



# DEBATING GENDER IN THE REVIVAL OF COOPERATIVES IN UGANDA

A THINK PIECE WRITTEN FOR THE NATIONAL DEBATE ON THE  
REVITALISATION OF THE COOPERATIVE MOVEMENT IN UGANDA

# Introduction

Cooperatives in Uganda first came into existence in 1913 as a response to the disadvantageous terms of trade imposed on smallholder farmers by colonial administrators. The policy of the government at the time favoured Asian and European middlemen who exploited and monopolized markets for coffee and cotton (Kabuga and Kitandwe 1995; in (Kwapong and Korugyendo 2010). Today there are various types of cooperatives in Uganda, but the most common ones include agricultural marketing cooperatives, fishing cooperatives, consumer cooperatives, savings and credit cooperatives (SACCOs), farm supply cooperatives, dairy cooperatives, insurance cooperatives, transport cooperatives, housing and building cooperatives, poultry cooperatives, mining cooperatives, etc. (Kyazze 2010). Cooperatives grew during the first ten years of independence supported by government policy and by 1970; the cooperative movement was the biggest employer in Uganda constituting about 10% of the economy of Uganda. But this decade of boom was seriously disrupted by the political instability of the 1970s during which many leaders of the cooperative movement were killed or fled into exile. A global economic embargo in response to Amin's human rights abuses and unchecked corruption also augmented the failure of the cooperative movement. This situation was worsened by the 'Luwero Triangle' and northern Uganda wars of the 1980s, 1990s and 2000s; during which cooperatives lost a lot of property to looters mainly government soldiers and guerrillas alike. The overall negative impact of these political instabilities and wars on the cooperative movement cannot be over emphasised, but as will be discussed in details in this paper, the impact of war was even worse on the women.

Cooperatives were functional instruments of individual or household rural entrepreneurs that helped farmers to market their produce. And co-operators can tap the energies of group effort and economies of scale to engage in economic activities that they would not have been able to engage in on their own (Wanyama et al 2009). While the role of the once booming growers' cooperatives in poverty reduction cannot be underestimated, their design previously excluded women from membership, management

and leadership. Actually a woman was never allowed to register in a cooperative without a written consent from her husband (Asiimwe 2010). Given that women have now joined the field of money making and are also joining cooperatives, it is an important topic worth studying and researching.

**This paper aims at rethinking the role of cooperatives as an instrument for social transformation through gender mainstreaming in all poverty reduction efforts. This paper interrogates whether the revival of cooperatives through SACCOS is likely to produce the same results as the cooperatives of 1960s and 70's. The central question of the paper is the extent to which the revival of cooperatives has addressed gender differences? The paper argues that the gender differences in cooperatives may not easily be addressed unless the services in cooperatives are contextualized to address the conditions of women.**

This paper argues that while the current cooperatives have included women, the marketing of these services have put women at a disadvantage. While the number of cooperatives registered in this country (over 3000) seems to suggest that cooperatives are vibrant in the country, it is the savings and credit cooperatives (SACCOs) that are oversubscribed. It is not surprising therefore that the cooperatives referred to today in Uganda are actually the savings and credit cooperatives (SACCOs). According to Akandwanaho (2013), membership of SACCOs in the Uganda stands at UGX 1,188,090, with a share capital of UGX 66,579,928,602. Members' savings amounted to UGX 140, 803,549,785 and loan portfolio totalled UGX 212,174,910,096.



Although women were less at the fore front of Uganda's political conflict and wars, they turned out the biggest losers. One cooperative union that was heavily hit by war was the Banyankole Kweterana; they attribute their collapse to the guerrilla war that brought the NRM government to power in 1986. According to the study done by Kwapong and Korugyendo 2010:pp 2), one respondent narrated; *"...We had a lot of assets—about fifty Lorries were taken by the liberation army. They took away everything including stocks of coffee which we had bought on credit and on which we had not repaid the loan. The union had a problem paying back the loan.....They sold our buildings at very low prices to private investors. The remaining assets were vandalized as the Union was no longer in operation... While the soldiers took our assets, they signed for all the items they took for which we kept records. These assets were worth about UGXs. 900million. The soldiers told us they were using the assets to support the war and after the war, they would pay back everything ... We are now making claims from the government to pay back what they took from us..."*.

The loss of assets and produce taken by warring factions in Uganda's history was a major loss of the wealth for which the women had laboured before the war. Moreover, while the men left home to join the war theatre, the burden of looking after the children was left for the mothers, widows and child headed households in the care of little girls. Women also had to contend with the pain of rape, torture, and personal property to the war. Unfortunately without any systematic psychological support and war reparations of any kind, women were left to take up the burden of responsibility left behind by the wars and political conflict. The non-compensation of cooperatives property and assets looted during the war had a direct bearing on women who provide over 80% of the labour force that produced the wealth used to acquire these assets by cooperatives. Unfortunately women often did not take part in the final negotiations between the cooperatives' leadership and the warring factions yet they bore the biggest brunt of the bad decisions made by the negotiators.

The impact of the collapse of the cooperative movement on women has been understated as illustrated in the following write up. Under the economic liberalization policy, the cooperatives lost their monopoly in buying peasants' crops and by the time they were revived, they had to compete with other private players (Mdhomvu,

et al 2002, Mrema, 2008) who often did not mind buying crops from the garden. Such compromised the quality of Ugandan products and people lost trust in the cooperatives.

The final collapse of cooperatives can be traced back to the onset of Structural Adjustment Programs (SAPs). Originally, cooperatives had enjoyed special partnership with the government which gave them superior privileges to exploit monopolistic positions in economic activities. Government's role also extended to auditing, staff training and setting interest rates for borrowing (Kyazze 2010). When SAPs were introduced, the state had to withdraw its traditional supportive role to the cooperatives - a requirement by the Bretton woods institutions in the name of liberalization (Mrema, Kwapong and Korugyendo 2010 Kyazze 2010). Support services like audit, supervision and management training were the first to be withdrawn by the state in many countries (Develtere2008, Wanyama et al 2009). And such crucial services were not replaced with any alternative institution that could perform such functions. Because of such a vacuum, cooperatives had to collapse (Wanyama et al 2009). The beneficiaries of the latter status quo were opportunists like the middlemen who lowered the quality and market prices of coffee and cotton. The collapse of the cooperative unions resulted in agony amongst women while the men who could not cope with rural poverty, migrated to the cities leaving the women behind to struggle with raising the children.

The Uganda National Cooperative Policy of 2010 states its vision as 'a self-driven, vibrant, prosperous and gender responsive cooperative movement' (Majurin 2012). However, despite the commitment on paper, women's participation, membership, employment and leadership levels in cooperatives in Uganda is still below 45% (Majurin 2012). Women's inclusion and participation in cooperatives still faces limitations and yet they provide most of the labour in the cooperative industry. There is no doubt that the cooperatives of 1913-1980's were very vibrant, nevertheless, these cooperatives were gender insensitive. Because they operated at household rather than individual level, it was easier for the men to subscribe to the membership of cooperatives (Mchomvu, et al 2002, Asiimwe 2010). Although women contributed to the cooperatives by providing their labour, the cash crops belonged to men (Tamale 1999); moreover cooperatives concentrated on cash crops like coffee and cotton, which the

colonialists identified with masculinity. A study done by Asiimwe, (2010) in Central Uganda indicates that women contribute 53% of the labour for cash crops, but the decision to sell and the use of the money is made by men.

Cooperatives were marketing cash crops and targeting households (Mdhomvu, et al 2002); males (heads of households) became members, leaders and employees of cooperatives. It is ironical that a big percentage of women derive their livelihood agricultural, yet they are more involved in financial cooperatives and not the former. Although, agriculture employs about 83% of women in Uganda (NDP 2010), most support and training for purposes of increasing cash crop production benefit men. Moreover in the Ugandan setting, women must ask for permission from their husbands to go for such trainings because most men fear that their wives' exposure may compromise them into infidelity (Asiimwe 2010).

More importantly, the issue of access and control of resources like land plays even a bigger role in limiting meaningful involvement of women in cooperatives. In Uganda, property inheritance is largely patrilineal, this inhibits the women's ability to engage in cooperatives as most of them do not own property which is the main collateral for financing (Majurin 2012). Although the current national cooperative strategy largely favours financial cooperatives, the savings and credit cooperatives (SACCO) approach has not necessarily meant a positive transformation in the lives of women in Uganda. The collapse of co-operatives has resulted in less agricultural production and the Poverty Reduction Strategy Paper indicates that the failure of cooperatives contributes significantly to the deepening poverty status of the rural communities (Sizya 2001). And financial cooperatives have been able to prosper in a liberalized market than the former producer cooperatives. Financial cooperatives (SACCOs) were introduced in Uganda under the NRM government as a framework that could help the poor access credit (Kyazze 2010). Unlike producer cooperatives, SACCOs have introduced individual based membership irrespective of gender enabling many women to join. One would assume that this freedom of access would address gender issues, on the contrary, data shows that women have not yet fully realised socio-economic transformation. What seems to attract more women to SACCOS compared to agricultural cooperatives is the inequality in the ownership of land (Develtere and Pollet 2008). Women participate in SACCOs as leaders, members, and

managers. Financial institutions employ women to encourage more to join as clients (Mayoux2002); and because it is generally accepted that women are more reliable with repayment of credit, more women represent households in a SACCO (Develtere and pollet 2008). In some cases women's participation has been donor driven, for instance, in the Naggalama Cooperative Union, women are given incentives to double their loan portfolios if they register. This is a donor driven agenda to increase women's participation; albeit the use of the loan is later dictated by the men (Asiimwe 2010). To safeguard the proper use of the loan, husbands are required to guarantee the loans with family property as the collateral (Asiimwe 2010).

Unlike the tradition cooperative societies of the 1960s which offered an integrated response to socioeconomic challenges, today SACCOs are bent on making a profit through lending hence neglecting the other social benefits (Akandwanaho 2013). This limitation in SACCOs is a disadvantage to women whose need is not only profit rather a wholesome attainment of social and economic freedoms. Financial cooperatives have become market-driven (Schmidt 2010); they are managed as profitable business units competing with other private traders (Kwapong and Korugyendo 2010). They settle for marketable products; invest in quality management; and their pricing as well as interest rate policies are increasingly being inspired by the prevailing market conditions rather than state policy as was the case in the past (Wanyama 2009, Sizya 2001).

The cost of remaining competitive limits poor women from accessing SACCO services. Finance cooperatives hire professional staff to strengthen a management system that can face the challenges of a competitive market (ibid). The management increasingly show preference for a growth oriented approach in asset base, business turn-over, market share and profitability rather than helping the poor (Yeboah 2005, Tesfaye2005) in (Wanyama 2009). To effectively compete with private traders and make a profit for their members, financial cooperatives must minimize their overhead costs and yet operational costs of reaching the very poor are very high requiring them to charge high interest rates that are often prohibitive for the ordinary poor woman (Kyalisiima 2007, Johnson 2009).

The pure capitalist approach of financial cooperatives has left out a number of women that would have otherwise benefited because the women do not have

collateral for borrowing. This paper argues that there is need to rethink the focus from the impressive loan portfolio and maximisation of profits by SACCOs to the performance of the people using their services. And the state has the mandate to protect her poor citizens in this respect. For instance, in a study conducted in Tanzania, co-operative members and leaders said that government financial support was crucial to their success and pointed out that loans given to co-operatives by government through local government were charged much lower interest rates than those charged by private financial institutions (Mchomvu, et al 2002).

Short term loan repayment schedules shuts out most poor women from credits facilities; most SACCOs operate credit facilities on a grace period of between one week to one month which is a concern for most women (Mayoux 2002, Kyalisiima 2007, and Schmidt 2010). Short term loans also mean that SACCOs cannot support a long-term investment. This negatively impacts on the participation of women in agriculture whose yields take some time before being realised. This is what explains the continued subsistence agriculture amongst the women (NDP 2010). It is unlikely that a person starting business may be able to make profit in one week to start loan repayments; such an arrangement would work best for people who have alternative sources of income (Wright 1999). Moreover, in most of the financial cooperatives, members have to pay up shares and yearly membership fees, this prevents the poorest especially women from participating.

SACCOs are becoming more elitist in character and operations, leaving out most women. In effect financial services provided by SACCOs are not necessarily being accessed by the poor, but those who can afford (Wright 1999); thus excluding the very poor who are more often women (Mchomvu, et al 2002). In the end, SACCOs attract the new lower-middle classes like public servants, nurses, teachers, and business people (Develtere and Pollet 2008). Even when they reach rural areas, SACCOs tend to attract the somewhat better-off poor groups (Develtere and pollet 2008). The question that arises then is, whether financial cooperatives are poverty reducing and welfare enhancing instruments for the poor, (Develtere and pollet 2008).

Women, need systematic and long term protection from government just like farmers in Western Europe, North America and Asia who benefit from subsidies offered by their governments (Mchomvu, et al 2002). There is

an important role for the state to protect women in the cooperative movement, government needs to regulate the so called invisible arm of the market by reducing chances of exploitation. Because cooperatives have lost that control and protection from government, it becomes hard for women to receive a service that can help them get out of poverty. Currently women are more vulnerable to conditions of un-controlled SACCOs. While government intervention within former producer cooperatives was seen as; what is clear is that cooperatives of the time were more vibrant and helpful to majority of Ugandans.

The earlier cooperatives were more relevant mainly because they were owned and run by peasants and their main activity was not only buying members' and non-members' crops for export (Mchomvu, et al 2002), but also providing a range of other services which included transport, storage, inputs. Cooperatives also bought peasants' crops at a minimum price even during the years when global crop prices fell, this enabled peasants to reap from the economic power and bargaining skills of the union and gain trading profit, like that of the Asian merchants (Mchomvu, et al 2002). The loss of these auxiliary services once provided by cooperatives hit women most because many of these poor women do not have alternative means to access these services.

The strong co-operative value in which economically and socially stronger members shouldered the weak has been eroded and as such protection and solidarity were undermined to the detriment of the women (Mchomvu, et al 2002). Cooperatives were a source of solidarity and shared identity for farmers who were faced with a culturally distinct and economically hostile outside world (Young, Sherman and Rose 1981). Cooperatives did not only market farmer's produce, but provided a holistic social protection. The protection was provided in price stabilization where cooperatives protected members against fluctuating prices in the market (Mchomvu, et al 2002). Beyond price stability co-operators benefitted had some form of school fees, health, and funeral insurance; labour required for planting, weeding and harvesting was also easily mobilised amongst fellow co-operators. (Mrema 2008). Therefore, the cooperative principle of concern for the community is part of the society values that is lacking in the modern cooperatives. In an interview with women who borrow money from SACCOs, this comment was made by one of them; 'These groups (SACCOs) we are in are terrible. They do not care whether you lost your child or husband.

They continued; there is a lady who had lost her child but she was supposed to take back money that day. The group members came and said, sorry for the loss but we need our money'. This suggests that the morals, the agendas and motives of the two categories of cooperatives are quite different. One maximizes profits, while the other emphasizes identity and social development.

Although the loan guarantee service is the major service societies enjoy from SACCOs, there is need for other benefits like training, regular inspections and management advisory services, and the storage for agricultural produce which have been highly undervalued etc. (Mrema 2008). Building factories for processing agricultural produce like cotton, coffee, simsim, maize (Mchomvu, et al 2002) is no longer a concern for cooperatives, yet such services are crucial for members.

The other area that needs immediate attention is the

reinforcement of ownership, the government incumbent has been promising and giving some citizens money to set up cooperatives, this is not sustainable because the principles of cooperation emphasize member ownership. No wonder such cooperatives have. The government has perceived cooperatives as other non-government entities like NGOs which can run on their own and depend on donor money. Yet, sustainability of donor funded projects has been questioned. The timing of funding is sometimes delayed and ownership by the beneficiaries minimal because they are not fully involved in the design and development of the project proposals (Mrema 2008). Financial cooperatives have unique needs that usually go unattended. No regulatory and supervisory structure is in place. A SACCO specific law is needed (ibid). And as such, reformed cooperatives have not lived up to their expectations. Actually conditions of poverty as revealed by the Poverty Reduction Strategy Paper worsened (Sizya 2001).

## Conclusion

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This paper acknowledges that cooperatives are an important tool and do represent a significant group of poor and vulnerable. It is therefore an important project for women. Notwithstanding this fact, the current cooperative movement remains much atomized, lacking structures, regulations and specific laws. The liberalization of the economy that led to the collapse of former cooperatives has also impaired the current financial cooperatives. Cooperatives are being run with no specific laws, regulatory and supervisory structure in place.

It is acknowledged that financial cooperatives have brought women on board. Women who were originally excluded in producer cooperatives are now members of SACCOs. However, while there has been a deliberate effort to improve women's participation in current cooperatives, the patriarchal structure of power within cooperatives has not changed much. Women still do not own property to help them secure loans on their own. They still have to depend on men which render them powerless. Moreover the change that emphasized female participation seems to have been imported rather than nurtured at home. It is therefore difficult to get absorbed so easily because of

the way boys and girls are socialized. Women may not find it strategic to compete with men and may easily surrender the money they get from SACCOs.

Moreover, SACCOs have also not been as effective as former producer cooperatives because of the fact that they are operating as businesses. The government has not subsidized them to be able to provide a poor friendly service.

Because of the marketization of the service, women have been put at a disadvantage and made vulnerable to exploitation. They work under pressure to pay back the loan between one week and one month, they sometimes do not know whether they make profits given the high charges from the SACCOs and some of them quit from the SACCOs.

Women therefore need a service that is context specific and I argue that a private investor (who aims at profit maximization) is unlikely to provide such services to the core poor. The state must reclaim its autonomy and control over such cooperatives and the whole economy as a whole.

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