Autonomy is at the Core of the Revival of Cooperatives

By Leonard Okello

The cooperative movement dates as far back as 1844 when the Rochdale pioneers formed a cooperative society to improve their livelihoods and protect their interests, in the face of meagre wages vis-à-vis a high cost of living. In Uganda, the establishment of *Kanakulya Cooperative Society Ltd*, in Mityana in 1913 launched cooperatives, in quest for better earnings from coffee and cotton trade. Therefore, the ideology of cooperatives is people voluntarily coming together to achieve a common goal through combined effort.

Autonomy is one of the 7 Principles of Cooperatives adopted by the International Cooperative Alliance in 1995. These are: Voluntary and Open Membership; Democratic Member Control; Member's Economic Participation; Autonomy and Independence; Education, Training and Information; Cooperation among Cooperatives; and Concern for Community. Cooperatives are private businesses, which operate on values of self-help, personal and collective responsibility.

Previous experience has proven that cooperatives thrive when guaranteed autonomy. During the formative years, when the colonial government imposed the 1946 Ordinance, cooperatives declined to register for fear of losing their autonomy. However, in 1952, when Governor Andrew Cohen introduced liberal amendments to the 1946 Ordinance, cooperatives blossomed. Cooperatives soared in trade, handling 61 percent of cotton, 40 percent of Robusta coffee and 90 percent Arabica. Between 1951 and 1960, the tonnage of coffee and cotton production increased by more than 400 per cent from 14,302 tonnes in 1951 to 98,308 tonnes by 1960. By 1970, cooperatives were the engine for economic development, employing two and a half times the entire civil service of Uganda.

These successes were cut short when in the 1970 Cooperative Societies Act, government retained powers to appoint secretary managers many who neither shared the ideology nor accounted to the cooperatives. In 1971, political turmoil set in, ravaging cooperatives so much that they could not withstand the challenges of economic liberalization of the 1990s, they succumbed.

In 1991, a law was enacted, the Cooperative Societies Act Cap 112, removing the powers in the 1970 Act that gave the Minister powers to appoint cooperative managers. This Act is undergoing amendment through the Cooperative Societies Amendment Bill (2014). However, this new Bill contains some clauses, likely to undermine the growth of cooperatives. Notably, the award of significant powers to the Registrar of Cooperatives in the Ministry of Trade, Industry and Cooperatives (MTIC), similar to the case of the 1970 Cooperative Societies Act which robbed cooperatives of their autonomy.

Moreover, Section 4.b(2), of this bill does not specify the Apex Body for cooperatives. Uganda Cooperative Alliance (UCA), is the Apex as provided for in the current Act Cap 112. It is imperative that this specification is maintained, to avert the risk of many apex bodies emerging thereafter, with a potential for rivalries, confusion, and anarchy amongst cooperatives societies.

Section 22 gives the Registrar the authorization to perform audits, contravening provisions of the Accountants Act Cap 266, which stipulate that an auditor must be a Certified Public Accountant registered with the Institute of Accountants. We think that the status quo in the 1991 Act should be maintained, where auditors who are shortlisted by the Registrar and appointed by the Annual General Meeting of a cooperative society.

The Bill entirely mandates the Registrar the role of cooperative education, without first addressing the failure to effectively implement the existing Cooperative Education Fund. We think, the education fund should be maintained, with a provision for all cooperatives to remit 50% of their contribution to an education fund pool at UCA. UCA, in collaboration with the MTIC, would organize well structured regular trainings for members and this would require the return of all cooperatives colleges to the direct supervision of MTIC.

There are also a number of sections in the Bill which are best left in the regulations for administrative functionality rather than in the Act, such includes section 18 A and 18 B.

The Bill is silent on the urgent need to strengthen the cooperative department capacity to better coordinate and stimulate the growth of cooperatives. This could include a well organized, resourced, and functional institutional arrangement like a Cooperative Development Authority, with clarity of mission and action plan.

Government could consider stimulus packages like, subsidies on inputs, tax holidays for the first five years, a leadership coaching, mentoring, monitoring support, and reviving the Cooperative Bank, rather than the current monetary handouts that often causes fights and confusion among cooperative members.

We look forward to an opportunity to present our case to the Parliamentary Committee on Trade, Industry and Cooperatives before the law is debated in plenary.

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