced to the new structure of the co-operative movement in Uganda. It is a secondary level structure that has been formed by primary societies and farmers union groups to respond to new market needs. The Area Marketing Co-operative Enterprise carries out business interventions that cannot be done by individual primary societies or farmers unions at the grassroots level. They carry out farmer mobilisation work, dissemination of critical market information, organise crop finance, set quality standards, carry out collective procurement of farm inputs and prepares farmers for post-harvest handling. The AMCE is an important link for connecting small farmers to different buyers in the open market or through the Uganda commodity change markets organised through UNEX of the Uganda Co-operative Alliance. As it is at the primary society level, the AMCE is providing market connections for the whole range of commodities produced by farmer members such as maize, beans, bananas, pineapples, coffee and vanilla. In order to facilitate the enhancement of knowledge through information access, the UCA has come out with the concept of the village library where adult literacy issues are also responded to.

4.3 Constraints

The local structure of the new movement is not without challenges. The leaders of the Area Marketing Co-operative Enterprise put it that the continued use of traditional tools is a hindrance to expanded output. Sensitivity to the competitive environment was still lacking, especially with regard to on-farm quality control. Illiteracy on the other hand prevented small farmers from taking innovative investment decisions.

In order to arrive at a comprehensive planning base, the local government of Kayunga area was planning to register all farms owned by members to know their production capacity and production diversity. This would allow the local government to provide the necessary support for agricultural extension and networking. The Local Change Agents are still problematic as they do not want to offer their services free of charge.

5.0 DISCUSSION

These reflections do not in anyway suggest milestone success for the Ugandan cooperative movement. They are trying to indicate how the movement has entered the path towards member driven co-operative development. To the UCA, member empowerment means both democratic control by members and facilitation of different business options for primary societies to take risk.

The obtaining political situation in Uganda could explain substantially the external environment that supports the positive development for co-operatives. In this section, we are looking at the issues as to why the Ugandan co-operative movement is different from the Tanzanian co-operative movement today: First, is the realisation by top political leaders that member empowerment in cooperatives was key to the success of the co-operative movement. There was also the realisation that co-operatives in their own right were important tools of poverty elevation especially in the office of the Vice President that is dealing with poverty alleviation. In the Tanzanian case, there are quite a number of differences: Although President Mkapa is very keen to see co-operatives taking an active role in the development process and although we have a fully fledged Ministry of Co-operatives and marketing, the Vice Presidents office is not keen on co-operative development and the capacity of cooperatives in addressing poverty.

The Poverty Reduction Strategy Paper puts cooperatives as one of the core indigenous institutions in reducing income poverty. But we do not see clear strategies by the Vice President Office, in addressing co-operatives or at least the poverty eradication office trying to link up with the Ministry of Co-operatives and marketing. In a recent report on the poverty status in Tanzania by the Vice Presidents Office, there was absolutely no mention at all about what co-operatives had achieved in the struggle against income poverty. In a donor consultative conference convened by the Ministry of Finance where poverty reduction issues were extensively discussed, what we saw in terms of active representation, was more of the foreign funded NGOS like CARE, OXFAM and less representation of Tanzanian based NGOS like MVIWATA, but strictly there was no representation from the co-operative movement. To a certain extent this could be explained by the fact that the organisers had no confidence on co-operatives. But it was also very clear that while discussions touched very extensively on co-operatives especially from the participants and the Ministry of Cooperatives and marketing, the Poverty Eradication Desk in the vice Presidents Office, was totally silent on the efficacy of co-operatives in poverty eradication issues. The agenda of co-operative development and poverty eradication cannot be left to one line ministry but rather while the Ministry of Co-operatives

and marketing is playing the coordinating role an active ministerial consultation with all ministries addressing poverty directly needs to be created and strengthened.

The second area is the questions of relationship between local government and cooperatives; we have not done sufficient research on this issue. But generally, there are very few district councils that would be friendly with co-operatives or with co-operative development activities of the Ministry of Co-operatives and Marketing like the one we saw in the Ugandan district of Kayunga. What we see is more of hostile attitude of local government. The reasons could be lack of confidence on co-operatives and traditional behavior of some co-operative officers. But on the whole, there is lack of knowledge about co-operatives on the ranks and file of local government in Tanzania.

The third area is the question about change and how to deal with change itself; in Uganda, change and continuous restructuring is owned by the co-operative movement itself. The Uganda Co-operative Alliance is taking a leading role in making change happen. They have been playing the leading role in suggesting legislative changes and the government has been following from behind. The major suggestions to the Draft Cooperative Act of 1991 in Uganda came from the Ugandan co-operative movement. The government reacted on the suggestions from the co-operative movement and the law was finally made. The Ugandan Co-operative Alliance cultivated its membership from changing primary societies when answering the question "what is our business and who is our real customer? The concluded that the main business is development support to changing primary societies and the real customers were the primary societies. They left the old non-changing co-operative unions and primary societies at the railway station. As a result, the national structure of the Ugandan co-operative movement is flexible and changing according to demands of changing times. The changing primary societies are linked to the Area marketing Co-operative Enterprises as response mechanism to competition and globalisation.

Both at the primary society and the AMCE level, the principle of inclusion is followed by taking on board all economic enterprises of the members than the so called traditional and few products. In the Tanzanian situation, change is not owned by the co-operative movement. Change is still an external input to co-operative development. It is propelled by external change agents, like the Cooperative Development Department and the Co-operative College. Unless change is embraced by the co-operative movement itself, the efforts of external change agents will have limited

success. The efforts to initiate dialogue for change were accepted and strategically planned by the Uganda Co-operative Alliance.

In the Tanzanian case the ICA made all efforts to organise the national conference for change, but the process was stopped by the Tanzania Federation of Co-operatives in 1996. And because of the frustration of the change process by the TFC, the word change is problematic to the cooperative movement to-date. The efforts against planned change, is the real enemy of the co-operative movement in Tanzania today. The primary societies which demand change of leadership, business channels and change that reduce transaction costs are seen as rebellious. Primary societies are locked into traditional export crops of coffee, cotton, tobacco and cashewnuts, while economic activities of the small farmers and members in general found in the production of bananas, potatoes, maize, pineapples and beans are left out. The co-operative movement in Tanzania therefore continues to maintain the typical neo-colonial production structure and marketing.

Fourth, is the fact that business education is part of basic services of the Ugandan cooperative movement. The movement uses study circle strategy for member education. The study circles though not permanent, provide sufficient catchment areas for educational and problem-solving structure inside the co-operative movement. In Tanzania, there are efforts at delivery of co-operative education through the radio. This however is not enough. There is no strategy so far to introduce business education at the primary society levels.

Fifth is the way how to handle the unity between politics and economics in co-operatives or the political economy of co-operatives. There are quite divergent ideas as to whether co-operatives should be involved in politics or not. The traditional Lower Kabete School argues that co-operatives should keep way from politics. This is theoretically and practically wrong. As long as co-operatives are involved in the production and distribution of the means of human subsistence, they will always be political and cannot avoid the political game. As long as the management of co-operatives is value-based upholding the principles of justice, equality, equity and democracy, they are very political what is important is how to cultivate the kind of leadership that is able to balance the political economy of co-operatives. The Uganda Co-operative Alliance plays an active role in lobbying and advocacy in making the case for the Co-operative Movement with the government.

6.0 CONCLUSION

The Tanzanian and Ugandan Co-operative Movements face similar challenges of market competition and globalisation. But in many respects, the national organisation in Uganda has taken over the change process than its Tanzanian counterpart. This does not mean, the Tanzania Federation of Co-operatives cannot change. It needs proactive leadership and needs to connect itself with the real customers of co-operative development the members.