

## PRESS RELEASE

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### THE COOPERATIVE MOVEMENT WE NEED!

Today over 65 cooperators representing cooperatives from all sub-regions of Uganda, have converged here at the Uganda Cooperative Alliance Conference Room, to review the Cooperative Societies Amendment Act 2014, deliberate over the proposed amendments to the said law and prepare their concerted views for presentation and discussion with the Parliamentary Committee on Trade, Industry and Cooperatives.

Participating cooperatives include but are not limited to unions like East Mengo, Masaka, Wamala, Banyankore Kweterana, Nyakatonzi, Semliki, Bugisu, Lango, North Bukedi, Sebei-Elgon and Uganda Cooperative Central Transport (UCTU), Uganda Consumer Cooperative as well as tertiary like Uganda Cooperative Central Financial Services (UCCFS) Uganda Cooperative Savings and Credit Union (UCSCU). Primary Cooperatives represented include Wazalendo, United Nations, Parliamentary, KCCA, Rukiga, Savings and Credit Cooperative Organizations (SACCOs), and, among others. Other participating stakeholders represented are government, cooperative training institutions, private sector and Civil Society Organizations.

Since 2004, there has been talk of amending the cooperative Act Cap 112 1991; until this bill was tabled recently the later conversation had began sounding like an “engagement and marriage that would never be”. The cooperative fraternity therefore welcomes government’s efforts towards amending the Cooperative Societies Act Cap 112, 1991 as this law in its current status hardly supports the growth and development of the cooperative movement. In the contemporary cooperative world, the Coop. Act CAP 112 is largely obsolete and yet further misses out vital components that would enable cooperatives stir Uganda to the much desired middle income status.

Despite the excitement about the opportunity to amend the Coop Societies Act CAP 112,1991, cooperators across Uganda are concerned about many of the the proposals in the amendment and would like to sound out government on these issues in order for the cooperatives to enjoy an enabling environment that promotes its vitality. Amongst the many concerns below are a selection of some of the priority ones that will present to the media and the public in summary.

1. **Over-emphasis on the promotion of financial Cooperatives:** From the statement in the preamble “improve safety and soundness of savings and credit cooperatives” to the detailed and systematic manner in which the section on SACCOs has been inserted in the act, it is evident that government has given more attention to growing financial cooperatives and made limited effort in proposing views that will equally bolster the other productive cooperatives. This attitude and tone must be changed so that the proposed amendments are supportive of the wholesome revival of a coordinated, complementary cooperative movement.
2. **We need one Apex body and not more:** Unlike CAP 112, which is definitive on the the existence of a single Apex body namely Uganda Cooperative Alliance, the proposed amendment is silent in S.4(b) on specifically naming the Uganda Cooperative Alliance as the

Apex body. This may mean more apexes with the risks of divisions, infighting that can weaken the cooperative movement.

3. **Cooperative Autonomy** is a cardinal principle of cooperatives that promotes innovativeness, creativity and enhances performance yet the Cooperative Societies Amendment Bill 2014 places too much power in the hands of the Registrar of Cooperatives at the Ministry of Trade Industry and Cooperatives, as was the case in the Cooperative Act 1970 which as we all know contributed to weakening rather than enabled the cooperative societies.
4. **Better Coordination and Regulation:** The current law and the proposed Amendment Bill is in our view weak in this crucial area of improving coordination and regulation amongst cooperatives. To achieve this, we strongly recommend the following: (i) clarity of roles of the Uganda Cooperative Alliance, the tertiary, secondary and primary cooperatives and how they collaborate with all stakeholders and (ii) the creating of a well-resourced and better organized *Cooperative Development / Regulatory Authority* under the Ministry of Trade, Industry and Cooperatives, as the body responsible for facilitating, guiding, regulating, supervising, and monitoring the operation of the entire cooperative movement in the country. This authority would also deal with the difficulties in sections 73, 74, 75, 76, 80 (2) of the Cap 112. The establishment of the authority would also enable the specialized training on cooperatives to be under the parent ministry and not education as it is now.
5. **In line with regulation 36 of the cooperative societies regulations 1992, the proposed amendments should take care of Cooperative Development Fund:** The irony of the cooperative movement's growth in size is in its incoherence with the required financial boosting that should support the increasing numbers and innovations. Cooperatives in Uganda today are engaged in all forms of business like real estate, mining, passenger and goods transport, energy production and road construction requiring long-term capital investments. With the closure of the cooperative bank in 1999, many cooperatives have not complied with regulation 36 and yet the growth of a cooperative development fund would mean a pool of resources from which cooperatives would get financing.
6. A bird eyes view of the cooperative amendment act 2014 further points out to inconsistencies in the amendments and repeals of certain sections. Moreover, the proposed amendments do not take care of sections like 56, 57 (3), 58(2), 65, 79(1) and 79 (2r) that need amending and repealing.

In conclusion, we urge government to consult widely with the cooperative movement so that the final law is a reflection of the aspiration of cooperators. Therefore, the process of finalizing the law needs to be given some quality time and due diligence. We commit to make valuable

contributions informed by the movements experience over the years. We look forward to engaging with the law and working with the government in revitalizing the cooperative movement.

## **FOR GOD AND MY COUNTRY!**

### **About The Uhuru Institute for Social Development**

Founded in 2013 on social business and cooperative principles, Uhuru Institute for Social Development offers a variety of products and services geared towards driving Ugandans in taking a centre stage in realizing holistic socio-economic development. We offer a 360 degrees' solution to cooperatives, and other informal forms of collective organizations.

### **About Uganda Cooperative Alliance**

Uganda Cooperative Alliance (UCA) is an umbrella organization for all cooperatives in Uganda established in 1961. It serves as the voice of the cooperative movement both nationally and internationally. UCA also serves as the main cooperative policy advisor for the government, implements various cooperative development projects, and is mandated by law to arbitrate and help settle conflicts within the cooperative movement.

### **For More Information:**

Leonard Okello  
Chief Executive Officer  
The Uhuru Institute for Social Development  
0759 900035; [leonard.okello@uhuruinstitute.org](mailto:leonard.okello@uhuruinstitute.org)

Ivan Asimwe  
General Secretary & Chief Executive Officer  
Uganda Cooperative Alliance  
0782 492592; [iasimwe@uca.co.ug](mailto:iasimwe@uca.co.ug)

