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The status of the cooperative movement in Uganda and lessons from the application of the cooperative principles by the Uganda Kolping Society's Self Help Groups (Kolping Families)

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Abstract

This paper highlights the status of the cooperative movement in Uganda and draws lessons from the application of cooperative principles in the operations of the Uganda Kolping Society. The success of the Uganda Kolping Society approach is documented. The paper concludes that Kolping and cooperatives approach to member issues guarantees success of its members. Whenever people come together they get stronger and achieve much more than when they act individually.

Key words: Cooperative movement, Kolping Society, Uganda

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Introduction: History of Cooperatives

Robert Owen (1771–1858) is considered as the father of the cooperative movement. Owen believed in putting his workers in a good environment with access to education for themselves and their children. These ideas were put into effect successfully in the cotton mills of New Lanark, Scotland. It was here that the first co-operative store was opened (for a discussion on this see <https://en.wikipedia.org/wiki/Cooperative#Origins>).

He had the idea of forming "villages of co-operation" where workers would drag themselves out of poverty by growing their own food, making their own clothes and ultimately becoming self-governing.

He tried to form such communities in Orbiston in Scotland and in New Harmony, Indiana in the United States of America, but both communities failed. Thus, whereas Robert Owen was successful in one way, he failed to spread his ideas to other areas of Scotland and the USA.

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The Cooperative Movement in Uganda

The Cooperative Movement, which has been in Uganda for a century is very much alive with many Ugandans in the different sectors, especially farmers benefitting from them (Nakakande 2016). Co-operatives play an important role in the socioeconomic development through the creation of jobs, improvement of member income, enhancement of agricultural production and productivity, the promotion of value addition and social stability.

Because of their contribution towards improving household incomes and wealth creation, the Government has prioritised the revitalisation and development of co-operatives. Majority are Savings and Credit Cooperative Societies (SACCOs) and Agricultural Marketing cooperatives.

Government has encouraged the formation of Savings and Credit Cooperative Societies (SACCOS) enabling increased outreach and access to financial services especially in rural areas.

To ease access to finance by cooperatives, Government put in place a special fund at the Micro Finance Support

Centre, out of which they can borrow at favorable rates. Commercial and agricultural loans attract interest rate of 13% and 9% respectively.

The Uganda Kolping Society’s Cooperative Model

The Uganda Kolping Society (UKS) has adopted a cooperative model to manage their self-help groups. Through these Self Help Groups UKS operates a Savings and credit Scheme; while the Staff are organized into a Kolping Staff United SACCO (KUSS). This Paper based on experience and administrative reports, attempts to relate the principles of the cooperative movement with the work of the Kolping Society in Uganda.

The Content reflects actual facts and figures of an organisation that has over the years endeavored to make the world a better place to live through promoting a family-like community of members who voluntarily come together to form Kolping Families, cooperate with each other to realize integral development.

I use the terms Kolping Family and Self Help Groups interchangeably.

The Application of the Cooperative Principles by the Kolping Families

Background and governance of UKS: Uganda Kolping Society (UKS) is a Ugandan 40-year old Catholic Social Action Association and a member of the Kolping International founded by Fr. Adolph Kolping (1813-1865) with headquarters in Cologne Germany.

In 2017 UKS marked multiple anniversaries namely the 40th Anniversary, since the foundation of the first Kolping Family at Munteme Parish in Hoima Catholic Diocese on 4th December 1977; 35 years since registration as a national organization by the International Convention at Innsbruck, Austria and 25 years of partnership with the Diocesan Kolping Society of Muenster, Germany.

UKS exists in 17 Catholic Dioceses in Uganda and her Head Office is located in Hoima Municipality, Hoima District. It operates at national, regional, diocesan and local levels (Figure 1).

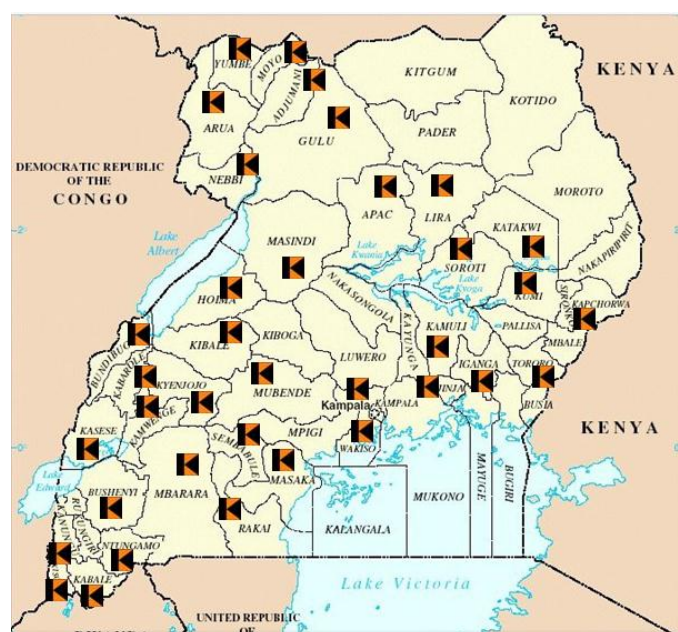


Figure 1: Map showing location of Kolping Families and Kolping Activities in Uganda

For the period (2015 to 2017) UKS focus was on promoting savings and credit, improving agriculture and environmental protection among the self-help groups, vocational training for the underprivileged youth and Institutional Capacity building for better service delivery.

UKS contributes to the reduction of poverty through the promotion of integral development of Self Help Organizations (SHOs) Individuals, Households, Families and Communities in Uganda through integrated self-help activities with the aim of making the world a better place to live in.

The mandate of Uganda Kolping Society lies in giving opportunity for better life by improving livelihoods through hard work and self-reliance.

Governance: The supreme organ of UKS is the National Convention which convenes once every two years. Every four years the National Convention elects the National Board of Directors. The current National Board was elected in December 2016.

UKS has a vision to be the leading development organization in Uganda, with steadily growing membership, promoting integrated self-help activities, with the aim of making the world a better place to live in. It is a family-like community NGO, working with communities in Society, Church and State, providing technical support towards self-help and spiritual renewal for integral development, with values embedded in the Christian social doctrine, marriage and family, and the teaching of Father Adolph Kolping.

It is guided by the following core values: quality services, learning and education, self-reliance, transparency and

accountability, Christian virtues, culture and recreation, partnership, and teamwork all intended to meet a common goal through networking and solidarity with partner agencies.

UKS subscribes to the seven cooperative principles. This is reflected in its membership recruitment and operations as summarized below:

- i. Membership to the Kolping Society is open to Catholics willing to work for the members' common good (voluntary and open).
- ii. Kolping is a democratic association offering equal opportunities to all its membership. That's why we regard ourselves as self-help organisation (democratic member control).
- iii. Members contribute membership subscription and regular savings to the micro credit scheme and other project activities (member economic participation).
- iv. By Constitution and practice the Kolping Society is autonomous from the Church hierarchy and as a corporate entity transacts its business as such (autonomy and independence).
- v. Kolping is an education, action oriented organization (education, training and information).
- vi. Kolping is a Family-like organisation where persons operate in close cooperation and solidarity (cooperation among cooperatives).
- vii. The Kolping Society operates on four pillars: Marriage and family, Work and Profession, Church, Society and State as well as Culture and Recreation with the aim of making the world a better place to live in (concern for community).

Arguably, the Cooperative Movement and Kolping Society are akin to each other in principle and practice. I will illustrate this assertion by use of some key activities

of the Kolping Society amongst its Kolping Families (Self-Help Groups).

The UKS savings and Credit Scheme

The UKS Savings and Credit Scheme was started following a UKS National Convention resolution of December 1998. This was in response to challenges of limited resources for investment as well as the long term aim for integral development.

It has two primary objectives: (i) to create a revolving fund for the members' financial needs (running capital at reasonable and affordable terms) and develop skills and competences in savings and credit and (ii) to enable Kolping Families and UKS improve the standards of living in the Kolping Families through self-help efforts and in the long run attain self-reliance.

Operationally, the following area the guiding principles:

- a) Group members agree on the amount to be saved per week or per month; the interest rate and repayment period.
- b) National Office provides training and top up loans to groups with sound leadership and viable Savings and Credit Schemes.

- c) Top up loans range from Uganda shillings 3,000,000/= to 10,000,000/= repayable within one year.
- d) Savings and credit operations are managed in accordance with written guidelines; passbooks cashbooks, ledger cards, receipt books, payment vouchers and minute books.
- e) Loans are given to saving members. To benefit from the Scheme a member must have attended meetings and saved for at least four consecutive months.
- f) Approval of loans is based on Character, collateral and how active an applicant is during monthly meetings.
- g) Repayments are done to the Treasurer of the Kolping Family who also makes a report to the general meeting each month.

Since 2009, the Kolping Families savings have steadily grown from Uganda Shillings 244,084,584.00 to stand at Uganda Shillings 1,512,588,046.00 while the loans portfolio has grown from Uganda Shillings 71,910,000.00 to Uganda Shillings 157,050,000.00 in 2017 (Table 1).

Table 1: Amounts Disbursed to Kolping Families from 2009 to 2017

<i>Year</i>	<i>Kolping Families' Cumulative Savings</i>	<i>Number of Kolping Families Saving</i>	<i>Amount of top up loans</i>	<i>No of Kolping Families</i>
2009	244,084,584	138	71,910,000	23
2010	294,510,584	158	59,200,000	21
2011	356,936,286	203	67,200,000	17
2012	509,860,737	222	77,000,000	23
2013	634,630,566	232	170,360,000	39
2014	750,839,106	271	117,300,000	24
2015	1,058,412,467	285	106,700,000	10
2016	1,362,262,713	307	163,900,000	17
2017	1,512,588,046	343	157,050,000	24

Source: Community Services Department Report

Table 2: Number of Saving Groups

Region	Savings	Male	Female	Total	No of groups Saving
South Western	408,721,112	967	1108	2075	91
Northern	50,085,000	201	303	504	22
Eastern	60,913,000	112	276	388	19
Western	212,691,850	321	466	787	34
Albertine A	189,000,000	213	307	520	35
Central	140,359,790	431	559	990	55
Nile	51,350,000	86	159	245	18
Albertine B	141,517,294	386	443	829	36
West Nile	257,950,000	283	566	849	33
Total	1,512,588,046	3,000	4,187	7,187	343

Source: Community Services Department Report

Number of Saving Groups per Region

The number of Saving Groups has increased from 307 in 2009 to 343 in 2017 accounting for 76% of the 452 total groups. From the sampled 1265 beneficiaries, 66% have successful and profitable enterprises (Table 2).

Achievements of the Savings and Credit Scheme

- From 2009, members' savings have increased from Uganda Shillings 244,084,584 to 1,512,588,046 with improved managerial skills.
- Kolping Families are being registered as Community based Organizations. This gives them leverage to benefit from the government programs and also to be heard whenever there is a dispute.
- We have also conducted various trainings on importance of Sound leadership and Savings mobilization.

Challenges

UKS families/groups face a number of challenges. These are presented below:

Unpredictable Weather Conditions:

The majority of our members live in rural areas and depend on agriculture as the main source of livelihood. Unpredictable weather

conditions greatly affect farmers. Dry spells lead to loss of crop and animal life. This eventually affects the saving capacity.

Internal displacement (migrations and land evictions): Over time some members have migrated to distant places where they could not be traced. Further, between 2013 and 2014, there was massive eviction of people from Kyangwali Refugee Camp. The affected Kolping members got scattered and could not be traced. Members' projects viz cows, goats, pigs, members' savings and credit that had been disbursed were lost.

Low literacy levels: In some Kolping Families, hardly any member can read and write, hence a challenge of record keeping

Leadership challenges: Some groups are led by weak and sometimes selfish leaders who are not accountable and mismanage resources. This makes members to lose confidence and morale and gradual withdrawal from the groups. This needs continuous monitoring, control and training.

Low capital/Limited loanable fund: The funds are not sufficient to meet all the members' needs. The Membership fees contribution worth 2.2% of the total income in 2017 is still too low for a sustainable organisation. However, this limitation can be overcome with economic empowerment

of the members' through a strengthened savings and credit scheme among others.

Towards Institutional Sustainability

Key issues characterize the UKS institutions' gradual move to sustainability. These are:

- i. At the level of SHG (Self Help Group), 343 out of 452 groups (76%) are able to meet and save on their own, plan and implement activities independently.
- ii. Through the two Companies of Kolping Micro Finance and Kolping Holdings (U) LTD UKS funds 22% of her administrative costs and systematically drive towards sustainability.
- iii. Membership fees contribution was at 2.2% of the total income in 2017
- iv. UKS is constructing 53 rooms at Hoima Kolping Hotel at US\$ 2.35 billion from locally generated funds of the members, leadership, staff and Kolping Holdings (U) LTD.

Conclusion

Kolping and cooperatives approach to member issues guarantees success of its members. Whenever people come together they get stronger and achieve much more than when they act individually. Teamwork, networking and synergy are key for economic development. The acronym of TEAM is very applicable here: Together

Everyone Achieves More. UKS therefore needs to focus on encouraging the spirit of cooperatives for the development of enterprise and self-reliance of its members in Africa. Indeed, if this is replicated elsewhere in Africa, we should witness growth and self-reliance across Africa.

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