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A CREDIT NEEDS ASSESSMENT REPORT  
BY  
THE STAFF OF THE CREDIT COMPONENT  
OF  
THE RURAL ECONOMIC RECOVERY PROJECT

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# CREDIT NEEDS ASSESSMENT REPORT

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## CHAPTER 1

### INTRODUCTION

#### 1.0 Goal and Purpose

The goal of the Rural Economic Recovery Project (RERP) is to give opportunities to residents of war ravaged areas to reset their lives and once again engage in activities that will enhance economic growth and development over the years. Those residents that have returned to their homes have already made commendable progress with the limited resources at their hands. It is apparent that if assistance is extended to them, their production performance will be great.

The Rural Economic Recovery Project aims at giving such assistance by providing commodities that are in short supply and yet are essential in the rehabilitation of rural income generating activities and by providing credit facilities so that the residents are able to purchase commodities they need for the rehabilitation of their economic activities. Provision has also been made to avail necessary technical assistance for the implementation of the credit scheme and for handling procurement and supervision of distribution.

#### 1.1 Provision of Credit

The sale of commodities provided under the RERP will generate local money which will be available for programming. The main program will be to use the generated shillings for providing loans to small farmers for production purposes and loans to small rural enterprises to improve on their productive undertakings.

The Uganda Commercial Bank will be used as the sole Intermediate Credit Institution (ICI) for the above purposes.

#### 1.2 Credit Needs Assessment Survey:-

Before implementation of the credit program, it was necessary to carry out a credit needs assessment. Early July, 1987, the Credit Component Staff led by the Team Leader, Mr. Dennis C. Frederickson commenced a credit needs assessment of the Luwero Triangle. It was not possible to do so earlier than this time because of the transportation constraints. The entire project had one vehicle to be shared between the Commodity and Credit components. The Credit Staff had to wait until their colleagues had made the commodity needs survey.

The first field visits to the districts of Mpigi, Mubende and Luwero which comprise of the Luwero Triangle were

introductory in nature. The main intention was to meet the District Administrators, the District Cooperative Officers, the District Veterinary Officers and to brief them on the project objectives and goals in general and in particular to revive the concept of credit to the small farmers.

The survey was by way of a simple questionnaire which was prepared by the Credit Component Staff - see appendix 1. The District cooperative Officers selected the Primary Cooperative Societies to be visited. The questions covered membership, experience and education of Secretary Managers; Societies' assets and overall performance; Societies' experience with Cooperative Credit Scheme and Rural Savings Scheme, the size of loans desired, stationery and other needs of cooperative societies.

### **1.3 Purpose of the Survey:**

The aim of the survey was to assess mainly the credit needs of the small farmers in the Luwero Triangle and to check on the suitability of such societies in channeling credit to the farmer through them. The secondary aim of the survey was to assess the extent of the damage inflicted to the cooperative infrastructure by war and what the Project can do to restore the services that the Cooperative Societies were offering to their members previously.

### **1.4 Cooperative Societies Surveyed:**

A total of 42 Primary Cooperative Societies were visited a list of which is at appendix 2. They consisted of twenty two cooperative Societies in Luwero District, eleven in Mubende and nine in Mpigi District. Of the 42 Primary Cooperative Societies 37 were purely agricultural marketing societies dealing with marketing of coffee and cotton and affiliated to East Mengo, Buruli, West Mengo and Wamala cooperative Unions to which they deliver the farmers produce for processing and ginning in preparation for exportation. The remaining five consisted of a Fishing cooperative Society, one Dairy Cooperative, one Consumer, one Transport and one Multipurpose Cooperative. These are not affiliated to any District Cooperative Union but some have bought some shares from the National Cooperative Unions such as Uganda Cooperative Transport Union.

## CHAPTER 2

### MANAGEMENT OF COOPERATIVE SOCIETIES

#### 2.0 Findings of the Survey:

The questionnaire consisted of 10 basic questions with several subquestions. The survey was conducted by the team itself assisted by field officers. Generally respondents to the questions were committee members and officials of Cooperative Societies. In several cases, the farmers joined the society officials in answering the questions. From the very start respondents were encouraged to be frank, open and genuine and proper answers and comments were to their benefit. The tabulated data so gathered are on appendix 3.

#### 2.1 Membership

Membership of Cooperative Societies vary very much in the Ugandan Cooperative Movement, so it was with the Cooperative Societies surveyed by the team. The smallest society surveyed had on the membership register 42 members, whereas the largest society recorded a membership of 1560 persons. However, the total membership for the 42 Primary Cooperative Societies was 18,251 persons. To qualify for membership of a Cooperative Society, one must be 18 years of age and above. He or she must pay entrance fee and buy at least one share of the society. He or she must be of sound mind. There are no other limitations to membership.

As far as agricultural marketing cooperative societies are concerned, they do offer services to their members as well as to the farmers who are not members. Distinction is made when a society gives out patronage bonus. In this case only the members receive bonuses. In the traditional Cooperative Credit Scheme, Cooperative Societies used to choose borrowers from registered members only because of limited funds and because of fear of disloyalty of some farmers. Whereas a Cooperative Society could raise a dispute with a member who had defaulted in accordance with the provisions of the Cooperative Act, it could not do so if the defaulter was not a registered member of the society.

#### 2.2 Cooperative Societies' Officials:

Out of the 42 Primary Cooperative Societies, 37 of them employ full time and paid Secretary Managers. Secretary Managers are the top Management Executives of Cooperative Societies. They handle the day-to-day management activities. Committees of these organisations do delegate most of their duties to the Secretary Managers. It is mostly a better informed group than the committees due to their academic education and career training.

Besides they provide continuity as they are permanent employees whereas committee persons are subject to being replaced at the Annual General Meetings. Payment of salaries of these officials depends on the financial ability of the society, the volume of business and the level of activity. During the years of Cooperative Credit Scheme, the government used to subsidise the salaries of Secretary Managers for the first three years of participation to ensure that participating societies employed and retained trained and qualified Secretary Managers. Some Cooperative Societies such as Bujubi and Luwero Kezimbira Cooperative Societies employ other full time employees besides the Secretary Managers.

Three of the 5 Cooperative Societies that did not have paid Secretary Managers at the time of our visit, were in the process of recruiting them. They were advised to expedite the exercise as the presence of a Secretary Manager would be prerequisite to granting credit facilities. The two other societies were advised to recruit capable and trained secretary managers.

### **2.3 Education and Training of Secretary Managers:**

Of the 37 Secretary Managers employed, 13 are of School Certificate Level which is the starting level for the Junior Civil Servants employed by the Public Service Commission. 18 have 7 years schooling and above. The two others have some schooling below the basic Primary School Certificate but have considerable experience. In all, education is not a constraint among the societies surveyed. The recording of societies' books has been between fair and excellent. The constraint has been lack of proper stationery.

Out of the 37 Secretary Managers, 30 have attended various courses on Cooperatives at District Farm Institute and Rural Training Centres. The courses varied between two weeks and one month duration and covered various topics on Cooperatives. Some of the Secretary Managers have attended more than three such courses.

In order to participate in the current Project, it will be necessary to hold seminars for all the Secretary Managers, firstly to freshen them and secondly to teach them new policies and procedures of the Rural Economic Recovery Project and to introduce new documentation the credit staff are to work out.

### **2.4 Experience of Secretary Managers:**

Some Secretary Managers are very experienced. 8 of them have worked continuously for their organisations for 15 to 20 years. 8 have been employed with their organisations for between 10 and 14 years. 4 have had at least 5 years experience in the Management of the Cooperative Societies. 11 have had one year's

experience. Those with experience of less than one year are educated and thus are trainable.

32 Cooperative Societies out of those surveyed have in the past operated the Cooperative Credit Scheme and it is the same Secretary Managers who are managing the societies currently. It will not therefore be difficult to orient them once again in the credit program which is envisaged.

#### **2.5 Committee Members of Cooperative Societies:**

The Primary Cooperative Societies have committee members of 7, 8 and 9 persons. Normal committees should be of odd numbers. The Committee of 8 arose because of the death of a member where the remaining committee had not co-opted a replacement.

28 Cooperative Societies have committees of 7 persons, 12 have committees of 9 and 2 have committees of 8. The ability of the committees varies considerably from society to society. Some are very good while other depend on one or two for guidance. Some have had several years service whilst some have just been brought in by the last Annual General Meetings.

Serving on a committee is voluntary and does not earn a salary. The members, however, get paid small sitting allowance and the society meets travelling and some subsistence allowances. Most committees sit monthly. In case of need, the committee may be summoned to hold a committee meeting any time.

The Secretary Manager records the minutes of the Committee Meetings. The stay on the Committee is a prerogative of the Annual General Meeting and will depend on the performance of the society during the year under review by the Annual General Meeting. The Cooperative Act and Regulations do not impose a time limit. A popular Committee Member may be re-elected for as long as he feels that he can serve on the Committee.

#### **2.6 Storage Facilities of Cooperative Societies:**

The storage facilities of societies in Luwero Triangle are very miserable. This was expected due to the war damage, looting and neglect that took place for five years. Of the societies visited only 26 will need repairs here and there. There is need for cement, roofing materials and bricks. In many instances, Cooperative Societies are renting stores erected by Lint Marketing Board. These are found in cotton growing areas.

In other cases Cooperative Societies are renting storage facilities from public and private organisations and individual residents.

## **2.7 Safes and Cash Boxes:**

The position of safes is worse than that of storage. Only 17 Cooperative Societies of those surveyed have working safes. The rest had the safes damaged, destroyed and stolen. None of the societies surveyed possesses cash boxes. Simple pit safes are recommended for these societies for the time being. Before loans can be made to societies, some sort of security will be necessary. Imported safes are rare and extremely expensive for these societies.

## **2.8 Stationery:**

All societies surveyed have tried to acquire some form of stationery. But in all cases, the stationery is not enough. All societies have cash books, cash receipt books, payment vouchers and many have minute books and some form of other stationery. About 5 Cooperative Societies are not able to pay for their stationery. The Uganda Cooperative Alliance have been alerted to print stationery for the Cooperative Movement. They have many types of paper donated by International Agencies. Once the Project finalises with the forms to be used, an order will be placed with the Uganda Cooperative Alliance for printing. The Credit Section is preparing a Credit Manual which includes forms to be filled in by societies and borrowers. These will be printed for sale to participating Cooperative Societies.

## **2.9 Annual General Meetings and Annual Accounts:**

Eleven of the societies surveyed had held their 1986/87 Annual General Meetings. 24 Cooperative Societies had held their Annual General Meetings for the financial year 1985/86.

All the Cooperative Societies that have held the Annual General Meetings presented also audited accounts to the members. 24 Cooperative Societies made surplus ranging from 3000/- to Shs 37 million. Muyobozi Cooperative Societies made surplus of shs 37 million and Luwero Kezimbira Cooperative Society made a surplus of Shs 22.9 million.

The auditing of Cooperative Societies is done by the field staff of the Department of Cooperative Development. The auditing of books is done annually with interim audits done in accordance with the number of departmental staff in a district. Before a Cooperative Society applies to participate in the Rural Loan Scheme under RERP, some of the requirements will have to be fulfilled.

- a) Up-to-date financial statements and balance sheet: This will assist in establishing the networth of the applying Cooperative Society and its credit rating.

- b) Up-to-date Annual General Meeting: The AGM must pass resolutions regarding powers of the Cooperative Societies to incur liabilities before any consideration for participation.

### CHAPTER 3

## COOPERATIVE SOCIETIES THAT PARTICIPATED IN COOPERATIVE CREDIT SCHEME

### 3.0 Experience in the Credit Scheme:

The Cooperative Credit Scheme was started in 1961 following recommendations made by a Credit Expert from India. It started with 100 Cooperative Societies and it was anticipated that by 1975, 1500 Cooperative Societies would be participating in this Scheme. The Scheme operated successfully until the after effects of the Economic War of the early 1970s militated against its sustained growth.

By 1976 a total acumulative sum of Shs 105 million had been availed to 1308 Cooperative Societies and 505,000 farming families had benefitted from these credit facilities for the period of 15 years. The original revolving fund of Shs 13 million was by 1977 too small to give out economic loans to the farmers. By 1980 only 80 cooperative Societies were granted such loans. Some form of credit to the farmers continued by societies using their own funds to lend to their members. A few District Cooperative Unions, significantly, Busoga, East Mengo, Wamala, Nyakatonzi and Bunyoro cooperative Unions set aside some funds which they provided to their affiliate Cooperative Societies for on lending to the members. Despite these efforts the gap between the demand for credit and available funds to satisfy this demand continued to widen more and more.

### 3.1 Participating Cooperative Societies:

Of the 42 societies surveyed by the Credit Staff 30 had previously participated in the Cooperative Credit Scheme see appendix 4. Six of the 30 participating societies operated the Scheme for a duration of 10 to 16 years. 14 did so for a period of 5 to 9 years. Few society officials could recall as to how many farmers were given loans, but they could not remember the size of loan. From information received from officials and committee members none of the 30 societies was suspended from the Scheme for failure to repay the loan during the prescribed period. The default rate for the whole Scheme ranged from 0.2% to about 13% for the period of 15 years. However, this is an average figure for the whole country including cotton and tobacco areas where default tended to be higher thus exaggerating the

default rates of coffee areas where default was almost next to zero. There is a firm belief that prior to the civil wars Luwero Triangle areas were operating a very successful credit program.

All the money lent to farmers was drawn from the Government Revolving Fund of shs 13 million and the loans were mainly for three traditional cash crops namely coffee, cotton and tobacco.

The loans were in form of cash and actual commodities such as fertilisers insecticide and tractor hire service. All the society officials interviewed preferred the same arrangement to be adopted in the future credit program.

This arrangement has the advantage of avoiding temptations of directing the cash to other use other than agricultural production. The second advantage is that the prices will be lower when bulk buying is done by one organisation then distributed to other various societies.

## **CHAPTER 4**

### **COOPERATIVE SOCIETIES THAT HAVE OPERATED A RURAL SAVINGS SCHEME**

#### **4.0 Rural Savings Scheme:**

In the early 1960, it was conceived that along the CCS, a Rural Savings Scheme should follow. Normally societies selected to participate in the CCS were those that were well managed. Therefore it was thought that these same societies would be capable of accepting members' deposits. In other words the societies would take banking facilities to remote areas. Societies in CCS were therefore urged to start a Rural Savings Scheme and many did so. By 1976 total savings were running in millions of shillings. This service to the rural areas declined because of the inflationary trends that came in a big force.

#### **4.1 Participants in the Rural Savings Scheme:**

Of the 30 Cooperative Societies of the Luwero Triangle that participated in the Cooperative Credit Scheme, 27 of them also operated a Rural Savings Scheme. The total number of savers was 2207 and total savings stand at Shs 32,992,401/- (old currency); vide appendix 5.

#### **4.2 Type of Deposits:**

All the deposits were sight deposits. Cooperative Societies were advised to concentrate on Sight Deposits before accepting other types of deposits. The idea was to instill the spirit of thrift among the rural masses whereby they would get used to savings and withdrawing some of the savings when it is necessary.

However, in some districts, savings and credit cooperative societies were started purely for this purpose. They were therefore not tied to the Cooperative Credit Scheme. Many of these societies exist in various parts and are affiliated to the Uganda Cooperative Savings and Credit Union.

#### **4.3 Utility of Savings under the Rural Savings Scheme:**

Most of the Cooperative Societies have been depositing with the Cooperative Bank the savings of the members. They however, keep some of the savings at the society in case a member wishes to withdraw some money.

Quite a few societies have been using some of the members' savings for the purpose of buying and processing members crops. This is dangerous because some societies have been making losses at the trading accounts which means a loss of the member's savings.

## **CHAPTER 5**

### **THE CREDIT NEEDS OF COOPERATIVE SOCIETIES**

#### **5.0 Need for Credit:**

The one question that received 100% agreement by all the Cooperative Societies that were visited by the Credit Team was whether there was need for credit. This was not surprising judging by the popularity of the CCS in the past. Also the ordinary farmer has had no access to credit and yet if he has to expand his farm, he definitely needs it. Financial institutions have and still regard the small farmer as a very risky borrower and will therefore not have anything to do with him. A few farmers who have dared to approach such institutions have been asked for impossible colaterals. So the farmer cannot help welcoming someone who shows some concern for him. At the time of preparing this report, there developed a phenomenon regarding the distinction between demand for credit and a need for credit. The observation was that whereas there may be clamour for credit, the farmers may actually possess resources of their own to satisfy this demand. We do not believe that this is generally the case. Farmers are seasonal income earners most of which goes to meet social obligations like marriages, school fees, government taxes. They are normally left with no money for production purposes. Many try to borrow money from friends and relatives at interest rates sometimes as high as 100% or more for opening up some more acres of land or improving on their existing acreage. Many farmers may be able to have some money to buy a handy hoe but they will not afford other agricultural inputs that are more costly although very necessary. From that we hear farmers saying

that they would do if they had some more shillings convinces us that there is vast need for credit.

### **5.1 What are the Credit Requirements?**

The respondents to this questions gave varying answers which ranged between 5000/- minimum loan to 50,000/- all new currency. However the majority of the respondents indicated that the minimum loan should be 20,000/- to a borrower and the maximum should be 50,000/-. It should be noted that most farmers quoted very similar figures without any collaboration, no costings were actually made to arrive at these figures. They were just logical guesses.

### **5. Number of acreage:-**

The question on acreage also attracted various responses. Besides various crops will require various acreage. However, the majority of farmers talked to believed that a loan of Shs 20,000/- to Shs 50,000/- would assist in opening up 3 to 5 acres of crops such as soya beans, maize, groundnuts etc. Once again no costings were made to arrive at these figures. Farmers were making guesses based on their experience as farmers. Proper costings should be made to guide the would-be borrowers.

### **5.3 Type of Credit:**

The sort of crops suggested for credit are all annual crops except sugar-cane and to a certain extent coffee. The farmers would therefore require shortterm credit of one year's duration.

However, Kungu Dairy Cooperative Society, would require shortterm, medium term and long term credit according to their needs. Lwampanga Fishing Cooperative Society would like short and medium term credit for the aim of stocking the shop and acquiring motor boat engines and fish nets. Akateyanira and Mubende Kwegatta need credit in form of overdraft because their needs are for stocking their shops. Mubende Kwegatta in particular needs medium term loan for procuring a brick making machine. The nature of the RERP is such that we can initially only consider shortterm credit.

### **5.4 Crops to be Financed:**

The Survey was made in places which do not differ significantly, as far as culture, social beliefs, agricultural production norms, vegetation, weather etc are concerned. For this reason the type of crops to be financed did not differ much. The common crops were the traditonal cash crops namely coffee and cotton.

In addition the farmers want to grow: soya beans, maize, groundnuts, beans, sorghum, sunflower etc. Marketing of all these crops can be made easily by the society and thus collection of loans would not be very difficult.

The farmers also suggested other crops that seem to present problems mainly because some are very perishable and cannot be handled by the society. The farmers believe that if credit is extended to grow these crops, the farmers will make individual arrangements to sell them and will repay by paying cash to the lending societies. These crops include tomatoes, pineapples, sugarcane etc.

### **5.5 Channel of Credit to the Farmer**

All the respondents agreed that loans to the farmers should go through the farmers' own organisation namely the Cooperatives. They had a number of misgivings about commercial banks and traders. Many farmers are either semi or completely illiterate and would hate to encounter with snobbery of the officials of these institutions. The Cooperative on other hand is their own organisation and is used to the farmers' shortcomings.

### **5.6 The Source of Labour**

The traditional source of labour for the average small farmer is the family labour. It is for this reason that there has been a sustained need to keep families as large as possible. Progress of a family has mostly depended on the size of the family. The farmers believe that provision of credit will only help them to supplement family labour with hired labour. It is expected that a family which normally cultivates three acres, without hired labour, will be able to open up an extra two acres when it is given credit facilities to hire some labour. Hired labour in the country is at the moment very expensive and this position may jeopardise the credit program.

### **5.7 Proposed Number of Borrowers**

The discussion regarding the number of farmers that a society should lend money in the first year was most interesting. The Committee members were cautioned on the danger of involving many borrowers they could not effectively supervise in the first year of lending. Since our lending will depend on integrity and character of the borrower, proper vetting by the societies' committees, is paramount.

The rate of default is likely to be high where there is improper vetting and supervision. This will mean immediate suspension from the program of the society which becomes guilty of default. With this caution in mind, the committee members of societies surveyed decided to take on a few borrowers that they

could look after. The following year more members would be recruited. The total number of borrowers proposed for the first intake is 5695 which is about 31% of the total membership of 18,251. The RERP expects to cover 8000 loans in its three year period.

### **5.8 Mode of Disbursement and Repayment**

The society will as usual apply for approval of the Maximum Liability by the Minister's Office once it has been selected to participate in the Project. The Project staff will recommend the society to the Intermediate Credit Institution for loan disbursement. When repayment is due the society will collect money from borrowers and pay it back on its account with the Intermediate Credit Institution.

### **5.9 Marketing Arrangements**

Marketing arrangements for the crops to be grown is worrying the farmers. With low production prevailing, farmers are unable to dispose of their crops on time. The worry is whether they will be able to sell their increased production after they have applied credit.

It appears the main bottlenecks are inadequate crop finance, lack of bagging supplies, poor transport facilities etc.

To emphasise the problem of crop finance the survey revealed that none of the agricultural marketing cooperative societies visited ever got enough money to buy coffee and cotton from the financiers last marketing season.

### **5.10 Accessibility of the Cooperative Societies**

The condition of the roads in the Project area is not very worrying. Many roads have been graded and farmers themselves have taken up repairing parts that may prevent vehicles approaching their store. When it rains some parts become quite slippery. Of all societies visited none was inaccessible except may be one where a four wheel drive technique had to be used to approach the store.

## **CHAPTER 6**

### **6.0 Cooperative Society Needs**

During the Commodity Needs Assessment, Cooperative Societies among others indicated their needs as far as scarce commodities are concerned. When the Credit Team went around emphasis was made in some areas. The team decided to note some of these specific commodity needs for which Cooperative Societies might require credit.

## **6.1 Bicycles**

This is a commodity of very high priority. This is so because it is the basic mode of transportation in the rural areas. It is put to all sorts of uses both economic and social. Farmers almost entirely depend on it for transport of the produce to stores and it is used for transport of family members to hospital or places of interest. When asked whether farmers would be capable of paying cash for the bicycles, farmers assured the Team that if the bicycles are brought in at the time of marketing the crops, many farmers would be able to pay cash for the bicycles.

The Team was assured that 45% of the members would afford to pay cash for the bicycle. This means 8,212 bicycles can be paid for cash considering that 42 societies has a membership of 18,251.

The societies were willing to extend credit to 20% of their membership so long as the borrower is prepared to make a downward payment of 50%. Appendix 6 shows the farmers capable of paying cash for the bicycles.

## **6.2 Office Equipment and Furniture**

Of the societies visited only four had office furniture and enough office equipment. It will be necessary for these societies to acquire these items if they are selected to participate in the Project. The actual furniture and equipment requirement will be established later on.

## **6.3 Agricultural Inputs and Implements**

These were covered by the Commodity Survey. However, the farmers emphasised the need for herbicides as labour is too expensive for weeding purposes. More emphasis was placed on the need for tractors. Areas that would benefit from tractor hire service are Luwero District and parts of Mubende. The majority of the agricultural implements have already been ordered by the Commodity Component of the Project.

#### 6.4 Lwampanga Fishing Cooperative Society

The requirements of this cooperative are unique in that it is the only one of its kind among societies surveyed. The society's needs are to assist the members to get more efficient fishing equipment and transport facilities for the products.

The loan package for the member of this society is as below:

a) Fishing nets	Shs 10,000/=
b) Motor boat engine (7HP)	Shs 50,000/=
c) Boat	Shs 8,000/=
	-----
	Shs 68,000/=

There will be no need for cash.

After discussion, the loan package was reduced to Shs 58,000/= by the exclusion of fishnets. The members contended that fishnets get misplaced from time to time and if a loan is granted for their purchase, the borrower will be reluctant to repay the loan once his nets have been stolen. They said it is easy to withdraw boats and their engines if a borrower is not up to date with his loan repayments.

Another need will be for building and roofing materials for the fishermen.

The society possesses two large buildings and lorry that is not in running condition because of lack of tyres.

#### 6.5 Nakasongola Transport Cooperative Society

This society is somehow dormant although it wants to revitalise its activities to carry out the objectives for establishing it self.

Although it is a transport society, it has no transport facility of its own. It was allocated a lorry but before it could purchase it was set in and most officials dispersed.

It initially wishes to acquire a loan as a society so that it can carry out the business of wholesale. It would like to be a distribution centre for bicycles and their spares and possibly do as well as a distributor.

Needs of the area are agricultural implements and inputs very similar to other areas of the Project.

#### **6.6 Mubende Twegatte Multipurpose Cooperative Society**

This society was initially organised as a Savings and Credit Cooperative Society. It decided to go into Consumer retail business another income generating activity. It has even got a licence to sell medicinal drugs to the public.

The other line of activity is that it makes bricks for sale to the public. The society's credit needs are for stocking of its retail shop, lorry and pick-up for transporting commodities from manufacturers to its shop.

The society also needs assistance to acquire a modern brick making machine. We were told that there is large market for bricks although the price per brick was low at Shs 3/- (three).

Since the society is already in brick business, the Team recommends it for the brick making machine. Appendix 7 shows other societies surveyed that have indicated a desire to acquire brickmaking machines.

#### **6.7 Kungu Dairy Cooperative Society**

This Dairy cooperative Society is situated 12 miles from Kampala on Bombo-Gulu Road. Once it was very progressive and provided the City with milk. It acquired a milk cooler in the 1970s.

During the war, most of its assets including the store, office block and the cooler were destroyed. The cattle keepers/members lost all their cows. They have tried to acquire some dairy cattle that were imported in the country recently but most cannot afford the price.

The credit needs of this society in particular is to roof one building to be used as an office and farm supply shop, to buy office equipment and supplies to acquire a milk cooling plant and a pick-up for transportation of the milk to the City.

In general, the society wants credit in order to avail commodities that members require in order to restore their dairy farms. These commodities include: barbed wire, fencing bars, milk cans, animal drugs, boots, the cows etc.

The Team considers that the needs of this society are too massive to be accommodated under the RER Project. The best that could be done for this society is may be to help the society establish a farm supply shop to stock simple commodities that dairy farmers might need.

## **6.8 Akateyanira Consumer Cooperative Society**

The uniqueness of this society is that it is the only one of its type operating in a typical rural area in the Luwero Triangle. It was started with the aim of operating a shop, teaching young people to sew clothes, operating carpentry workshop, and teaching repair of shoes and bicycles.

It acquired two sewing machines and sought for permission to start making blocks.

When the war broke out, members dispersed and the society became dormant until after the end of war that those who had survived started trekking back.

In their first meeting after the war, it was resolved that to rehabilitate the society, the value of the share should be increased from Shs 100/- to Shs 1500/-.

In September 1987 the Society opened up a shop with stock worth Shs 3160/-. The Committee looks active and determined to forge ahead and realise its objectives.

The society has a potential to operate not only consumer shop but also a farm supply shop. It is an appropriate centre for the distribution of the Project commodities to the farmers.

The society's needs are many if it is to act as a distribution centre.

It needs stationery, office equipment and furniture. It has no stationery of any description. The shop it has opened up, needs better shelves and some burglar proof reinforcements. The society needs money to stock the shop. The share-fund is only Shs 19,860/-.

## **CHAPTER 7**

### **RECOMMENDATIONS**

#### **7.0 Recommendations**

The Credit Team would wish to make a number of recommendations after concluding its needs assessment survey for credit to the farmers residing in the Luwero Triangle. These recommendations are in no way exhaustive. It is hoped, however, that they will act as a guide.

### 7.1 Furniture:

The furniture requirements of the societies surveyed varied from society to society. However, it was noted that every society visited lacked sufficient furniture to facilitate the implementation of the Project. It was noted that these societies have no financial ability to solve this problem by themselves. There is no provision in the Cooperative Agreement for this sort of financing. Other sources of financing are lacking.

The Team wishes to recommend that USAID/Uganda should be requested for a grant from the generated local funds for the purpose of buying some furniture for the Primary Cooperative Societies that are going to participate in the distribution of RERP commodities and in provision of credit for on-lending to selected farmers.

The Team further recommends that some study should be carried out to identify a competent firm or a number of firms either around Kampala or in townships of the Project area that will be assigned this task. It is estimated that each of the 42 Cooperative Societies will need at least 10 office chairs, 2 tables, one cupboard and a bench. These will be bare minimum.

### 7.2 Safes:

Previously each society surveyed owned a safe either well cemented in a wall with all sorts of safety devices or a pit safe in a strong room. Safes were the greatest targets during the war because they were suspected to contain money. They were forced open by using axes which were utilised to break the devices and hence through the metal.

In this way 25 Cooperative Societies surveyed had their safes destroyed. If these societies have to participate in the Project programs, they will somehow have to acquire safes. This is prerequisite for participation because the societies will be collecting money which they will have to keep around for maybe a couple of days before either banking it or disbursing it to the farmers as loans.

It has been reported that under bilateral agreements between the Governments of Uganda and Italy, some safes will be imported into Uganda for distribution to the Cooperative Movement. Whereas this is welcome news, the time lag does not solve this urgent needs. Besides this Project of safes from Italy has been on and off for several years now. It is reported that the tender has now been awarded to a manufacturing company and it may take a couple of months before getting them in the country. We need therefore redress this problem to concur with our needs.

The Credit Team resolved to look around the city to find out whether some local mechanical works can fabricate simple and cheap pit safes. Pit safes are easy to make. You need a well cemented pit and put on a lid and secure it with a good padlock. Such safes would assist in the prevailing circumstances.

### 7.3 Farm Supply Shops:

Many District Cooperative Unions have established farm supply shops in their areas of operation. In these shops, they store inputs that are needed in agricultural production such as insecticides, fertilisers, hoes, slashers etc. These items are usually supplied by the Uganda Cooperative Central Union. These shops have been beneficial to the farmers. The deficiency with these farm supply shops is that they are usually established in urban areas where the Head Office of the District Cooperative Union is. This Cooperative Societies have to travel distances to get these commodities.

The Credit Team recommends that Cooperative Societies which are strategically located in remote areas and have proved that their management is efficient, should be assisted to establish farm supply shops and to stock them with farmers needs for production.

The majority of Cooperative Societies surveyed qualify to undertake this task. It is recommended a start should be with 12 Cooperative Societies. Each of the four areas namely, Mubende, Mpigi, Luwero and Buruli should be represented by three such shops each.

### 7.4 Training:

There is no doubt that training is the main pivot of success of the Project of this nature. The Project deals mainly with human resources. Each person involved must know what he or she is supposed to do and how to do it. Once this is done it will be easy to supervise the programs. All these will depend on the training program which will be designed.

The Team was impressed by the level of understanding of the Cooperative Society officials that it held discussions with. The Team was also impressed by the academic qualifications of the Secretary Managers. It was obvious that simple short courses would suffice to polish up these people and bring them in line with the requirements.

The Team identified five categories of persons to be trained namely,

- a) Uganda Commercial Bank branch officials that will be involved in our loan plan.

- b) The Ministry of Cooperatives and Marketing staff who will be auditing and supervising the participating Cooperative Societies.
- c) The Secretary Managers of participating Cooperative Societies.
- d) The members of the participating Cooperative Societies.

The Team recommends that a training program be designed to suit the needs of each category.

It recommends a one week residential seminar for category a), b) and d) and a two weeks' seminar for the Secretary Managers. A one day's seminar for the general membership at some suitable trading or community centre should be adequate. The Credit Manual under preparation should serve as a guide to the subject matter of the courses.

The Team further recommends that Uganda Cooperative Alliance be involved in all the training efforts. The Alliance should utilise those funds that were meant to train Cooperative Societies under UAFA auspices for this purpose.

#### **7.5 Stationery:**

All the Cooperative Societies visited were short of the necessary stationery. Many had made an effort to buy some simple stationery to record marketing transactions and also to record minutes of committee meetings and AGMS. Some had even some stationery that was used for the old Cooperative Credit Scheme. Strictly all these societies will need to purchase durable stationery such as cash books, minute books, ledgers, various vouchers and various forms that will be needed in the Rural Loan Scheme.

It was noted that the limiting factor will be that of finance. The Uganda Cooperative Alliance has been contacted and is prepared to print what the societies will need at reasonable prices. The Team recommends that a grant should be solicited so that all participating societies can acquire reasonable and standardised stationery. USAID should be canvassed for this purpose.

#### **7.6 Loan Scheme**

Because some respondents to the questionnaire could not remember some things and were therefore unable to provide reliable answers, the Team was unable to get uniform information for the 42 Societies. The credit ratings so far obtained is not a reliable measure of the credit worthiness of these societies.

Other criteria were therefore used to select the societies to participate in the Rural Loan Scheme.

The Team recommends that all the 42 Primary Cooperative Societies should participate in the RERP program. For the distribution of commodities all the 42 should take part.

The Team recommends 37 Cooperative Societies to take part in the Rural Loan Scheme. Some of the criteria used for selection are the previous experience, availability of trained Secretary Managers and the general outlook of the Committee Members etc.

The Rural Loan Scheme expansion plan will include at least one Cooperative participant in each subcounty during the life of the Project.

For the commodities, the Team recommends that Cooperative Societies should sell most of them for cash as much as possible.

#### **7.7 Intermediate Credit Institution (ICI)**

A number of financial institutions were suggested as possible intermediate credit institutions. Among them were Uganda Commercial Bank, Uganda Development Bank, Uganda Agricultural Finance Agency and in the near future the Cooperative Bank.

UAFA was a non start and has gone into doldrums. The Cooperative Bank is still clearing its house. The Uganda Development Bank does not have the facilities to handle small loans to small farmers. It does not have a network of branches necessary for this sort of service.

There is therefore no choice but to go with the Uganda Commercial Bank. It has on its own started a Rural Farmers Scheme. It plans to channel credit to individual farmers using 30 of its branches, five of which are in the RERP area.

The Team therefore recommends the use of UCB as the RERP ICI. It is also recommended that the provision of \$100,000 worth of pertinent commodities for ICIs should be passed over to UCB.

The UCB officials have already been contacted to list according to priorities the commodities that will be needed for the implementation of the Project.

#### **7.8 Grant to some Cooperative Societies for erection of stores:**

Our Survey revealed that some Cooperative Societies lost every asset they had during the conflict. Some of the societies that underwent such damage used to be very good societies. Already the farmers who survived the war have returned and have managed restore parts of their coffee shambas. We witnessed a

bumper coffee crop on those farms that the owners had managed to rehabilitate. The societies are desperately in need of storage facilities for handling the farmers crop.

The Luwero Triangle Storage for Cooperative Societies Project plans to rehabilitate only 80 stores.

The Team recommends that a donor agency especially USAID be requested for a grant so that those desperate societies yet with great potential can be assisted to put up at least one moderate store.

It is recommended that at least four such stores should be built. It is further recommended that at least one should be constructed in each of the Luwero Triangle districts.

The societies named below are hereby recommended for this sort of facilities:

1. Busunju Cooperative Society - Mubende District
2. Batono cooperative Society - Mpigi District
3. Katikanyonyi cooperative Society - Mpigi District
4. Nakasongola Growers Coop. Society - Luwero District

RURAL ECONOMIC RECOVERY PROJECT  
CREDIT COMPONENT  
QUESTIONNAIRE

1. NAME OF THE DISTRICT .....
2. NAME OF THE COOPERATIVE SOCIETY .....
3. REGISTERED NUMBER .....
4. NUMBER OF MEMBERS .....
5. MANAGEMENT OF THE COOPERATIVE SOCIETY
  - a) Does the Cooperative Society have a paid Secretary  
Manager .....
  - b) If yes, has he been trained? .....  
Where was he trained? .....  
How long was the Course? .....  
When was he trained? .....  
How long has he been Secretary Manager? .....  
What are his education standards? .....
  - c) Who writes the books of the Society? .....
  - d) i) What is the composition of the Committee? .....  
ii) how often does the Committee sit? .....  
iii) Are minutes of the committee Meetings recorded?  
.....
  - e) Does the Society have i) Permanent Store .....  
ii) Semi-Permanent Store .....

- iii) No Store at all .....
- f) Does the Society have
  - i) Secured Safe .....
  - ii) Pit Sage .....
  - iii) Cash Box .....
- g) does the Society have
  - i) Members Ledger .....
  - ii) Cash Books .....
  - iii) Payment Vouchers .....
  - iv) Receipt Books .....
  - v) Procedure Ledgers .....
  - vi) Others .....
- h)
  - i) When did Society hold its last AGM .....
  - ii) What are the latest annual audited accounts?  
.....
  - iii) how often are the Society's books audited?  
.....
  - iv) Who audits the Society's books? .....

**6. Experience in Credit Scheme**

Has this Society ever participated in the Cooperative

- i) Credit Scheme? If yes,
- ii) From which year to which year .....
- iii) Was it ever suspended? .....
- iv) Why was it suspended? .....
- v) Was it reinstated? .....
- vi) What was the biggest loan ever granted? .....
- vii) What was the smallest loan ever granted? .....

- viii) How many members were given loans? .....
- ix) What percentage of members was granted loans? .....
- x) What were the sources of loans
  - 1) CCS .....
  - 2) Own funds .....
  - 3) Other Sources .....
  - 4) Number of defaults ..... Amount default .....
- xi) What were the main crops for which the loans were applied for .....
- xii) What percentage of the loan was given in cash .....
- xiii) What percentage of loans was given in kind .....

**7. Rural Savings Scheme:**

Has the Society ever participated in the Rural Savings Scheme? If yes

- a) What? .....
- b) What were the total annual savings of members? .....
- c) How many members made deposits with the Society .....
- d) What type of deposits
  - i) Sight Deposits .....
  - ii) Fixed Deposits .....
- e) What were deposits utilised for? .....
- f) Does the Society still operate this Scheme? .....
- Total Deposits .....
- If not, when did it stop? .....
- When did it stop? .....

**8. Performance of the Society**

- i) What is the turnover by the latest audited accounts .....
- ii) What was the surplus .....  
Deficit .....
- iii) What the Society's share capital .....
- iv) What was last year's crop finance .....  
From where .....  
Was it enough .....  
If not, how much should it have been outstanding crop  
finance? .....

**9. Need for Credit**

- i) What do members of the society feel about the need  
for credit for production purposes?
- ii) How much credit is required by the farmers? .....  
a) Shortterm credit .....  
b) Medium term credit .....  
c) Long term credit .....
- iv) For what crops do farmers require credit .....
- v) How many acres would an average farmer with credit  
facilities open up .....
- vi) Would the farmer want credit facilities in cash?
- vii) Where would the farmer wish credit facilities to be  
channelled through .....

- a) His Cooperative Society .....
- b) Uganda Commercial Bank .....
- c) The Cooperative Bank .....
- d) Traders .....
- viii) What will be the source of labour required?
- a) Family labour .....
- b) Hired labour .....
- ix) Loan Recovery:
  - a) Through sales to society .....
  - b) Payment by borrowers .....

**10. Other Society Needs**

- a) Does the Society have enough stationery?  
 Yes/No  
 If No, is it capable of paying for it?
- b) What type of transport do farmers use to transport their produce to the buying centres? .....
- c) Is the Society accessible to any type of weather? .....
- d) What percentage of membership would be capable of managing loans? .....
- e) Does the Society possess any of the following:-
  - 1) Weighing scales .....
  - 2) Office equipment .....

- 3) Tractor .....
- 4) Lorry .....
- 5) Processing plants .....
- 6) Estates .....
- 7) Others .....

## Appendix 2

## CONOMIC RECOVERY PROJECT

## PRIMARY COOPERATIVE SOCIETIES SURVEYED BY THE CREDIT STAFF

<u>Serials</u>	<u>Name</u>	<u>Req. Number</u>	<u>District</u>
1.	Kisalizi	1862	Luwero
2.	Kazwama	1783	Luwero
3.	Nakasongola Gr	1755	Luwero
4.	Wobulenzi	2605	Luwero
5.	L. Kezimbila	455	Luwero
6.	Buturumula	1658	Luwero
7.	Bukatira	41	Luwero
8.	Basiima	1639	Luwero
9.	Semuto	162	Luwero
10.	Wabusana	28	Luwero
11.	Bukimu	160	Luwero
12.	Buto K.	435	Luwero
13.	Wampanga Fish	2578	Luwero
14.	Nakasongola Tr.	3611	Luwero
15.	Degeya	2471	Luwero
16.	Bamunanika	161	Luwero
17.	Abafuba K.	887	Luwero
18.	Nakitoma	1882	Luwero
19.	Namukanga	2904	Luwero
20.	Mbukiro	1657	Luwero
21.	Kibose B.	2415	Luwero
22.	Kasagga	2490	Luwero
23.	Kijungute	4850	Mubende
24.	Kaswa B.	2425	Mubende
25.	Kigali	686	Mubende
26.	Akateyanira	3191	Mubende
27.	Busunju	886	Mubende
28.	Mubende K.	4384	Mubende
29.	Kaweri V.	1407	Mubende
30.	Kirangira	221	Mubende
31.	Kiboga	633	Mubende
32.	Baganda Wawu	342	Mubende
33.	Bujubi	1881	Mubende
34.	Kassanda	930	Mpigi
35.	Batono	1014	Mpigi
36.	Kanzira	2494	Mpigi
37.	Muyobozi	359	Mpigi
38.	Kiwenda	964	Mpigi
39.	Apollo Kaggwa	852	Mpigi
40.	Bukweba	2774	Mpigi
41.	Kungu Dairy	2452	Mpigi
42.	Katikanyonyi	746	Mpigi

## RERP CREDIT NEEDS ASSESSMENT STATISTICS

SOCIETY	RN	MS	S/M	EDUC	TRAIN	EXP	C/MS	P/ST	SAF	SURP	T.O.	L/AGM	CCS	RSS	CR/MIN	CR/MAX	DISTR
1. KISALIZI	1862	344	1	9	1	15	7	1	1	6.100 M	-	1986	1	1	50 T	100 T	LUWERO
2. KASHAMA	1783	304	1	9	1	3	7	-	1	0.990 M	-	1986	1	1	20 T		LUWERO
3. NAKASONGORA	1755	426	1	8	1	11	9	-	-	1.000 M	-	1986	1	1	20 T	50 T	LUWERO
4. WORULENZI	2605	302	1	7	1	2	9	1	1	0.710 M	280 TKG	1986	1	-	20 T	50 T	LUWERO
5. L.KEZIMBIRA	455	908	1	12 +C	-	0.3	7	1	-	22.900 M	1.8 KG	1986	1	1	15 T	50 T	LUWERO
5. BUTUNTUMULA	1659	950	1	9	1	16	7	1	-	0.220 M	450 TKG	1986	1	1	20 T	150 T	LUWERO
7. BUTAKIRA	41	242	1	12	-	1	7	1	1	0.300 M	320 TKG	1986	1	1	10 T	50 T	LUWERO
9. BASTIMA	1637	150	1	11	1	15	7	-	-	-	200 TKG	1987	1	1	15 T	50 T	LUWERO
9. SEMUTO	162	357	1	8	1	10	7	-	-	-	-	1987	1	-	50 T	100 T	LUWERO
10. KITUNGUTE	4850	42	1	9	1	5	7	1	-	0.040 M	83 TKG	1986	-	-	50 T	-	MUBENDE
11. WAPUSANA	28	301	1	7	1	13	7	4	-	-	-	1986	1	1	20 TA	-	LUWERO
12. BUKIMU	160	300	1	12 +C	-	1	7	1	1	6.000 M	370 TKG	1987	1	1	20 TA	-	LUWERO
13. BUTO K.	435	558	1	9	1	18	7	1	1	7.000 M	450 TKG	1987	1	1	5 T	40 T	LUWERO
14. KASHA BUD	2425	690	1	8	1	8	9	1	1	1.650 M	-	1987	1	1	50 T	-	MUBENDE
15. KIGALI K.	686	470	1	-	1	12	7	-	-	-	-	1986	-	-	15 T	70 T	MUBENDE
16. AKATEYANIRA	3191	130	1	9	1	15	7	-	-	0.003 M	-	1981	-	1	5 M	-	MUBENDE
17. BUSUNJU	886	320	1	9	1	4	7	-	-	-	134 TKG	1984	1	1	40 T	-	MUBENDE
18. KASSANDA	930	1520	1	12	1	15	9	1	1	6.140 M	86 TKG	1987	1	1	50 TA	-	MPIGI
19. BATONO	1014	99	-	-	1	0.5	7	-	-	-	-	1986	-	1	1.2 M	-	MPIGI
20. KANZIRA	2494	295	1	-	1	-	9	-	1	-	-	1986	1	1	50 T	-	MPIGI
21. MUYOBOZI	359	684	1	-	1	12	8	1	-	37.000 M	-	1986	-	1	50 TA	100 T	MPIGI
22. KIWENDA	964	575	-	-	1	1	7	1	1	-	241 TKG	1986	1	1	50 TA	-	MPIGI
23. APOLLO K.	852	464	-	12	1	2	7	1	1	3.300 M	-	1987	1	1	50 TA	-	MPIGI
24. BUKHEBA	2774	199	-	-	-	-	9	1	-	-	-	1986	-	-	30 TA	-	MPIGI
25. KIGALI	686	470	1	-	1	12	7	-	-	-	-	1986	-	-	15 T	70 T	MUBENDE
26. AKATEYANIRA	3191	130	1	9	1	15	7	-	-	0.003 M	-	-	-	-	5 M	-	MUBENDE
27. BUSUNJU	886	320	1	9	1	4	7	-	-	-	134 TKG	1984	1	1	40 T	-	MUBENDE
28. MUBENDE																	
KHEGATTA	4384	164	1	12	-	1.50	9	-	-	-	0.229 M	1984	-	1	-	-	MUBENDE
29. KANERI																	
VANUTULO	1407	500	1	6	-	10	7	1	1	2.40 M	0.690 M	1986	1	1	20 T	50 T	MUBENDE
30. KIRANGIRA	221	405	1	12	-	3	9	1	-	-	0.184 M	1987	1	-	30 T	50 T	MUBENDE
31. KIBOGA	633	520	1	12	-	1	9	1	-	-	0.218 M	1986	1	1	20 T	100 T	MUBENDE
32. BAGANDA WAWU	342	400	-	-	-	-	7	1	-	-	0.009 M	1986	1	1	20 T	50 T	MUBENDE
33. BUJUBI	1881	1560	1	8	1	15	9	1	1	9.1 M	300 T	1986	1	1	20 T	50 T	MUBENDE
34. KASSANDA	930	1520	1	12	1	15	9	1	1	6.14 M	86.000 TKG	1987	1	1	50 T	-	MUBENDE
35. BATONO	1014	99	1	-	-	-	7	-	-	-	-	1986	-	1	1.2 M	-	MPIGI
36. KANZIRA	2494	295	-	-	1	-	9	-	1	-	-	1986	1	1	50 T	-	MPIGI
37. MUYOBOZI	359	684	1	-	1	12	8	1	1	37.00 M	-	1986	-	1	50 T	100 T	MPIGI
38. KIWENDA	964	575	-	-	1	1	7	1	1	-	241 TKG	1986	1	1	50 T	-	MPIGI
39. APOLLO K.	852	464	-	12	1	1	7	1	1	3.30	-	1987	1	1	50 T	-	MPIGI
40. BUKHEBA	2774	199	-	-	-	-	9	-	-	-	-	1986	-	-	50 T	-	MPIGI
41. KUNGU	2452	200	1	8	-	6	8	1	-	-	-	1987	-	-	50 T	-	MPIGI
42. KATIKANYONYI	746	550	1	14	1	6	9	-	-	1.2 M	0.095 M	1986	1	1	40 T	150 T	MPIGI

RN = Register &amp; Number

P/ST = Permanent Store

CR/MIN = Minimum Credit Required

MS = Membership

SAF = SAFE

CR/MAX = Maximum Credit Required

SM = Secretary Manager

SURP = Surplus

DIST = District

EDUC = Education Standard of Secretary Manager

T.O. = Turnover

OTH LOA = Other Loans to Society

Train = S/M Training

L/AGM = Last annual General Meeting

\* = Society as a borrower

EXP = Number of years the S/M has been employed

CCS = Cooperative Credit Scheme

NV = Not visited by the team

## COOPERATIVE CREDIT SCHEME

DISTRICT	SOCIETY	PERIOD IN CCS (YRS)	BIGGEST MEMBER LOAN	SMALLEST MEMBER LOAN	NO. OF LOAN RECIPIENTS	% OF TOTAL MEMBERS	DEFAULTS	AMOUNT DEFAULTED	% CASH LOAN
Luwero	Degeya	3	800	140	35	14	-	-	10
	Bawunanika	16	180,000	10,000	35	7	2	130,000	100
	Abafuba Kalagala	3	600	100	42	14	-	-	0
	Nakitoma	9	1,500	100	38	14	-	-	100
	Mbukiro	7	5,000	500	50	11	-	-	100
	Kibose Batankulu	5	50,000	20,000	56	18	17	600,000	100
	Kasagga	10	2,000	500	80	22	-	-	25
Mubende	Kaweri Vamutulo	2	3,000	500	35	10	-	-	25
	Kirangira						U N K N O W N		
	Kiboga	1	2,000	500	-	-	-	-	-
	Baganda Wamu	4	3,000	300	150	50	15	Unkown	40
	Bujubi	7	700,000	50,000	15	1	3	10,000	20
Mpigi	Katikanyonyi	5	2,000	2,000	50	9	-	-	60
	Kisalizi	9	1,000	50	98	41	1	1,900	100
	Kazwama	9	2,000	85	83	40	6	-	100
	Luwero Keziabira			150	45	12	40	10,000	100
	Butuntumula		15	20,000	46	15	-	-	100
	Bukatira	7	5,000	400	28	11	-	-	60
	Wabusana	18	5,000	-	90	20	-	-	8
	Bukiau	5	100,000	25,000	32	10	-	-	50
Mubende	Kaswa Budoma	4	5,000	3,000	150	50	12	-	20
	Busunju	3	2,400	200	35	8	-	-	0
	Kassanda Kwegatta	3	800	-	72	5	-	-	0
	Kanzira	2	-	-	-	-	-	-	-
	Kiwenda	6	1,400	70	60	20	4	-	0
	apollo Kaggwa	12	1,000	150	25	17	-	-	40

## RURAL SAVINGS SCHEME

DISTRICT	SOCIETY	PERIOD IN CCS (YRS)	TOTAL ANNUAL SAVINGS	MEMBERS IN RSS	SIGHT DEPOSITS	FIXED DEPOSITS	TOTAL CURRENT	REMARKS
Luwero	Kisalizi	6		21	21	-	765,000	
	Yazwama	2	5,538	12	12	-		
	Nakasongola	24				-	80,000	
	Luwero Keziabira	16		279	279	-	5,193,700	
	Butuntumula	3	-	70	70	-	-	
	Bukatira	13	39,527.20	18	18	-	20,000	
	Basiima Bageya	7	18,033.95	70	70	-		
	Wabusana	4	16,851	43	43	-		
	Bukimu	1		61	61	-	3,135,700	
Guto Kichwa	11		87	87	-	5,000,000		
Mubende	Kaswa Budoma	2	13,000	11	11	-		
	Migali Kiribedda		80	5	5	-		
	Busunju	5	-	-	-	-		- Information not no available
	Kassanda Kiwegatta	8	480,000	74	74	-		
Mpigi	Batono		2,000	5	5	-		- Information not no available
	Kanziira	-	-	-	-	-		- Information not no available
	Muyebozi	9	-	39	39	-		
	Kiwenda	14	-	317	297	20	22,400	
	Apollo Kagga	15	-	12	12	-	32,007	
	Bukweta	-	-	-	-	-		- No information
Luwero	Lwaepanga Fishing	6		264	264	-	1,684,036	
	Degeya	4	52,750	26	26	-	364,400	
	Abafuba Kalagala	11		98	98	-	1,500,000	
	Nawunkanga	1	-	61	61	-	-	
	Kasagga	10	-	37	37	-	1,000,000	
Mubende	Mubende Twegatte							
	Multipurpose	4	-	164	164	-	1,200,000	
	Kameri Vyautulo	16	-	51	51	-	1,034,263	
	Kirangira	-	-	-	-	-	-	
	Kiboga	U N K N O W N						
	Baganda Wawu	6	-	100	100	-	-	
Bujubi	14		282	282	-	11,960,895		
Mpigi	Kungu Dairy	-	-	-	-	-	-	
	Katikanyonyi	4	200,000	-	-	-	-	

PRIMARY COOPERATIVE SOCIETIES WHOSE MEMBERS CAN PAY CASH FOR BICYCLES

<u>Name of Society</u>	<u>Members who can pay cash</u>	<u>District</u>
1. Kiwenda	200	Mpigi
2. Nakasongola Transport	50	Luwero
3. Lwampanga Fishing	100	Luwero
4. Bujubi Coop.	1,000	Mubende
5. Baganda Wawu	100	Mubende
6. Kiboga	200	Mubende
7. Kirangira	100	Luwero
8. Kasagga	100	Luwero
9. Kibese Batankulu	25	Luwero
10. Mbukiro	50	Luwero
11. Namukanga Coop.	100	Luwero
12. Nakiwema	50	Luwero
13. Abafuba-Kalagala	100	Luwero
14. Bamunanika	100	Luwero
15. Degeya	50	Luwero
16. Apollo Kaggwa	150	Mpigi
17. Muyobozi	100	Mpigi
18. Kanzira	100	Mpigi
19. Kijungute	35	Mubende
20. Kassanda Kwegatta	450	Mubende
21. Busunjuj	150	Mubende
22. Kawa hudoma	100	Mubende
23. Buto Kichwa	100	Luwero
24. bukimu	150	Luwero
25. Bukatira	100	Luwero
26. Nakasongola Growers	180	Luwero
27. Basiima Bageya	100	Luwero
28. Wabusana	100	Luwero
29. Semuto	200	Luwero
30. Kizwama	50	Luwero
31. Kisalizi	50	Luwero
	-----	
	4,440	
	-----	

## PRIMARY COOPERATIVE SOCIETIES WISHING TO ACQUIRE BRICK AND TILE MAKING MACHINES

1. Kiwenda Cooperative Society	Mpigi District
2. Mubende Kwegatta Multipurpose cooperative Society	Mubende District
3. Bujubi cooperative Society	Mubende District
4. Semuto Cooperative Society	Luwero District
5. Luwero Kezimbira coop. Society	Luwero District
6. Nakasongola Growers coop. Society	Luwero District
7. Basimma Bageya Coop. Society	Luwero District
8. Kazwama Cooperative Society	Luwero District
9. Kisalizi Cooperative Society	Luwero District
10. Kiboga Cooperative Society	Mubende District
11. Apollo Kaygwa Cooperative Society	Mpigi District
12. Muyobozi Cooperative Society	Mpigi District

# RURAL ECONOMIC RECOVERY PROJECT CREDIT MANUAL

## CHAPTER 1

### INTRODUCTION

1.0 Credit may be defined as the permission granted for use of goods and services for later rather than immediate payment. In case of the farmer, it is permission granted to him to assist him to increase the production of crops he wishes to grow.

The scope of credit is very large indeed, however, here we shall confine to credit needed by the farming community in pursuit of agricultural development.

1.1 The main feature of credit to farmers under the Rural Economic Recovery Project will be the provision of credit through cooperatives which are the farmers own organizations. Credit will in this way be channelled to farmers according to their needs rather than according to what security the farmers will offer. Formalities will also be avoided as much as possible. Simple forms not too complicated for the unsophisticated farmer will be used.

### 1.2 Types of Loans

There are three commonly recognized types of loans according to the length of time for which the credit is justifiably required.

### 1.3 Short-term Loan

The first type of loan is short term or seasonal credit. This credit is provided for actual production costs of an annual crop such as cotton, maize, and groundnuts etc. This type of loan is given for a period of up to one year.

### 1.4 Medium Term Loan

This type of credit is given for two to five years. Such loans are given for establishment of certain permanent crops, for improvement of such crops. Loans for things like purchase of oxen and oxen-drawn equipment etc.

### 1.5 Long Term Loan

This category is for financing of operations where the return to the farmer will be spread over a longer period such as establishment of tea garden, purchase of livestock, purchase of factories, stores etc. The duration of this type of loan should be between 5 - 20 years.

## **1.6 History of Credit in Uganda**

Until the end of 1950's very little occurred in Uganda in a way of credit. Loans were being provided to large scale agricultural enterprises such as big sugar estates. It was then realized that if the Ugandan farmer was to break out of vicious circle of low income, low savings, low capital formation, he would have to be provided with materials or services on credit. Active steps to do this were taken in the early 1960's.

## **1.7 Chester Tyson's Study and Recommendations**

Experts were invited into Uganda to study the situation and make recommendations for providing credit.

Mr. Chester Tyson the first consultant to make his recommendation suggested the start of the Progressive Farmers Loan Scheme. His suggestion was accepted and this Scheme started vigorously. Farmers were selected by Agricultural Officers and loans were given to them mainly in kind. The Scheme was not successful and it was suspended in 1964. Some reasons for failure were wrong selection, wrong timing, inexperience, marketing problems etc.

## **1.8 The Cooperative Credit Scheme**

While Chester Tyson was making his survey, another expert on credit namely, Mr. J.C. Ryan from India was invited to make his own survey and recommend accordingly.

He recommended that credit should be extended to small farmers through cooperative societies. The Government accepted his proposal and in 1961 the Cooperative Credit Scheme was started. 100 Cooperative Societies were selected to participate in the first year and a credit manual was prepared for use in the implementation of this Pilot Scheme. A revolving fund of Shs 13 million was set aside for this scheme. The scheme was successful until unfavourable factors such as economic chaos and lack of loanable fund since Shs 13 million had been depleted by inflation.

## **1.9 Uganda Agricultural Finance Agency**

From 1985 to 1987, efforts were made to establish an autonomous institution to administer and supervise credit to the ordinary farmer. UAFA was proposed but its registration as a private financial institution was frustrated by misconception.

## **1.10 Rural Farmers Scheme by UCB**

The Uganda Commercial Bank came up with an idea of giving credit facilities to the small farmer on simple unorthodox

lending terms. For this end the Rural Farmers Scheme has been formed and through it the bank expects to reach about 30,000 farmers in a three year duration. The bank started processing farmer's loans in July 1987 and for the first year, 30 of its 60 branches will channel credit to the farmers. Each branch will serve farmers within the radius of 50 kilometers. Some sort of bond will be created with the insistence that each borrower must open an account with the bank and must join a farmers association.

## CHAPTER TWO

### AREA OF OPERATION

2.0 In 1986 an idea was conceived to start a Rural Economic Recovery Project, to be funded by the United States Agency for International Development.

2.1 The Rural Economic Recovery Project (RERP) is to operate within Uganda in war ravaged areas.

2.2 RERP shall commence with the credit programme in the "Luwero Triangle" first during the first three years of operation.

## CHAPTER THREE

### OBJECTIVES OF R.E.R.P. CREDIT COMPONENT

3.0 To rehabilitate agricultural production in war ravaged areas in Uganda.

3.1 To offer agricultural production credit to at least 8,000 farmers in its area of operation during the first three years.

3.2 To rehabilitate some of the diversified primary cooperative societies in the area e.g. farm supply, brick making, consumer business etc., through provision of credit to the primary societies on a consignment basis.

3.3 To rehabilitate some of the formerly existing cooperative infrastructure necessary for credit in some of the Cooperative Societies - e.g. employing Secretary Managers, provision of necessary stationery, furniture, storage and office space.

3.4 To reactivate the granting of short-term credit through cooperatives by re-establishing credit to cooperative farmers in the specified areas of operation.

3.5 To extend credit to some private traders in the area by giving goods on a consignment basis.

**SECTION ONE**  
**COOPERATIVE SECTOR**  
**CHAPTER FOUR**  
**CREDIT PROCEDURE**

4.0 R.E.R.P. shall provide short-term and/or medium term credit for agricultural production to a selected number of Cooperative Primary Societies in the "Luwero Triangle" for the start for onlending to farmers.

4.1 There shall be a revolving fund established with the Central Bank for the purpose.

4.2 The Intermediate Credit Institution (ICI) for the RERP shall be the Uganda Commercial Bank (UCB) and it shall be getting the funds from the Central Revolving Fund in the Central Bank.

4.3 The ICI (UCB) shall on-lend the funds to Primary Cooperative Societies on the advice of the R.E.R.P. (Credit Component)

4.4 Primary Societies selected under the programme shall on-lend the funds drawn from the ICI to the approved loan applicants in their respective societies.

4.5 The collection procedure shall take the same reversed channel from farmer to Primary Society to ICI (UCB) and back to the Central Bank (Revolving Fund).

**CHAPTER FIVE**

**PRIMARY SOCIETY SELECTION**

5.0 District Cooperative Officers in the area of operation shall recommend primary cooperative societies to RERP for participation on the credit programme.

5.1 RERP shall select primary societies to participate on the programme and where/when possible R.E.R.P. shall physically visit and interview the societies recommended.

5.2 The selected primary societies shall be informed by the RERP through their D.C.Os about:-

- i) the training of the society of officials.
- ii) the maximum number of loans they can grant to their membership according to their loan packages.

iii) the estimated average loan size.

5.3 Primary Society officials and committees, selected, shall undergo a credit training programme.

5.4 The general membership of the selected primary society shall submit applications on RERP/C Form 2 to their primary societies.

5.5 The primary society committee and Secretary Manager shall review, appraise and approve/disapprove members' applications.

5.6 The selected societies shall submit RERP/C Form 1 accompanied by the latest audited accounts (Form 14) of the society through their D.C.O. to RERP.

5.7 RERP shall evaluate the applications and supporting statements for the final approval/disapproval of the loan applications, and then advise the ICI (UCB) to disburse accordingly.

5.8 The RERP shall always keep the Commissioner for Cooperative Development informed about the societies selected and the loan portfolios.

## CHAPTER SIX

### PRIMARY SOCIETY APPLICATION

6.0 The Primary Society application for credit shall be forwarded to RERP on RERP/C Form 1.

6.1 The application shall be accompanied by the Approved Maximum Liability covering the period of the loan.

6.2 It shall be accompanied by the General Meeting Resolution on the maximum sum a member can borrow from the society.

6.3 It shall also be accompanied by Form RERP/C 3 - Letter to the Union and also RERP/C 6 - Letter of Set Off.

6.4 It shall be accompanied by the latest balance sheet (Form 14) for the society, not exceeding two years back.

## CHAPTER SEVEN

### PREREQUISITES FOR A PRIMARY SOCIETY

7.0 In order for a society to be considered for a loan on the RER Programme, it shall be required to fulfill the following

criteria:

- 7.1 The society must have been registered for at least two years.
- 7.2 The society must not have bad debts with its members, district cooperative union or any other organization.
- 7.3 The society must have an active and competent Secretary Manager.
- 7.4 The society must have an active, effective and competent committee.
- 7.5 The society must be able to pay its employees (Secretary Manager etc...)
- 7.6 The Committee must be conversant with society bylaws and adhere to the provisions of the Cooperative Act and Regulations.
- 7.7 The society shall be required to have or open an account with the ICI (UCB) branch through which RERP will be disbursing the credit.
- 7.8 The accounts and records of the society must be up-to-date.
- 7.9 The society shall be required to have a secured safe.
- 7.10 The society shall be required to own or rent storage and office space and marketing equipment for members' crops and farm inputs.
- 7.11 The society premises must be accessible at any time by easy means of transport.
- 7.12 First consideration will be given to societies that have successfully operated a credit programme in the past.

## CHAPTER EIGHT

### INDIVIDUAL FARMER LOAN APPLICATION

- 8.0 All society members shall be eligible to apply for a production loan from their society.
- 8.1 The individual farmer/member who wishes to apply for a loan shall be required to buy RERP/C Form 2 from his society on which he will fill his particulars and other outstanding loans from any other financial institution, or cooperative.

8.2 The cost of the loan application form from the primary society shall be shs 5/-.

8.3 The applicant shall, together with two sureties, sign the bond on the application form for submission to the society secretary manager.

8.4 No one member shall be allowed to stand surety for more than two other members and reciprocity in standing surety shall render the application null and void.

8.5 The Secretary Manager shall cross-examine the application, and the relevant information and appraise the application, for forwarding to the society/loan committee.

8.6 The society/loan committee shall appraise and approve/disapprove all applications, basing on eligibility of a member, viability of the loan and the repayment plan, and character of the applicant.

8.7 Successful applicants shall get their loans from their primary societies and shall become legally bound with their primary societies for the loan, in conjunction with the two sureties.

8.8 Loans to Cooperative Societies will be both in cash and in kind. In the same way, farmers selected for loans will also get them both in cash and in kind.

## CHAPTER NINE

### INTEREST RATE PROVISIONS:-

9.0 Interest shall be charged on each and every loan offered to a primary society.

9.1 The interest at society level shall be charged on a daily basis. This will encourage primary societies to pay promptly all monies recovered from their debtors so as to reduce the interest charges.

9.2 The interest rate charged shall take into account the following factors in order to avoid erosion of the seed capital so as to keep the revolving fund viable to the project and to enable expansion:-

- (a) Domestic and international inflation,
- (b) Costs for running the project,
- (c) Bank charges for the ICI (UCB),

- (d) Payment capacity of agricultural enterprises,
- (e) Foreign exchange rate,
- (f) Risk in agricultural enterprises,
- (g) Domestic interest rate charged on small agricultural enterprises.

9.3 The interest rate chargeable to a primary society shall be .....

9.4 In order to cover the administrative costs on loans given to farmer/members by cooperative societies, the societies shall charge an interest rate slightly higher than that charged by the Bank. The mark-up by the primary society on the interest rate shall be 3%.

9.5 Both at bank and society level, interest rates shall be calculated as simple interest for ease of calculation to the farmers and society officials.

## CHAPTER TEN

### LOAN SUPERVISION AND ADMINISTRATION

10.0 The I.C.I. shall disburse loans to primary cooperative societies and it shall be the primary societies to extend loans to its selected members.

10.1 The society committee shall be responsible for the supervision and administration of loans at farmer/member level.

10.2 U.C.B. branch staff together with R.E.R.P. staff and district extension staff (Cooperatives, Agriculture, Veterinary etc...) shall be responsible for the supervision of loans at primary society level, and shall report on form RERP/C 5

## CHAPTER ELEVEN

### LOAN RECOVERY

11.0 The total loan recoverable shall include both the capital loan (cash and in-kind offered) and the interest accrued.

11.1 The society shall recover loans from members by:-

- a) deductions from farmers' sales of crops.
- b) direct cash payments by farmer to society especially in cases where the farmer sells the crop outside the

society.

- c) receiving the accrued monies from the sureties in case of failure of the loan recipient to pay.
- d) any other legal means the society deems fit to recover its debts.

11.2 The society shall deposit the money recovered in its respective branch bank account to offset its loan account.

11.3 Legal proceedings shall be taken against societies which fail to fulfill their financial obligations after exhausting all other alternatives (e.g. Letter to the Union, Letter of Set off.)

11.4 The secretary Manager shall be required to furnish the RERP and the branch bank with a monthly report on Form RERP/C 4 stating all details about the loan secured by the society.

11.5 Primary societies shall be graded according to their creditworthiness into four grades - A,B,C,D.

11.6 Primary societies shall, where possible, grade their membership according to creditworthiness into four grades - A,B,C,D.

11.7 Societies under grades C and D shall not be eligible for fresh loans before fully servicing their previous loan.

11.8 Societies under grades A and B may have fresh loans considered before fully paying back the previous loan.

11.9 Before the grading of societies is done, it shall be mandatory for societies to pay all accrued loans, plus interest, before fresh loans are made.

## CHAPTER TWELVE

### TRAINING & EDUCATION

12.0 All beneficiaries of the credit and all agents in the credit channel shall undergo training prior to administering credit to the farmers.

12.1 The training and education of the different groups shall be carried out by RERP staff in conjunction with the UCA together with the Ministry of Cooperatives and Marketing Education section, and any other Ministry or organization relevant to the training.

12.2 The following categories of people shall undergo the training:-

- a) Primary society secretary managers
- b) Primary society committee members
- c) Primary society general membership
- d) Departmental field staff (Coop, Agric, Vet, Trade)
- e) UCB branch staff

12.3 Secretary Managers of the selected societies shall undergo at least two weeks residential training course.

12.4 Primary society committee members shall have locally organized courses lasting up to one week.

12.5 One-day non-residential courses shall be organized for all members of selected cooperative societies, preferably in a trading center.

12.6 The supporting Ministry staff shall attend workshops and seminars. Subjects for discussion will include loan packages, supervision, administration of credit and loan repayments.

12.7 Branch bank officials training shall take the form of brief meetings at branch bank offices and where possible they will attend the seminars and workshops referred to above.

12.8 The private sector shall have its training in the form of meetings at their business premisses as well as on-the-job training.

12.9 The On-the-job training shall be continuous for all parties concerned with credit, throughout the life of the project.

12.10 U.C.A. shall be responsible for financing all formal courses from the funds allocated for the training program under UAFA.

**SECTION TWO**  
**CHAPTER THIRTEEN**  
**PRIVATE SECTOR**

13.0 DEFINITION: The private sector in RERP context shall mean any commercial business which is not registered under the Cooperative Act. It will also include wholesale and retail businesses.

13.1 Credit shall be extended to the private sector through provision of goods on a consignment basis and it shall be for a period of thirty days.

13.2 It shall be the RERP to determine the strategic areas where the private entrepreneurs shall be selected from.

13.3 The private businessman/entrepreneur shall be recommended by his local Resistance Committees (RCs) - one, two and three and Trade Development officials to the RERP.

13.4 RERP shall select the private enterprise to participate on the credit program after RERP has physically visited and appraised the enterprise and its business premises.

**CHAPTER FOURTEEN**  
**PREREQUISITES FOR SELECTION**

14.0 The private business must have a Certificate of Registration under the Company Act.

14.1 The enterprise must have operated actively since its registration and it must have maintained proper books of accounts.

14.2 The enterprise shall be required to furnish information regarding its past experience in the business and future plans on Form RERP/PE 1 to RERP accompanied by other financial statements.

14.3 The enterprise shall be required to own or rent premises deemed legally fit for operating the type of business it is aspiring for, with enough space for storage purposes and adequate anti-burglary devices.

14.4 The enterprise shall be required to have or open an account with the UCB branch in its area of operation.

14.5 The enterprise shall be required to bank with the UCB Branch its proceeds from the sales of the goods consigned to it under the RERP. It will maintain a standing order with the bank to offset its account with the amount of money due for repayment.

14.6 The enterprise shall be required to submit two names of referees for reference whenever necessary.

14.7 The enterprise shall be required to sign a loan agreement/bond on form RERP/PE 3.

## CHAPTER FIFTEEN

### LOAN SUPERVISION AND ADMINISTRATION

15.0 The credit to the private sector shall be on a consignment basis for on-selling to the local populace in the "Luwero Triangle".

15.1 The selected enterprise shall be required to make a part payment of not less than 25% of the total cost of the goods per consignment in form of a bank draft in the names of the account directed to it by RERP.

15.2 The chattels/goods shall provide part of the security for the loan.

15.3 The wholesale enterprises shall be supervised by RERP. Retail businesses shall be supervised by their wholesaler and the RERP.

15.4 The enterprise shall be required to furnish bi-monthly returns on Form RERP/PE 2 to RERP on sales, cash, stocks etc.. of the goods.

15.5 The loan shall carry an interest rate of ....% calculated as simple interest on a daily basis. This will encourage prompt repayment of the loan.

15.6 No fresh consignment of goods shall be given prior to the enterprise clearing off its previous financial obligation to RERP.

APPENDIX 1

RERP/C Form 1A

RURAL ECONOMIC RECOVERY PROJECT

APPLICATION OF PRIMARY COOPERATIVE SOCIETY

To: Rural Economic Recovery Project Administrator  
Ministry of Cooperatives and Marketing.

Thru: The District Cooperative Officer  
..... District.

From: the Committee of ..... Cooperative  
Society Limited, Registered No .....

The Committee of the above society would wish to apply for a loan of Shs ..... from the Uganda Commercial Bank under the auspices of the Rural Economic Recovery Project for on lending to its creditworthy members. Below are details on this society:

1. Annual/Special General Meeting of the society which resolved to incur this Liability was held on .....
2. Approval of maximum liability was made on ..... for sns .....
3. The Balance Sheet for the year ..... is here with attached.
4. The society has not appointed Secretary Manager
5. If society has appointed Secretary what are his/her names .....
6. His/her educational background:
  
7. His/her work experience:

B. Has the society ever participated in the Credit Scheme?

If Yes, when and how long? .....

9. What debts does the society have?

- a) Current crop finance .....
- b) Amount owed to Banks .....
- c) Amount owed to Cooperative Union .....
- d) Amount owed to other Cooperative Societies .....
- e) Amount owed to others .....

10. Details of bank accounts:

a) Bank	Type of Account	Balance as at
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

11. We the undersigned, on behalf of the society and its Committee certify that the above details are correct:

Chairman .....

Treasurer .....

Secretary Manager .....

Dated ..... 19 .....

APPENDIX 2

RERP/C form 1B

RURAL ECONOMIC RECOVERY PROJECT  
APPLICATION OF PRIVATE ENTERPRISE

TO: RURAL ECONOMIC RECOVERY PROJECT

THRU:

Trade Development Officer \_\_\_\_\_

Chairman, Resistance Committee I: \_\_\_\_\_

1. Name of applicant \_\_\_\_\_

2. Type of Enterprise \_\_\_\_\_

3. Address \_\_\_\_\_

4. District \_\_\_\_\_

5. County \_\_\_\_\_

6. Subcounty \_\_\_\_\_

7. Applicant's assets and their location

a) \_\_\_\_\_ Estimated value Shs \_\_\_\_\_

b) \_\_\_\_\_ " " Shs \_\_\_\_\_

c) \_\_\_\_\_ " " Shs \_\_\_\_\_

d) \_\_\_\_\_ " " Shs \_\_\_\_\_

8. Debts and other liabilities

a) \_\_\_\_\_ Shs \_\_\_\_\_

b) \_\_\_\_\_ Shs \_\_\_\_\_

c) \_\_\_\_\_ Shs \_\_\_\_\_

9. Experience in operating this enterprise \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. Commodities you wish to be consigned to your enterprise.

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

11. Amount of money you wish to borrow to operate your enterprise  
Shs \_\_\_\_\_ payable in \_\_\_\_\_ months in  
installments of Shs \_\_\_\_\_ per month.

12. Banker \_\_\_\_\_  
Account number \_\_\_\_\_

13. I/We do hereby affirm that information given in this  
application is true.

Name(s) _____	Signature _____
_____	_____
_____	_____
_____	_____

Date: \_\_\_\_\_

APPENDIX 3

RERP/C Form 2

Application No. \_\_\_\_\_

RURAL ECONOMIC RECOVERY PROJECT

APPLICATION OF A MEMBER FOR A LOAN FROM COOPERATIVE SOCIETY

- 1. .... Cooperative Society Limited.
- 2. Member's Name ..... Member' Number .....
- 3. Amount of loan applied for .....
- 4. Purposes of the loan .....  
.....  
.....
- 5. When loan is required .....  
.....  
.....
- 6. Proposed loan repayment arrangements:  
a).....  
b).....  
c).....
- 7. Any other loans: .....
- 8. Sureties  
a) Member's Name ..... Number .....
- b) Member's Name ..... Number .....

I agree that I will repay my loan of Shs .....  
with interest on or before .....

I do also agree that the society may deduct what I owe to it from  
any sums due to me.

Dated .....

Signature \_\_\_\_\_

Thumb print \_\_\_\_\_

9. Sureties: We the undersigned agree to repay the total amount due to the society by the applicant if he/she fails to repay the loan by the time it is due.

- a) Signature ..... Member's Number .....
- b) Signature ..... Member's Number .....

10. To be completed by Secretary Manager

- a) Date member joined the society .....
- b) Value of produce sold through the society for the previous two marketing seasons:

- i) 198 .... Shs .....
- ii) 198 .... Shs .....

c) Shareholding:

- i) Number of shares
- ii) Total value of shares - Shs .....

d) Secretary Manager's comment

.....  
.....  
.....  
.....

e) Application received by the Committee on .....

f) Loan approved/not approved for Shs .....  
on ..... 198 .....

g) Minute Number ..... Date .....

Signature of Secretary Manager \_\_\_\_\_

Date \_\_\_\_\_

APPENDIX 4

RERP/C 3

LETTER TO THE UNION

..... Manager,

..... Cooperative Union Ltd.,

Dear Sir,

We, the duly authorised officers of the ..... Cooperative Society Ltd. (Reg. No.....) hereby authorise you to pay the Uganda Commercial Bank ..... Branch, for the credit of this society's loan, all bonus, commission and any other sums due to the society if Uganda Commercial Bank demands payment of the loan.

This instruction is irrevocable and can only be cancelled with the written consent of the Commissioner for Cooperative Development.

The Common Seal of

.....Cooperative Society Ltd.

Signatures ..... Secretary Manager

..... Chairman

..... Treasurer

MONTHLY REPORT BY SECRETARY MANAGER

1. Month ..... 19.....
2. Name of the Cooperative Society .....
3. Loan funds:
  - a) Amount approved .....
  - b) Amount disbursed by the end of the month .....
  - c) Balance of amount approved .....
4. Number of borrowers:  
Number of borrowers during the month ..... Males  
..... Females
5. Members Loans and Repayments:
  - a) Amount of loans disbursed to day .....
  - b) Payments made at the beginning of this month .....
  - c) Payments made during the month .....
  - d) Number of borrowers at the beginning of month .....
  - e) Number of borrowers during the month .....
  - f) Loan defaulters at the beginning of the month .....
  - g) Loan defaulters during the month .....
  - h) Amount defaulted by the beginning of the month .....
  - i) Amount defaulted during the month .....
  - j) Total membership of the society .....

6. List of defaulters:

Name of members	Number	Amount Borrowed	Amount Repaid	Default
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----

7. Signature of Secretary Manager .....

Date .....

APPENDIX 6

RERP/C 5

MONITORING REPORT

1. Name of the visiting official(s):  
.....  
.....  
.....
2. Date of the visit ..... 19.....
3. Place(s) visited:  
.....  
.....  
.....
4. Purpose of the visit:  
.....  
.....  
.....
5. Persons met at places of the visit:  
.....  
.....  
.....  
.....  
.....
6. What was accomplished:  
.....  
.....  
.....

7. Problems encountered:

.....  
.....  
.....

8. Advice given:

.....  
.....  
.....  
.....  
.....  
.....

9. Recommendations:

.....  
.....  
.....  
.....  
.....

10. Signature of officials: .....

11. Date: .....

APPENDIX 7

RERP/C 6

A LETTER OF SET-OFF

.....  
.....  
.....  
.....198...

The Manager  
Uganda Commercial Bank

We, the duly authorised officials of the .....  
Cooperative Society Ltd. (Reg. No. ....), hereby  
authorise the Uganda Commercial Bank to debit the account of the  
society with any sums of principal and interest which may become  
due and payable in respect of the society.

The bank will use its discretion in the exercise of this mandate  
and this mandate will remain irrevocable and will be cancelled  
with the consent of Uganda Commercial Bank.

The Common Seal of .....  
Cooperative Society Ltd.

Chairman:

Treasurer:

Secretary Manager:

APPENDIX 8

RERP/C 7

LOAN DISBURSEMENT VOUCHER Number \_\_\_\_\_

Name \_\_\_\_\_ of  
Society \_\_\_\_\_

Name of member \_\_\_\_\_ Number \_\_\_\_\_

Bond number \_\_\_\_\_

Amount Shs \_\_\_\_\_

Purpose \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Amount in cash \_\_\_\_\_

Amount in kind \_\_\_\_\_

Member's Signature \_\_\_\_\_

Secretary Manager's Signature \_\_\_\_\_

Date: \_\_\_\_\_

APPENDIX 9

RERP/C 8

LOAN REPAYMENT RECEIPT Number \_\_\_\_\_  
Name of Society \_\_\_\_\_  
Name of member \_\_\_\_\_ Number \_\_\_\_\_  
Bond number \_\_\_\_\_  
Amount    a) Principal Shs \_\_\_\_\_  
            b) Interest Shs \_\_\_\_\_  
Amount in words \_\_\_\_\_  
Loan year \_\_\_\_\_  
Secretary Manager's Signature \_\_\_\_\_  
Date: \_\_\_\_\_

APPENDIX 10

RERP/PE 2

PRIVATE ENTERPRISE RETURN REPORT

1. Name of Enterprise \_\_\_\_\_ Type \_\_\_\_\_
2. License certificate number \_\_\_\_\_ Date \_\_\_\_\_
3. Date of report \_\_\_\_\_ 19\_\_\_\_  
Duration of report: From \_\_\_\_\_ To \_\_\_\_\_ 19\_\_\_\_
4. Type of commodities consigned:
  - a) \_\_\_\_\_ amount \_\_\_\_\_ balance \_\_\_\_\_
  - b) \_\_\_\_\_ amount \_\_\_\_\_ balance \_\_\_\_\_
  - c) \_\_\_\_\_ amount \_\_\_\_\_ balance \_\_\_\_\_
5. Sales of consigned commodities during period of report:
  - a) Type \_\_\_\_\_ amount \_\_\_\_\_ balance \_\_\_\_\_
  - b) Type \_\_\_\_\_ amount \_\_\_\_\_ balance \_\_\_\_\_
  - c) Type \_\_\_\_\_ amount \_\_\_\_\_ balance \_\_\_\_\_
  - d) Type \_\_\_\_\_ amount \_\_\_\_\_ balance \_\_\_\_\_
6. Type of customer \_\_\_\_\_  
Number of customers for:  
Commodity \_\_\_\_\_ Amount \_\_\_\_\_  
Commodity \_\_\_\_\_ Amount \_\_\_\_\_  
Commodity \_\_\_\_\_ Amount \_\_\_\_\_
7. How much of the available commodities would you want to be allocated?  
Commodity \_\_\_\_\_ Amount \_\_\_\_\_  
Commodity \_\_\_\_\_ Amount \_\_\_\_\_  
Commodity \_\_\_\_\_ Amount \_\_\_\_\_  
Commodity \_\_\_\_\_ Amount \_\_\_\_\_

8. Comments of Manager of the Enterprise \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

9. Observations of examining RERP official. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. Signature of Manager \_\_\_\_\_

Date: \_\_\_\_\_

11. Signature of RERP examining official \_\_\_\_\_

Date: \_\_\_\_\_

APPENDIX 11

RERP/PE 3

LOAN AGREEMENT/BOND

1. I/We \_\_\_\_\_ Of \_\_\_\_\_  
wish to acknowledge acceptance of commodities consigned to  
me/us under the auspices of the Rural Economic Recovery  
Project for sale to residents of the Project area.
  
2. I/We pledge to sell these commodities and bank the proceeds  
with UCB \_\_\_\_\_ branch in accordance with the  
costings agreed upon.
  
3. In case of failure to remit the proceeds to UCB, I/We pledge  
My/Our assets to be sold in order to raise the amount of money  
in default.
  
4. The authorized agents of UCB and officials of RERP will be  
free to come and inspect My/Our enterprise, check on My/Our  
books of accounts and stocks of commodities supplied under the  
RERP.
  
5. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_