



INSTITUTE  
FOR SOCIAL DEVELOPMENT

#Generating Wealth Together

# PARLIAMENTARY BRIEF ON THE COOPERATIVE SECTOR IN UGANDA

SUBMITTED TO THE SPEAKER OF PARLIAMENT

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# INTRODUCTION

The Uhuru Institute for Social Development (TUI), a private sector player in cooperative-led socio-economic development believes that citizens are the drivers of development; the reason why we regularly create and avail avenues for discussion, feedback, and partnership to wheel collaborative efforts of all sector players in development.

TUI works with cooperatives, Government MDAs, development partners, NGOs, and private businesses to advance and apply the cooperative-business model in pursuit of inclusive socio-economic transformation. TUI provides and connects cooperatives to a variety of services including but not limited to; affordable financing, training, and organizational development, ICT solutions for businesses, research, media services, business networking and learning conferences, policy and advocacy, youth leadership, and entrepreneurship development with the aim of contributing to inclusive socio-economic transformation.

It is, therefore, with pleasure that we present to the Speaker of the 11<sup>th</sup> Parliament and through her to the Honorable House, a brief on strategic legislative issues affecting cooperative development in Uganda. Within the brief, we have put together consolidated messages and recommendations from cooperatives and key stakeholders gathered during the course of TUI's work through media publishing, training and business development, provision of financial solutions, and networking events in which they have always been given the opportunity to convey their appreciation and asks.

This parliamentary brief is arranged in 3 parts:

**Part 1:** The Cooperative Identity

**Part 2:** The Cooperative Petition to Parliament

**Part 3:** The Legislative Brief to Parliament.

It is our hope that this parliamentary brief will inform the House of the cooperative development milestones achieved by the government thus far, at the same time guide the next decisions and steps.



**PART 1**

**THE  
COOPERATIVE  
IDENTITY**

**NOTES:**

# COOPERATIVE IDENTITY

## Background

There is an unfortunate distortion and confusion in Uganda that SACCOs are not cooperatives and that only the traditional agricultural cooperatives qualify to be branded as cooperatives. Proponents of this distortion attempt to separate financial cooperatives (Saving and Credit Cooperatives Societies - SACCOs) from all other types of cooperatives. This distorted perception runs the risk of undermining the complementary contribution of all types of cooperatives found in all sectors to the economy. This part therefore seeks to clarify what cooperatives are, the values, ethos, and principles that guides their business culture, spirit and character..

## What is a Cooperative?

Cooperatives are universally defined as autonomous associations of persons; united voluntarily to meet their everyday economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Cooperatives are member-owned, member democratically controlled, member utilized, and member benefiting private business entities.

## What is Cooperative Identity?

Cooperative Identity is defined as the distinct character of cooperatives enshrined in their universal definition. There are seven (7) internationally recognized cooperative principles, values, and ethical values that guide their formation, operation, governance, business, character, spirit, and engagement within their ecosystem.

## Cooperative Values

Cooperatives are based on the traditional values that have been likened to the innate DNA of cooperatives, the absence of which compromises the cooperative character, resulting in malfunctions in most or all its components:

1. **Self-responsibility**:- It is each member intuitively offering leadership and service for individual and collective good. This value calls every member to do their bit to make their cooperative a success by supporting its activities and using its products and services.
2. **Self-help**:- This value is based on the belief that all people can and should strive to control their destiny. And so, in coming together to form a business, individuals pool their varying personal energies, intellect, influence, and monetary assets to make a positive difference in their economic, social and cultural well-being.
3. **Democracy**:- This is an intrinsic value of the cooperatives whose essence is a conscious decision based on free will. A conscious decision means understanding the logic and rationale of taking decisions and being aware of the possible consequences and their impact

on each member and the cooperative. Free implies no influence-peddling in the form of voter buying and bribery, any attempts to unfairly influence management and governance decisions in one's favor.

4. **Solidarity**:- Is simply strength in the union of spirit, action, and voice.
5. **Equality**:- All persons in a cooperative, irrespective of gender, talent, skill, etc. possess an intrinsic value and thus are of no greater or lesser value than anyone else. Each person is valuable without the attachment of inferiority or superiority. Each member of a cooperative is of equal value. This value is particularly significant in decision-making and governance.
6. **Equity**:- Cooperatives are embodied with fairness, yet achieving equity within these organizations is a continuing and never-ending challenge.

## Cooperatives Ethical Values

Cooperatives also believe in the ethical values of honesty, openness, social responsibility, and caring for others. In cooperatives, the importance of ethics is a notch higher than in other ordinary businesses considering that members are owners, beneficiaries, and governors of the business entity. The potential toxicity of unethical practices in the business is enough to kill the entire stream.

7. **Honesty**:- This is a very important value that is a good in itself and a means to other goods. It is an important prerequisite to continuing good relations among the members, both as the quality of and a means to human fulfillment. Honesty is the essential condition for the members experiencing and benefiting from the truth.
8. **Openness**:- This is simply transparent conduct at individual and organizational levels.
9. **Social responsibility**: - Cooperatives operate in an ecosystem where, beyond serving their members, their business must consciously consider community benefits. It refers to the cooperative accepting responsibility for and ameliorating the negative consequences for society arising from its actions and operations.
10. **Caring for Others**:- This value takes care of the soft needs of humanity, and it is embodied with love, empathy, and the ideals of ubuntu/humanism. "Do unto others what you would have them do unto you." It imposes an obligation on the entire cooperative movement and the members to act in such a way as not to cause harm or difficulty for others at all times.

## Cooperative Principles

These are guidelines by which cooperatives put their values into practice. Cooperators realize that when different people come together in a joint enterprise, their varying personalities and character traits would have to be checked and harmonized in attaining the joint needs of the cooperative shareholders through a set of tested rules enumerated below;

### **Principle 1: Voluntary and Open Membership**

Cooperatives are organisations open to all persons able to use their services and willing to accept the responsibility of membership without gender, social, racial, political, or religious discrimination whatsoever.

**Principle 2: Democratic Member Control**

Cooperatives are democratic organisations controlled by their members' active participation in policy decision-making through their general meetings, electing their leaders through one-member-one-vote, irrespective of their investment levels in the cooperative.

**Principle 3: Member Economic Participation**

Members participate through equitable contribution and democratic control of their capital in the cooperative. Part of the capital is usually allocated to the common good of the cooperative, while members receive limited compensation, if any, on capital subscribed as a condition of membership. Cooperatives are social businesses that allocate surpluses (profits) to any or all of the following purposes; developing the cooperative, part of which would be indivisible, benefiting members in proportion to their transaction with the cooperative, and supporting other activities approved by the membership.

**Principle 4: Autonomy and Independence**

Cooperatives are autonomous self-help organisations controlled by their members. Any agreements signed with other organisations or external capital raised to support their businesses must not undermine democratic member control and the cooperative's autonomy.

**Principle 5: Education, Training, and Information**

Cooperatives provide education and training for their members, elected representatives, leaders, managers, and employees and regularly inform the general public, especially the youth and opinion leaders, about the nature and benefit of the cooperative.

**Principle 6: Cooperation Among Cooperatives**

Cooperatives serve their members most effectively by cooperating with other cooperatives through local, national, and international structures, solidarity actions to promote business and defend their members' rights.

**Principle 7: Concern for Communities**

While focusing on their members, cooperatives work for sustainable development through policies approved by their members.

Globally, 1 out of 6 people is a Cooperator, in over 2.6 million cooperatives. Cooperatives employ 10% of the employable world population, hold assets worth over US\$20 Trillion, and generate an average of US\$ 3Trillion in annual revenue. Cooperatives hold about 10% of the global GDP, 20% of New Zealand, 18% of Netherlands, 18% of France, Finland 14%, and 45% of Kenya, but only 2.68% of Uganda's GDP. Agricultural cooperatives hold 36% of India's fertilizer market; China's cooperatives hold 60% cotton market, 68% of agro-processing, and 80% of the tea market. Cooperatives own and maintain 42% (2.7 million miles) of U.S. electric distribution lines, 6.3% of the grocery market in the UK is owned and run by the Cooperative Group UK Ltd. Cooperatives are registered in all sectors of Uganda's economy e.g., food, water, education, health, housing, electricity, consumer, fisheries, agro-producers, agribusiness, finance (SACCOs), consumer etc.



**NOTES:**

**PART 2**

**THE  
COOPERATIVE PETITION  
TO PARLIAMENT**

**NOTES:**

# COOPERATIVE PETITION 2016

## Background

Supported by ActionAid and The Uhuru Institute for Social Development, and led by the Uganda Cooperative Alliance, cooperatives of Uganda presented a Ten Point Petition to the Speaker of Parliament on 28<sup>th</sup> June 2016. The prayers of this petition are detailed below:

## Preamble

Whereas the cooperative movement has had various challenges, in recent years there has been an increase in the formation and registration of cooperatives. To date, over 16,000 cooperatives have been registered and some old societies that were on the verge of total collapse have weathered through and are in the process of full recovery. Some of these scores are due to deliberate government interventions like the promotion of Savings and Credit Cooperatives (SACCOs) as well as attempts to address the legal and regulatory hiccups in the sector. Albeit the cooperative movement continues to limb due to unresolved issues such as an unclear legal and regulatory framework, unaffordable financing for medium- and long-term investments, and a weak cooperative education system amongst others. This situation is an opportunity for the government and cooperators to steer the cooperative movement as the main player in achieving Uganda's vision of 2040 and the UN Sustainable Development Goals.

It is against this background that a team of cooperators and civil society actors initiated nationwide consultations with cooperatives to generate priority issues that must be expeditiously addressed over the coming 5 years to enable the cooperative movement to flourish. The consultation teams facilitated participatory hearings with cooperators in Kabale, Mbarara, Masaka, Kasese, Bundibugyo, Fort Portal, Kibaale, Mityana, Mukono, Iganga, Tororo, Mbale, Soroti, Dokolo, Arua and Zombo. All these hearings were hosted in cooperative premises and the final national consultation was held at the Uganda Cooperative Alliance Conference room on the 23rd of June 2016.

Herein are the prayers of the cooperative movement to the Parliament of the Republic of Uganda:

### **1. Fully-fledged and Well-funded Independent Ministry of Cooperatives**

We acknowledge and commend government efforts towards the revival of the cooperative movement and the recognition of the cooperative agenda through an appointed Minister of State and a Department of Cooperatives in the Ministry of Trade, Industries and Cooperatives. We however want to bring to your notice that the Department is poorly staffed and grossly underfinanced resulting in its inefficiency in meeting the demands of the ever-growing cooperative sector. Moreover, the business of cooperatives requires a customized appreciation and understanding of the cooperative way of working. Notable is the fact that each district has only one Commercial Officer often without technical training in cooperatives and therefore unable to perform the supervisory, monitoring, and auditing functions that are prescribed for a Commercial Officer under the Cooperative Act

Cap 112. A fully-fledged Ministry of Cooperatives would deliver the much-needed regulatory and oversight support at all levels leading to more organized entities cutting across various sectors such as transport, agriculture, housing, marketing, finance, value addition, processing, etc. This would, in turn, steer the faster economic organization, sustainable growth, and development delivering Uganda to middle-income status.

**PRAYER #1:**

We, cooperators of Uganda, pray that the 10<sup>th</sup> Parliament causes the establishment of a fully-fledged, well-funded independent Ministry of Cooperatives with cooperative professionals and functional structures right from the sub-county to the national level.

## 2. The Cooperative Development Fund

We salute the Government of Uganda for the several efforts made in promoting business growth in Uganda. Several facilities like Entandikwa, Bona Bagagawale, Youth Livelihood Fund, and the Agricultural Credit Facility, etc. have been rolled out with very limited impact on the growth of the rural people's livelihoods and cooperative movement which if boosted would mobilize more Ugandans into higher production and productivity levels. 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. Unlike the first cooperatives that were largely linked to the agricultural sector, cooperatives in Uganda today have evolved to engage in various business ventures like real estate, mining, passenger and goods transport, energy production, and road construction. Such long-term investments necessitate huge capital that is required for large-scale and often high-risk investments which many of our cooperatives cannot afford for now.

**PRAYER #2:**

We cooperators of Uganda pray that the 10th Parliament causes the creation of a Cooperative Development Fund that would avail funds to be managed by the cooperatives for cooperatives through Uganda Central Cooperative Financial Services (UCCFS) and offered at a subsidized interest rate.

## 3. Cooperative Regulatory Authority

The government of Uganda is highly applauded for its commitment to putting in place some of the best policies and laws that guide the operation of different sectors. The cooperative department for example operates under the Cooperative Societies Act Cap 112, the Cooperative Societies Regulations 1992, and the National Cooperative Policy 2011. The Cooperative Act Cap 112 is under



amendment and once finalized will be a better law. With the laws in place, the department of cooperatives is expected to continue with its implementation role yet there is astounding evidence that this arrangement may be futile as the cooperative movement has seen most of its legal and regulatory issues unresolved. This situation is not unique to Uganda, in fact, our neighbors like Rwanda, Ethiopia, and, Kenya have addressed those challenges by creating specialized institutions to supervise and regulate the operations of cooperatives.

The cooperative movement in Uganda equally requires such specialist institutional arrangements that;

1. Register and license cooperatives based on accepted principles, standards, and laws
2. Supervises specialized cooperative-based training in order to improve the quality of services provided to cooperatives
3. Apprehends those that have undermined the cooperative laws
4. Spearheads the audit and supervision of cooperative businesses
5. Ensure the implementation of the cooperative laws in line with other supporting laws
6. Causes the closure of cooperatives that do not comply with the cooperative laws
7. Contributes to the planning of the cooperative sector
8. Facilitates business-to-business networking amongst cooperatives in the world.

#### **PRAYER #3:**

It is therefore our prayer that the 10<sup>th</sup> Parliament of the Republic of Uganda legislates over putting in place the Cooperative Regulatory Authority with the roles prescribed above.

## **4. Revamping the Cooperative Education Sector**

The growth of strong and self-sustaining cooperatives will largely depend on well-informed cooperators and the availability of competent human resources to manage, guide, and steer cooperatives. Unfortunately, this is not the case in Uganda today, as competent cooperative managers are not readily available on the market and there is limited financial and professional capacity within the existing cooperative colleges in the country. As a result, many Ugandans have opted to use the services of Moshi Cooperative University in Tanzania to further their cooperative skills. A new cooperative education policy framework would require the following:

1. An increase in financing towards professionalizing cooperative education
2. The movement of the cooperative colleges currently under the Ministry of Education back to a reestablished Ministry of Cooperatives
3. The facilitation of an emergency training of a core team of cooperative professionals who will spearhead curriculum development and the reestablishment of cooperative extension services in Uganda

4. The organization of sustained grassroots cooperative training for primary societies.
5. Revision of the current cooperative curriculum with a view of improving the quality of professional cooperative education in Uganda.
6. Integration of cooperative education in Uganda's national education curriculums at all levels
7. Establishment of a national center of excellence in cooperative management under a partnership of Uganda Cooperative Alliance (UCA), MTIC, and the academia.

**PRAYER #4:**

We, therefore, pray that the Parliament of the Republic of Uganda causes the revamping of cooperative education with the qualities prescribed above.

## 5. The Defunct Cooperative Bank

The Cooperative Bank Limited was started in 1964 to provide financial services to cooperatives. However, on 20th May 1999, it was seized and closed by the Bank of Uganda. The closure of the bank dealt a very big blow to the cooperative movement and actually sent it to limbo for some time. Nevertheless, the cooperative movement has gradually recovered from its past, with hard work of its membership, determination of our leaders, and some support from well-wishers, including the government. However, the financing arm of the cooperative movement is not as strong as it was in the past let alone being rather uncoordinated and disjointed. Recent dialogues between cooperatives have revealed our need for pulling our resources to establish a new cooperative bank in which various cooperatives buy shares to establish the necessary capitalization of the new member-owned Cooperative Bank. To achieve this dream, we require that we draw lessons from the history of the defunct cooperative bank, and to enable us to determine the best modalities for establishing the new cooperative bank. This means that we would benefit from transparent information sharing with the view of putting this important history of the defunct cooperative bank behind us and we move on once and for all.

**PRAYER #5:**

We, cooperators, pray that the 10th Parliament of the Republic of Uganda causes the Bank of Uganda to present to the floor of Parliament the liquidation report of the defunct Cooperative Bank to help cooperatives ascertain the current financial position of the debtors, creditors, shareholders, and any other stakeholders to date.

## 6. Cooperative Societies' Amendment Bill 2015

We have taken note of the fact that the Cooperative Societies' Amendment Bill 2015 was listed among the bills that have to be debated in the 10<sup>th</sup> Parliament. It is important to note that the process of amending the 1991 Cooperative Act started as early as 2004 and it is only last year 2015 that it was presented in Parliament. In the meantime, the cooperators continue to suffer because of specific weaknesses in the current law for example financial cooperatives cannot take their loan default cases to courts of law because of the ruling of the high court by Justice Andrew Bashaija on the 30<sup>th</sup> May 2012; "matters concerning SACCOs should first go for arbitration before they are forwarded to court." This has frustrated many cooperators and undermined the potential recruitment of new cooperators seriously weakening the growth and development of the cooperative sector. It is our appeal that the amendment process is treated in an expeditious but careful manner.

### **PRAYER #6:**

It is our prayer therefore that the 10th Parliament gives the Cooperative Societies' Amendment Bill 2015 the priority it deserves and expeditiously debates and passes the necessary amendment with the primary objective of increasing the integrity of the cooperative movement, promoting the quality of services, security of cooperators' investments and the growth and development of the cooperative movement in Uganda.

## 7. East Africa Community Cooperative Societies Bill 2014

As part of the efforts to prepare the cooperative movement to take advantage of the opportunities in the regional integration process, the cooperators in Uganda under the leadership of Uganda Cooperative Alliance (UCA), Ministry of Trade Industry and Cooperatives (MTIC), Uganda National Farmers Federation (UNFFE) and the National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE) working closely with the Ministry of East Africa Community Affairs took an active part in the development of the above-mentioned bill. The private members' bill under the stewardship of our very own Hon. Mike Sebalu was passed by the EALA in 2014. To date, we have been informed that the bill was signed by the Heads of State of Kenya, Tanzania, and Rwanda.

### **PRAYER #7:**

It is therefore our humble appeal through the office of the Hon. Speaker of the 10th Parliament as representatives of the people, that the President of the Republic of Uganda urgently assents to the bill.

## 8. Parliamentary Committee on Cooperatives

Honorable Speaker, in the recently concluded Presidential and Parliamentary Elections, the revival and revitalization of the cooperative movement in the country were very prominent. As cooperators, we think that this is long overdue and we take this opportunity to thank all of you for having put faith in an already tested and approved development model. At this point, we also find it necessary to have a standalone committee in Parliament to act as a home or/ and channel for all cooperative development-related issues. In the past, we have been moving from committee to committee depending on the kind of issues we had.

### **PRAYER #8:**

We, therefore, pray that the 10th Parliament of the Republic of Uganda urgently considers the establishment of a Parliamentary Committee on Cooperatives where all our concerns will be channeled.

## 9. Taxation of Cooperatives

Cooperatives continue to play a pivotal role in agricultural transformation through increasing production and productivity levels, enhancing value addition, and providing affordable financing. SACCOs specifically provide agricultural finance to even those that may be relegated by commercial banks as unbankable. Despite this pertinent role of cooperatives in spurring development, the government of Uganda has continued to tax cooperatives under the Income Tax Act which treats cooperatives just like private companies. Cooperatives are subject to a number of taxes including corporation tax of 30%, 15% withholding taxes on dividends, 15% withholding tax on interest on members' deposits, and stamp duty of UGX 5,000 on every loan agreement exceeding UGX 3 million. Because cooperatives majorly generate their incomes from their membership levying withholding taxes on members' dividends after corporation tax would be double taxation, unlike companies that generate incomes from the general public. Lessons from countries like South Korea, Thailand highlight a need for a specific tax regime for the cooperative movement in order for it to play an instrumental role in promoting equitable development.

### **PRAYER #9:**

It is our prayer that the 10<sup>th</sup> parliament, causes the amendment of the Income Tax Act such that a special tax regime for cooperatives is established to spur Uganda's growth to middle-income status.

## 10. Compensation for War and Policy Change Losses

It is public knowledge that all cooperatives in Uganda lost dearly to political conflict and wars. And even more due to their unpreparedness to cope with the demands of privatization. To deal with this concern, some cooperators have opted for long-drawn court processes against the government. Whatever method has been adopted by various cooperatives the results have been scattered and disjointed with varying levels of success. Eventually, some cooperatives have received partial or full payments, but most members do not even know the status of these compensations awarded to their cooperative unions. We are also aware that most, if not all cooperative unions have upon government request presented claims lists of property, capital such as land, finance, stock, and human resources losses for compensation. In our recent consultation meetings, it was agreed that we are better working together to harmonize the process and status of compensations based on the recent claims and the preparations by the government to send verification teams to establish the correctness of these claims. Eventually, every genuine cooperative claim must be settled transparently, efficiently, and in a timely manner.

### **PRAYER #10:**

We, therefore, pray the 10<sup>th</sup> Parliament of the Republic of Uganda takes a keen interest in the compensation processes, including negotiations, the final agreement, and settlement between every Cooperative Union and or Cooperative Society involved and the government of the Republic of Uganda. Such keen interest may include demanding that the responsible Minister provides regular reports to Parliament on the status of compensation until all cases are concluded to the satisfaction of all parties involved.



**NOTES:**

**PART 3**

**LEGISLATIVE BRIEF  
TO PARLIAMENT**

**NOTES:**

# LEGISLATIVE BRIEF

## Background

In June 2016, Ugandan cooperatives representatives' presented to the Speaker of the 10th Parliament a 10-point Petition to enable the revitalization of the cooperative sector in Uganda. This petition was premised on the need to communicate the priority strategic interventions and investments the government needed to make for the cooperative movement to play its role as the engine for Uganda's socio-economic transformation.

Since then, there are now over 30,000 registered cooperatives representing over 15 million people and still counting. The government of Uganda through the National Planning Authority identified cooperatives as the engine of Uganda's socio-economic vehicle.

This brief specifically provides what has been done by the Executive, and Parliament of Uganda to respond to the 10-point cooperative petition prayers and makes recommendations on what still needs to be done to enhance the growth of viable, resilient and sustainable cooperatives in Uganda: -

## Section A:

### COOPERATIVE LEGISLATION

#### **Petition 6: Prioritize Cooperative Societies' Amendment Bill 2016**

Before completing the amendment of the Cooperatives Societies Act Cap 112, 1991, the government of Uganda through the Ministry of Finance, Planning, and Economic Development with support from the World Bank, established the Uganda Microfinance Regulatory Authority (UMRA) to co-regulate and supervise the financial cooperatives (Savings & Credit Cooperative Societies) alongside the Ministry of Trade, Industry and Cooperatives. This was achieved by enacting the Tier 4 Microfinance and Money Lenders Act 2016. Under this act, financial cooperatives (Savings & Credit Cooperative Societies- SACCOs) with a threshold of more than UGX 500 million in shareholding and turnover of over UGX 1 billion are required to be regulated and supervised by the Bank of Uganda.

Notably, in 2019 the 10th Parliament passed the Cooperative Amendment Bill which the President assented to in February 2020 thus the enactment of the Cooperative Societies Amendment Act 2020. Unfortunately, the existence of the Tier 4 Microfinance and Money Lenders Act and Cooperative Societies (Amendment) Act 2020 has duplicated the roles of the Uganda Microfinance Regulatory Authority and that of the Department of Cooperatives. This is a real challenge for financial cooperatives in particular which are now at crossroads due to the costly double supervision and regulation because all the laws above provide for almost the same compliance demand (annual reports, annual audits, statutory cooperative fund deductions, etc.)

On the 1st of April 2021, a number of provisions that had been maintained within the Cooperative Societies (Amendment) Act 2020 were declared null and void in the ruling on the Constitutional Petition 46 of 2012 (Nandala Mafabi & 3 Others Vs Attorney General) by the majority 4 constitutional judges Lady Justice Hellen Obura, Kenneth Kakuru, Stephen Musota, Remmy Kasule as follows: -

1. *Sections 6(3), 22(1), 24(2) & 3, 43(1), 45 and 52(3), (4), (5) & (6) of the Cooperative Societies Act as null and void on the account that they were inconsistent with and contravene article 40(2) of the constitution.*
2. *Sections 8, 9(6) & (7) and 15, 43(1) and 46(2) of the Cooperative Societies Act are null and void on the account that they are inconsistent and contravene articles 29(1) b and 40(2) of the constitution.*
3. *Sections 4(2) and 29(b) of the Cooperative Societies Act, are neither inconsistent with nor contravene articles 29(1) (b) and 40(2) of the Constitution.*
4. *Sections 43(1) and 46(2) of the Cooperative Societies Act are null and void on the account that they are inconsistent and contravene articles 29(1) (b) & (e) and 40(2) of the constitution. Justice Christopher Madrama dissented ruling 1,2 and 4 but agreed with ruling 3 above.*

**Petition 7: Parliament appeals to the President of the Republic of Uganda to assent to the East African community Cooperative Societies' Amendment Bill 2014**

To date, the president of the Republic of Uganda has not yet assented to the East African Community Cooperative Societies' Amendment Bill 2014.

**Petition 8: Establishment of a Parliamentary Committee on Cooperatives where all our concerns will be channeled**

Till now, cooperatives have not been clearly demarcated by a committee of Parliament, instead, cooperative issues are being handled by the committee on Trade, Tourism, and Industry. This committee has never been reconstituted to align with the mandate of the Ministry of Trade, Industry, and Cooperatives with the risk of members not giving priority to the component of cooperatives.



**WE RECOMMEND THAT:**

1. Parliament urgently considers initiating a review of the Tier 4 Microfinance and Money Lenders Act 2016, Cooperatives Societies Act Cap 112 1991, Cooperative Society (Amendment) Act 2020, and the Microfinance Deposit-Taking Institutions Act 2012 to take care of the ruling on Constitutional Petition 46 of 2012, to harmonize and simplify compliance, promote growth, reduce double layers of reporting, financial obligations, so as to avoid stagnation of cooperatives growth.
2. Specific attention must also be paid to Sections 73-76 of the Cooperative Societies Act which provides for compulsory arbitration as the civil dispute resolution mechanism for all cooperatives. A number of provisions conflict with the Arbitration and Conciliatory Act 2004. While special provisions can be made in law, there must be no conflict and ambiguity which instead creates confusion in the long run.
3. The regulations for the Cooperative Act (Amendment) 2020 be fast-tracked so as to guide the action of the government and that of cooperatives.
4. Parliament considers the modifications of her sectoral committees to enhance content quality for cooperative-focused legislation thus:-
  - Committee on Trade, Industry, and Cooperatives.
  - Committee on Tourism, Wildlife, and Antiquities.
5. Parliament of Uganda should collaborate with the East African Legislative Assembly to fast track the ratification of the East African Community Cooperative Societies Bill 2014 by Uganda, as this will enhance cooperation amongst cooperatives within the region.

**Section B:****COOPERATIVE REGULATION & SUPERVISION****Petition 1: Establishing a Fully Fledged Ministry of Cooperatives**

Although the sector was not granted a fully-fledged ministry, the President of Uganda appointed the Minister of State in Charge of Cooperatives.

**Petition 3: Creation of a Cooperative Regulatory Authority**

To date, the government of Uganda has continued to regulate and supervise cooperatives through the Department of Cooperatives under the Ministry of Trade, Industry, and Cooperatives, Uganda Microfinance Regulatory Authority (UMRA), and the Bank of Uganda under the Ministry of Finance Planning and Economic Development.

Although Bank of Uganda and UMRA's licensing function is a necessity for all financial institutions, including financial cooperatives (Savings & Credit Cooperative Societies), the double compliance and financial demands from the department of cooperatives, UMRA, and Bank of Uganda is a

disincentive to cooperatives and might instead stunt these member-owned, member-controlled, member used, and member benefitting joint enterprises.

More so, the Department of Cooperatives is understaffed, underfinanced, and lacks an efficient digitalized monitoring system to effectively supervise and regulate a fast-growing cooperative sector. Moreover, the recent policy decision of the government has brought in additional Emyooga SACCOs, and 10,595 Parish-Based SACCOs of the Parish Development Model as in table 1 below, increasing additional pressure on the internal capacity of the MTIC's Department of Cooperative Development to monitor, supervise, regulate, and support cooperative development in Uganda.

**Table 1: Cooperative Type and Growth Trend 1986 – 2021**

TYPE	1986	2010	2015	2021
EMYOOGA	-	-	-	6678
SACCOs	93	3593	6563	11,770
Agricultural Marketing	4859	6304	7295	10,728
Transport	58	87	254	469
Dairy	14	185	287	351
Housing	12	32	51	97
Energy	0	7	19	26
Fishing	18	38	51	103
Mining	0	0	6	13
Area Cooperative Enterprises	0	65	91	143
Unions	308	562	777	1,121
Multi-purpose	33	57	84	148
Others	56	90	111	75
<b>TOTAL</b>	<b>5,451</b>	<b>11,020</b>	<b>15,583</b>	<b>31,733</b>

Source: MTIC Cooperative Department Database

**WE RECOMMEND THAT:**

6. Parliament considers it prudent to restructure the Office of the Registrar/ Commissioner Cooperative Development into two important offices at the level of commissioners in order to enhance their support quality for cooperative development, and cooperative regulation, as bulleted below:-
  - Registrar of Cooperatives whose role will focus on cooperative registration, compliance monitoring, and enforcing regulation.
  - Commissioner for Cooperative Development whose role will focus on cooperative capacity development, cooperative education, and innovations, cooperative extension services, expanding cooperative business opportunities and market access.
7. Parliament appropriates adequate budgetary resources for:-
  - Digitizing all operations systems development, cooperative monitoring, supervision, regulation, and efficient functionality of the department of cooperatives.
  - Costs of recruitment, training, continuous coaching, and mentorship of technical staffing at the department of cooperatives in the MTIC, District Cooperative Officers, and Cooperative Extension Assistants, as provided for in the Cooperative Societies Act (Amendment) 2020.
8. Parliament works with the cabinet to increase and harmonize support to the cooperative sector between MTIC, MFPED, MAAIF, MGLSD, and MOLG as key ministries but also note that all sectors have cooperatives operating in them.

**Section C:****COOPERATIVE FINANCING****Petition 2: Establishment of a Cooperative Development Fund**

The government added more funds to the Agricultural Credit Facility which is available through Uganda Development Bank, Commercial Banks, and Microfinance Deposit-Taking Institutions. In 2019 and 2021, the Emyooga Presidential Initiative for Job Creation and Parish Development Model were launched respectively. Both programs are intended to finance Ugandans in artisan and agribusiness ventures using financial cooperatives (SACCOs).

**Petition 5: Causing Bank of Uganda to share a liquidation report**

The public is yet to obtain the liquidation report from the Bank of Uganda, on the defunct Cooperative Bank, which closed in May 1999. Section 44A of the Cooperative Act (Amended) 2020 provides for the Cooperative Bank which now compels GoU to drive re-establishing the bank. No Cooperative Development Fund has been established yet.

### **Petition 9: Amendment of the Income Tax Act to establish a special tax regime for cooperatives**

In the financial year 2017/18, the financial cooperatives (SACCOs) were granted a 10-year income tax holiday to enable them to grow their reserves and expand to several more Ugandans.

Nonetheless, cooperatives engaged in other businesses like agriculture and trade amongst others were not given consideration in the tax holiday, making the SACCO tax holiday rather discriminatory.

### **Petition 10: Streamline the war loss compensation of cooperatives in a manner that ensures equality, equity, and accountability**

In 2019, the government started the compensation of cooperatives, particularly cooperative unions by establishing a claims verification committee and releasing monies for the same. Over 10 verified unions have been partly compensated, a situation that will further delay the recovery of the cooperatives which had already waited for over 30 years for the compensation.

#### **WE RECOMMEND THAT:**

9. Parliament considers initiating an impact audit of the ongoing compensation of Cooperative Unions that lost capital, human resources, and finances in previous wars, to ensure value for money and inform future war reparations policy of citizen formations like cooperatives. For example, one of the investments unions can make in the primary societies is financing the demarcation, registration, and titling of land owned by the primary cooperative.
10. Parliament takes interest in the revival of the Cooperative Bank provided for in Section 44A of Cooperative Societies Act (Amendment) 2020, to determine whether the Cooperative Bank to be revived will be co-owned by GoU and the cooperatives? This should also determine how much the GoU can invest in the Cooperative Bank.
11. Parliament considers recommending to GoU that in line with the ongoing strategy of streamlining MDAs, it may be prudent that all future investments in cooperatives be channeled through a Cooperative Development Fund in the revamped Cooperative Bank to strengthen monitoring, accountability, and impact.
12. Parliament considers conducting an impact assessment of the GoU, 10 years Corporate Tax holiday granted to SACCOs in 2016, to inform future policy decisions.

## **Section D:**

### **COOPERATIVE EDUCATION**

#### **Petition 4: Revamping Cooperative Education**

The Cooperative Societies Act (Amendment) 2020 has moved all the cooperative colleges from the Ministry of Education back to the Ministry of Trade, Industry and Cooperatives, (MTIC) and also

established a Cooperative Education Fund in MTIC.

Tororo Cooperative College is using the old Tororo District Farm Institute premises but has now acquired some 30 acres of land to build their new college premises. Tororo Cooperative College has only 5 staff including the principal on the government payroll. The rest of the staff are paid by revenue from privately sponsored students.

The Kigumba Cooperative College buildings need urgent refurbishing, part of the college land was appropriated to the Uganda Petroleum Institute.

A number of both government and private universities and tertiary institutions of education in Uganda have adopted cooperative education as a module in their Development Studies Course or set up stand-alone cooperative departments. These efforts need consolidation and standardization such that the over 15 million cooperators in Uganda can enjoy the quality and professional training and education that makes them competitive and market-ready.

**WE RECOMMEND THAT:**

13. Parliament appropriates budgetary resources to Cooperative Colleges at Kigumba and Tororo to facilitate urgent refurbishing of college building infrastructure and human resource development.
14. Parliament appropriates budgetary resources for the review and update of the National Cooperative Education Curriculum that responds to the current market demands.

## **Section E:**

### **NRM PARTY MANIFESTO 2021-2026**

Like all other political parties with MPs, the NRM Party specific commitments in her 2021-2026 election manifesto that Parliament needs to take and follow up for executive accountability. In particular, the ruling NRM Manifesto 2021-2026 committed to revamping the 35 traditional cooperative unions over the next five years. Moreover, the President of Uganda recently launched the Parish Development Model that will deliver an additional 10,595 parish-based SACCOs, with the potential of creating a cooperative-led socioeconomic transformation in Uganda. Most of the “traditional” cooperative unions’ infrastructure still exists with offices, stores, factories, and primary cooperative societies in place. The primary cooperative societies of these unions equally have their land, with produce stores standing on them. But the majority of the said primary societies especially in Eastern and Northern Uganda do not have land titles for these pieces of land, although their land has been protected by their communities to date.

**WE RECOMMEND THAT:**

15. Parliament considers recommending that Cabinet prioritizes revamping the primary cooperative societies of the 35 Cooperative Unions by allocating investment towards their community mobilization training because there is no strong cooperative union without strong primary societies.
16. MPs support district mobilization meetings to explain the importance and potential of revamping the 35 traditional cooperative unions in improving household income, delivering inclusive equitable socio-economic transformation, and why it is in the interest of all communities to actively support the GoU in this Nobel cause.
17. Parliament appropriates budgetary investments for:-
  - online profiling of all primary societies and their members into a national cooperative database and reporting system.
  - digitalization of the cooperatives sector by providing or subsidizing the cost of acquiring digital infrastructure and equipment (computers, printers, scanners, routers solar power, etc.), for effective record keeping.
18. In the Parish Development Model, Parliament considers supporting the utilization of already existing primary cooperative societies of these cooperative unions, to establish Parish-Based SACCOs instead of setting up new ones altogether. And where there are no primary cooperative societies, new ones can be facilitated to register and established as part of the district mobilization processes.

## Conclusion

We thank the 11<sup>th</sup> parliament for giving the public audience to be a part of shaping decisions that matter to their wealth and wellbeing.

Cooperatives are a distinct business with the capacity and potential to contribute to the business, social, and environmental impact which is much needed in the world today.

We look forward to working with Parliament through the relevant sectoral committee to find lasting solutions and innovations that will enable cooperatives to practically drive Uganda from a peasant to a modern agro-industrialized economy.



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