

A DECADE OF COOPERATIVE
DEVELOPEMENT IN UGANDA
1963—1973

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL
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FOREWORD

The record of progress in cooperatives reviewed in the pages of this document reflects a ten-year joint effort of the U.S. Agency for International Development (USAID), the Agricultural Cooperative Development International (ACDI), and the concerned government.

It is all too rare that the combination of technical assistance, an aggressively supportive USAID, and a country program has been brought together, and it reveals in all its components the ultimate necessity of this kind of major commitment.

For ten years the planning, execution and follow-up dovetailed to create significant improvement in the agricultural sector and most importantly an improvement in the status of the more than 650,000 farm families involved.

The total commitment of USAID support to assist the people of Uganda in their efforts to build an efficient set of cooperative institutions was essential. It began in modest fashion in 1962 (the year of independence) and expanded into all aspects of improving agriculture--marketing, supply, credit, information--and into the basic needs for diversification in production.

The strategy for this institutional development was defined in the initial years and consistently followed and enlarged upon throughout the ten-year period.

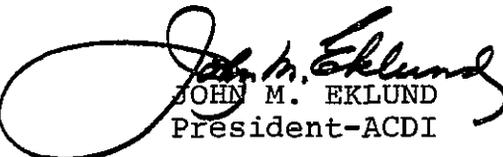
Unfortunately hard statistics involving the degree of benefit to individual farmers are not available. No baseline analysis was even attempted until 1970 and has not yet been subjected to comparative analysis.

The best analysis of progress and benefit must be drawn from secondary measurement and subjective interpretation. By studied inference resting on the greatly expanded access of farmers to inputs, the significant organization in institutional farm credit through farmers' own organization, the increased equity in their cooperatives, and the expansion and market services into diversified food crops, it can be substantiated that farm families in Uganda are far better served and positioned for the future by virtue of this ten-year assistance effort.

There is now in place, even though fraught with continuing problems as yet unknown or identified, a strong system of farmers' cooperatives, built on participation of members, greatly increased capability of leadership, free flow of information, and a growing independence in the movement.

The following report speaks for itself as a documented record of what can be done when there is provided a long enough period of time, sufficient resources, and the dedicated commitment of both the assisting agency and the government of the country.

ACDI was honored to have a part in this comprehensive effort by the United States in behalf of the developing country and its farm people.


JOHN M. EKLUND
President-ACDI

June, 1973

CHAPTER I

SOCIAL AND ECONOMIC ENVIRONMENT

Geography

Uganda, if any place on earth could be so stereotyped, is the land of "eternal spring."

Conceive, if you will, a land mass the size of the State of Oregon. Place it landlocked astride the Equator. Set it atop the second largest fresh water lake in the world (Victoria, the source of the Nile). Consider it generally as a plateau 3,000-4,000 feet above sea level, with mountain masses rising up to 16,000 feet around three sides of its periphery.

Now envision this predominantly savannah area with deep, fertile red clay loam soils, far more productive than the average for tropical lands; an abundant rainfall varying from 30 to 70 inches per year, with temperature variations of less than 20 degrees Fahrenheit which applied to its location and altitude modifies the suspected equatorial heat. This thumbnail sketch portrays Uganda, indeed the land of "eternal spring."

Living Conditions

Uganda is basically a nation of small farmers. It is of importance that the phrase "small farmers" be qualified by indicating that two-thirds of the farms contain under 10 acres. It must also be recognized that over 80% of Uganda's ten million people are engaged in its basic industry--agriculture.

The predominant rural population gains its subsistence from intensive food and cash crop production. Only a minor portion accept pastoralism. The word "subsistence" is well substantiated by studies which indicate that 22% of the farmers have an annual household income of less than \$30 and nearly 80% have less than \$200. This resolves to an average annual income of slightly over \$100. A money economy is a very recent concept, just emerging in the minds of the rural people.

Generally, within the subsistence sector, farmers do produce enough food for home consumption. In addition they produce sufficient cash crops to pay taxes, pay school fees,

purchase bicycles and to make meager purchases of clothing, cooking oils, salt, sugar and matches.

Agricultural income generates 65% of Uganda's Gross National Product and is the principal foreign exchange earner accounting for 80% of the total. Coffee and cotton have been and remain the principal contributors.

Most people live as a family or in small family groups depending upon the availability of land and water. The larger portion of the agricultural lands are not owned in freehold, but security of tenure is recognized even under traditional systems. As long as the individual cultivates his land, his tenure remains secure. In most areas tenured lands are hereditary. Family ties are strong. The senior male member is charged with major family responsibility.

Hand labor predominates in the tasks of clearing, breaking, planting and cultivating the land as well as in harvesting. The panga (machete) and jembe (hoe) are the important tools of the trade. Oxen for plowing are scarce and have come into use only recently.

Rural houses are usually constructed of locally available materials. Typically the houses are cylindrical with mud (murrum) and wattle sidewalls. They are set on an earthen base and covered with thatched roofs doming at the apex.

These houses are semi-permanent, usually lasting as long as 15 or perhaps 20 years. They are adequate for personal protection as well as against the tropical elements, sun and rain.

A typical Uganda farm family lives out-of-doors. Most of their daylight hours are spent working, eating, socializing and relaxing outside the confines of man made structures.

Social Structure

The social structure within Uganda is shaped from institutions made up of both the predominantly rural people and the urban minority. In the rural area, which is the more conservative, relationships and residence provide structural social relations. Now, however, there is being felt the influence of urban life. This influence varies in a direct relationship to the presence of civil servants, teachers, technicians and others who may live or visit within the area.

Basically, social status in the rural areas is determined by real or imaginary economic wealth, the individual's education level and his position within the family and extended kinship group. Common residence within a clan-controlled area is sufficient qualification to be pegged within the existing social structure. In a given neighborhood, residents come and go but current members cooperate in group activities and participate rather fully in any social or recreational activities.

Cooperation within the social structure is a way of life. Men combine their capabilities in field work; the women join to help one another in household tasks; the girls are built-in baby tenders and boys herd the cattle and goats. Reciprocity is an integral part of neighborhood group cooperation and a close accounting is kept of the mutual obligation.

Visits to neighbors are frequent and usually lengthy. Everyone in a neighborhood is aware of and takes a keen interest in all the personal, political and financial affairs of the others. News and information travel with amazing speed without the use of modern communication procedures.

To understand the social structure it must be pointed out that more than 20 vernaculars clutter the communication process. English, the official language, is a carry-over of the "Protectorate" period and serves only approximately 10% of the people. Social intercourse between certain ethnic groups is practically an impossibility due to communication restrictions. The only catalytic agent capable of bridging this gap is English even though many of the educated are multilingual. One can readily conclude that the small farmer is usually illiterate in terms of formal education and is restricted to one or two vernaculars. This points up the reliance of the individual on the built-in social structure developed by clan and family.

Agriculture

Like that of most developing countries, Uganda's economy is largely dependent upon the growth and development of its agriculture.

Uganda's total land area is some 48 million acres. Over 70% or 35 million acres is arable. Over 70% of the arable land or 24 million acres receives more than 30 inches of rainfall per year. This is adequately distributed throughout the growing season and is practical for most cultivations. About half of the 24 million acres is under crops and the balance is fallow or uncultivated and is commonly used for grazing purposes.

The spread of commercial agriculture is moving quite rapidly and is probably the most dynamic element within the economy. Existing figures would indicate that coffee contributes about one half and cotton one-fourth of all export earnings. The sale of these two crops therefore is a major determinant of the total national income. The nearly complete reliance of the national economy on world market earning power is a structural weakness that has caused considerable concern and some action by policy making bodies. An effort has therefore been made in diversification to increase the role of tea, tobacco, sugar, groundnuts, etc.

In recent years there has also been a concerted effort on the part of government, through policy decisions and extensive educational programs, to increase cotton production due to its more favorable world market price situation.

The peasant farmers are slowly but gradually supplementing their meager incomes with improved dairy and multi-purpose stock, poultry and swine.

The beef industry has significantly moved in a somewhat different yet closely correlated manner. The scarcity of land available to any one individual in his resident location, and the large initial investment required is too much for the small farmers. He has, however, learned something about cooperation. He has gained strength from his primary cooperative society. The society by joining with other societies in the District Union has gained strength, power and more especially, a financial base in this institutional complex. The unions have then become the ranchers and the small farmer has become more than ever before an integral part of his own institutional building program.

In retrospect, the small farmer by his participation in cooperative business enterprise and through cooperative educational programs is beginning to recognize the importance of group action as a means of economic self improvement.

History of Cooperative Structure

Cooperation in Uganda has always existed. Work of various sorts, from earliest times has been carried out on a cooperative basis. A few examples would include house building, hunting, fishing, road building, and even cattle raiding (rustling).

How did the echoes of the cooperative movement reach Uganda? Whether someone from abroad with cooperative knowledge and know-how promoted action or whether the step was

purely accidental is uncertain. Regardless of source, in 1913 four farmers decided to market their crops cooperatively. Later on other loose groups or associations were encouraged by the marketing controls instituted during the war years to boost crop production.

After World War I the cotton industry started to develop very rapidly under conditions of open competition in buying, ginning and export. The growers, mainly illiterate, were easily cheated and found themselves helpless in the face of organized middlemen representing powerful vested interests. In 1920 five groups of farmers around the Kampala areas met to form the "Buganda Growers Association". The primary object of this group was to serve as a representative spokesman of growers on issues before the government. This organization was not originally intended to be a marketing organization but in the early 1930's some attempt was made by them to market cotton cooperatively. The first results were entirely discouraging. In 1933 the association was restructured under the name of the "Uganda Growers Cooperative Society" with its main objective being that of marketing cotton.

Members of this society were drawn from various counties and apparently represented loose groups of growers in their home areas. In 1935 these groups formed themselves into primary societies. Their representatives meeting in Kampala reconstituted a secondary society under the name of "The Uganda Growers Cooperative Union". This organization was given assurance by government that the enactment of cooperative legislation would receive attention. A Bill was drafted in 1935, revised in 1936 and gazetted in 1937. It encountered extremely strong opposition from the unofficial members. It appeared at the time that the introduction of any kind of cooperative legislation would be premature in Uganda for many years to come. However, a special committee was set up to further study the matter. It reported back that cooperative education should precede development and strongly recommended the encouragement of thrift. No immediate action was then taken to introduce cooperative legislation and the outbreak of World War II caused a further indefinite postponement.

At this time "The Uganda Growers Cooperative Union" consisted of 26 primary societies, only 15 of which were active. In addition there were a few other marketing societies not affiliated with the Union and there were two consumer stores in operation.

In 1944, Government invited a Mr. W. K. H. Campbell, C. M. G., late Registrar of Cooperative Societies in Ceylon,

to undertake a comprehensive survey of the situation in Uganda. In his report, he found that while conditions in Uganda appeared most favorable towards the development of co-operation, the numerous quasi-cooperative societies already in existence urgently required government control and assistance. He, therefore, recommended the immediate enactment of cooperative legislation and the appointment of a Registrar.

Eventually in February 1946 the Cooperative Societies Ordinance was enacted to become effective on September 1 of that same year.

A Registrar (also the Commissioner) was appointed and a Cooperative Department set up with the responsibility for registering, supervising, auditing, arbitrating and, when necessary, dissolving all cooperative societies in Uganda. This marked the birth of both the Cooperative Department and the cooperative movement in Uganda as it is today.

At the end of 1946 there were in existence about 75 organizations of a cooperative nature. Over 50 were agricultural marketing societies. Others were supply societies, consumer stores, fishing groups, cattle and dairy societies and one thrift society. Most of these societies were not being run on proper cooperative principles. They lacked by-laws. Their books were either nonexistent or improperly kept. In general, they were operated in a most unbusiness-like manner.

The first society to be registered under the new ordinance was an agricultural marketing society called the "Namutamba Growers Cooperative Society Ltd." This took place on July 30, 1947. By the end of 1948, 26 societies had been registered. During the same year The Uganda Growers Cooperative Union, Ltd., obtained registration as the first Cooperative Union.

It was soon realized that it takes more than an ordinance to make cooperatives develop and perform. It was estimated that as many as 175 unregistered groups were operating without any intent of becoming involved in government supervision. They were obviously taking high profits as they replaced the middleman buyer. This reluctance to accept governmental supervision combined with a politically obstinate refusal to accept without suspicion any scheme sponsored by the government delayed the registration process.

Going from a bad situation to a worse one these unregistered groups led to the formation of the "Uganda African Farmers Union". This union soon fell under the influence of political agitators, who used it to stir up trouble which

culminated in the Buganda disturbances of 1949, resulting in the government declaring it an unlawful society. Even so, this proved only to be a temporary setback to the unregistered groups. Their membership grew rapidly to an estimated 80,000 by 1952 as compared to only 44,000 recorded members of registered societies. The masses of growers remained outside any registered form of cooperative. The registered societies were only marketing 7% of the country's total cotton production.

The decade prior to independence in 1962 was filled with cooperative turmoil but some progress was made. Recommendations by "Commissions of Inquiry" indicated that the cooperative movement would be stronger if independent of government. It recommended that the office of Registrar should be abolished and be replaced by an "administrator" and an "advisor" plus the setting up of a three-man Cooperative Advisor Board to be responsible for appointments and dismissals to the Advisor's staff. It further recommended that a Cooperative Officer be assigned to every district and a Cooperative Assistant to every county. This era also saw the establishment of a Cooperative Council and a bill to incorporate about 20 amendments to the ordinance which gave registered societies more freedom from government and placed the cooperative staff on an advisory basis rather than in a regulatory capacity. The effectiveness of cooperative staff was seriously curtailed by this action but the amendments remained in force for the next ten years.

Another piece of legislation in 1952 was the enactment of the "Acquisition of Ginneries Ordinance". This ordinance committed the government to a policy of assisting African participation in trade and industry. It allowed that 20 ginneries could be acquired by those cooperative unions which could raise from their own resources, one-third of the purchase price of the ginnery, and whose members could produce in seed cotton the equivalent of 2,400 bales of lint. The remainder of the purchase price was advanced by government for repayment over a 30-year period at 4% interest.

In 1958 the Department of Cooperative Development took cognizance of the fact that an active and a cooperatively knowledgeable staff would be essential to guide the movement through its formative years. This was soon to be moved to Bukalasa and was to be known as the Bukalasa Cooperative College.

The decade under review was really one of steady growth within the cooperative movement despite the many problems encountered. By 1959 all the existing cooperative groups had been registered. There were now 273 societies with an annual turnover of \$616,000.

The Cooperative Societies (Amendment) Ordinance of 1952 was repealed and replaced by the Cooperative Societies Act and Rules of 1963. It was then that the Cooperative Council was abolished and the office of the Registrar of Cooperatives was combined with that of Commissioner of Cooperatives. Many of the regulatory powers lost in the early legislations were restored.

It was at this point in time that Uganda achieved her independence in 1962. New cooperative legislation was enacted in 1963, designating cooperatives and their Uganda-izing as an important element in the development machinery. Agricultural cooperatives were positioned to play a leading role in this development process.

Government Policy

With the passage of the Cooperative Societies Ordinance of 1946, government had accepted as a national policy the responsibility to promote the cooperative movement as a democratic way to develop people, resources and the economy of Uganda. This solid support by government gave great impetus to these voluntary organizations.

Since Uganda gained her independence, the political power structure has changed three times, twice by force. Regardless of these changes in political ideology, government policy concerning cooperatives and cooperative endeavor has held steadfast. Actually the cooperative foundations have been reinforced, their horizons have been extended and their areas of operations expanded. A quotation or two from Uganda's third Five-Year Development Plan 1971/72-1975/76 reaffirms the substance of the earlier five-year plans of 1962 and 1967:

The cooperative movement offers an institutional vehicle for accelerating the Ugandanization of the economy. For 25 years cooperatives have been directly involved in the marketing and processing of agricultural produce. In some cases, they even enjoy a monopoly of those activities. (This is only true in the case of cotton, although coffee is fast approaching total involvement within the cooperative sector.)

Cooperative enterprise is to be strengthened. In addition, the movement will be gradually, or immediately if need arises, extended to fields such as agricultural production, industry, housing, retail and wholesale trading and transport. It is the government's intention to bring about Ugandanization in an efficient manner. The government is convinced that Ugandanization can and should be promoted in the context of

an expanding economy. This requires vigorous measures to enhance the efficiency of the various institutions through which state and cooperative participation is being channelled. Special care will be taken to insure that these institutions do not abuse any monopoly powers given to them.

A reappraisal is to be taken of the operations of the cooperative movement. Additional responsibilities will be allocated to cooperatives only after this reappraisal and any necessary reorganization have been effected. In particular, the utmost care will be taken to ensure that the cooperative movement remains voluntary and nonpolitical in principle and practice.

The cooperative movement will continue to be assisted by government in order to improve the efficiency and operations of the movement.

Government policy affecting the cooperative movement has thus been clear-cut and decisive. The climate for cooperative endeavors in the process of economic and social development of Uganda is continuous.

Cooperative Role in Economic Development

In Uganda it has long been, and still is a defined policy to involve growers or cooperative members in the processing of the crops they produce. Therefore, it becomes necessary to involve the cooperative movement very heavily in the preparation and implementation of any development project related to agriculture. The government has aggressively pursued this policy since independence in 1962.

Today agricultural cooperatives are involved in varying degrees in cotton marketing and ginning; coffee curing and processing; purchasing, storing and marketing of minor or secondary crops such as groundnuts, maize, sorghum, beans, sim-sim and rice; organized farm credit; cooperative banking facilities; rural and urban savings societies; cooperative milk processing and marketing; livestock ranching projects; poultry and pig processing and marketing; farm supply distribution; edible oil (cotton seed) processing; improved seed distribution; hides and skins purchasing, processing and exporting; manufacturing of feeds, jute products and to some extent the manufacture of spare parts used in ginning.

It is generally understood that the real purpose of a cooperative is to provide goods or services which are not being provided by other sources or means or which can be provided at a saving to its members. The small and scat-

tered holdings of the individual Uganda farmer make it uneconomical if not virtually impossible for him to deliver his produce to the ultimate market. Thus he has always been vulnerable to exploitation by traders who offered prices far below what could be realized at more central locations. The farmer in effect has been told to "take it or leave it."

Cotton Marketing and Processing

Numerous cooperative marketing societies had been organized during the 1940's but were being used mostly as collection centers for the convenience of non-African traders. Prior to 1952 only one ginnery was being operated by a cooperative union.

In 1952 an ordinance made provision for the government to begin acquiring ginneries from non-Africans which could then be turned over to cooperatives on a long term, low-interest loan arrangement. This ordinance also stipulated that any newly constructed ginneries would be cooperatively owned. As a result of this move the cooperative members, through their societies were able to participate in margins or savings that were made by the district unions by processing cotton. Although these savings were mostly in the form of shares or equity in the District Union and the money was used to pay off the initial government loan or make improvement, the individual farmer began to have a feeling that he was a part owner of a business. That feeling of participation and ownership provided an incentive for more producers to join cooperatives and the movement grew rapidly. As of 1973 all the cotton grown in Uganda is processed by cooperatives.

Coffee Curing and Processing

Provision was also made by the government for Ugandans to enter the coffee curing and processing field by providing financial assistance in the form of long-term loans to be used for the purchase of coffee curing factories. Noncitizens however, had such a tight grip on that phase of the coffee industry that few cooperatives were able to negotiate for the purchase of these plants and break into the field until a new coffee marketing policy was announced in 1969 calling for all dried coffee buying and processing facilities to be owned, operated and managed by cooperative societies. Since experience in the implementation of this type of directive had already been gained in the case of cotton, the changeover was relatively smooth.

Marketing Boards

Organization of cooperative marketing societies and district cooperative unions was a major factor in the Uganda-ization of purchasing, processing and marketing of Uganda's agricultural produce.

During the pre-war colonial days the old British Colonial Administration placed many impediments in the way of Ugandans to even participate in, let alone control, their agricultural and other economic activities.

Two pre-independence steps then were very significant in total Ugandanization; first, the organization of cooperative societies and unions, and secondly, the creation of marketing boards. It becomes necessary to briefly bring marketing boards in the picture at this point because of their role in completing the marketing cycle.

In the case of cotton there had been numerous committees and associations set up throughout the years (from 1927 to 1949). As the number of operating ginneries increased, the marketing problems also increased due to lack of any semblance of complete organization that could control quality, and buying prices within the country and most importantly to gain bargaining power in the world market.

In addition to the above, the huge profit margins between the prices paid the growers and the export price were not remaining in Uganda or being shared with the growers.

Pressure from the growers for more African participation in the industry forced the government to appoint a commission to study the entire cotton marketing situation. It was to consider the government's proposal to set up a Lint Marketing Board. This Board would replace the cotton exporters group which had originally been formed to act as agents of the government.

The Lint Marketing Board was set up in 1949 with its own chairman who is appointed by and responsible to the Minister of Agriculture, Forestry and Cooperatives. The board employs its own staff of inspectors, graders, sales personnel and accountants.

It works out the pricing formula on a cost-plus basis and determines the margins allowed to the district unions for ginning, the price floor for the growers. Lint quality is maintained through a quality incentive scheme.

The board acts as the sole marketing organization for the purchase and sale of lint and seed.

Since most of the money needed for crop purchases must be borrowed from commercial banks, prices tend to remain as realistic as possible. Farmers must be paid cash on delivery.

Coffee

Coffee growing in Uganda began spreading quite rapidly during the 1930's and very rapidly after World War II.

Since coffee was basic in the economy of Uganda the government became concerned with the fluctuation of world market prices and the impact this would have on the growers. To make possible large bulk shipments, the government had to gain control of marketing and eventually control the prices paid to farmers. A Coffee Marketing Board was set up in 1953 along lines similar to that of the Lint Marketing Board.

Price assistance funds were established when world prices were high and were used to subsidize or stabilize the prices paid to growers when world prices were low.

Coffee marketing was handled somewhat similar to cotton. Collection was done through cooperative unions or private growers' pulperies and transported to the Coffee Marketing Board's Kampala factory for grading, final processing, bagging and finally exporting.

Cooperatives were competing side by side with private traders during the 1940's and 1950's and were handling and processing less than 30% of the crop as late as 1962.

Minor Crops

In 1962 the Government of Uganda in its first Five-Year Development Plan called for diversification of production in order to reduce the dependence of the economy on the two primary crops--cotton and coffee. Farmers were encouraged to produce at least one cash crop such as maize, groundnuts, sim-sim, beans or sorghum in order to provide a better standard of living and a somewhat more equitable distribution of income.

A third marketing board was set up in 1968 to coordinate and handle the marketing of tobacco and all secondary (minor) crops such as groundnuts, maize, beans, sim-sim, sorghum and other pulses.

Cooperatives were called upon to become more aggressive and active in the minor crops program. An apex organization

called the Uganda Cooperative Central Union^{1/} was established in 1961 by member district unions and was charged with the responsibility of coordinating the trading activities of the member unions and to act as a wholesale supplier of the production input needs of farmer members, societies and unions.

In 1968 a produce marketing department was established by the Uganda Cooperative Central Union to assist local societies with the purchase and collection of crops, coordinate delivery to the district unions and finally to actually find markets for and sell these crops. The movement was assisted in its efforts by a USAID grant of eight steel prefabricated warehouses, erected at strategic locations throughout the country for assembly of larger quantities of crops. Men were trained to properly manage these warehouses, do the grading, weighing, necessary accounting and arrange for fumigation. The Central Union then began finding markets for the surplus crops through government tenders and various internal markets such as flour manufacturers. In 1968 58,000 lbs. of groundnuts were exported to the United Kingdom for confectionary use.

Buying licenses for secondary crops were issued by the Produce Marketing Board to private traders as well as cooperative unions provided they had suitable warehousing. The private traders, who were nearly all non-African, were creating shortages manipulating the pricing policies and generally frustrating the efforts of the cooperative movement and the newly organized Produce Marketing Board. In 1971 the Cooperative Central Union was forced to suspend its produce marketing activities because they were refused a buying license when the Produce Marketing Board announced policy changes.

Efforts in doubling production and organizing an orderly marketing and processing system have not progressed as desired due to a continuing series of events that include a change in government and its policies, a newly created Marketing Board that has had difficulties in becoming effective and finally the 1972 announcement that called for 100% expulsion of all noncitizen traders.

Relationship

The total responsibility for agriculture in Uganda is divided between the Ministry of Agriculture, Forestry and Cooperatives which is responsible for plant husbandry, and

^{1/} To be discussed in more detail in Chapter VII

the Ministry of Animal Resources, which is responsible for animal husbandry and veterinary service.

There are seven district units or departments within the Ministry of Agriculture:

- 1) The Department of Agriculture
- 2) The Department of Cooperative Development
- 3) The Forestry Department
- 4) The Lint Marketing Board
- 5) The Coffee Marketing Board
- 6) The Produce Marketing Board
- 7) The Uganda Tea Growers Corporation

The Department of Agriculture, with its headquarters in Entebbe, is responsible for all extension service. It is organized under a Commissioner, Assistant Commissioners, Deputy Commissioner, Regional Agricultural Officers, District Agricultural Officers, Assistant Agricultural Officers, Agricultural Assistants and Field Assistants.

This department is responsible for all extension service, all agricultural education from two agricultural colleges and on down to short courses held for farmers at the eleven District Farm Institutes. It is also responsible for special development such as bush clearing, group farms and mechanization, and an entire research division with two main centers.

The Department of Cooperative Development is located in Kampala and is responsible for administration of the Cooperative Act. This department is organized along the same lines as the Department of Agriculture, with a Commissioner, Assistant Commissioners, Deputy Commissioner, Principal Cooperative Officers, Senior Cooperative Officers, Cooperative Officers, Assistant Cooperative Officers and Cooperative Assistants.

The Cooperative Department headquarters is divided into sections dealing with Credit, Livestock, Education, Audit and Supervision and Development.

The department staff advises and assists in the formation of cooperative societies and unions, undertakes the audit of accounts, organizes and conducts training courses for staff and gives broad supervision to approximately 2,400 primary societies and 31 district unions.

The Ministry of Animal Resources

The Ministry is responsible for livestock production, animal disease control, import and export permits for live-

stock and its products, marketing inspection and other regulatory functions, and is organized with five major divisions: Extension Services, Education, Development, Research and Department Farms, and Tse-tse Control.

The Dairy Industry Corporation was established in 1967 as a parastatal body and was given full powers and authority over the entire dairy industry in Uganda. The corporation concerns itself with the marketing and processing of milk and milk products.

From the above very brief descriptions of the ministries, departments and organizations involved with agriculture, livestock, dairy and poultry, it can clearly be seen that there must be close coordination and the best working relationship between these units in order to be conducive to sound planning and development of the agricultural economy of the country.

CHAPTER II

PROJECT DESIGN

With over 90% of the population dependent upon agriculture for its income, the rural sector must be the major spearhead of income development.

The primary production activities which constitute this most important sector of the Ugandan economy are crop and animal farming, fishing and forestry. Again it is essential to recall that the small scale family holding is the basic unit of production. Deeply entrenched in tribalistic customs and experiences, subsistence production is characteristic of the majority of farmers. Their basic aim is to minimize the chance of failure rather than to achieve maximum productivity and increased income. They usually think in terms of maintaining their production level by farming additional land rather than making capital inputs to maintain or increase production on present land. Most farmers do not have the capital for fertilizer, pesticides and weed controls.

Tremendous difficulties are encountered in organizing and providing effective services to the thousands upon thousands of farmers faced with a wide variety of agricultural, social and economic problems. Government of necessity must be the prime mover. Development is a total process. There is no way to accomplish development through piecemeal efforts. Government should therefore endeavor to coordinate and intensify the thrust in all sectors toward the common goal of economic and social development.

Cash crop agriculture should be extended so that all farmers receive a major share of their income from cash sales. Subsistence agriculture would therefore decline. It will take diversification of production along with increases in output and market outlets within the major crops areas. This means production increases must come from enlarged acreages and increases in production per acre. Tea, sugar and tobacco show the most promise in diversified cash crop sales.

The livestock industry will develop as an important cog in the diversification program. Its potential at this point seems to be nearly unlimited. First it must develop rapidly to satisfy increasing local consumption and secondly meet the demand for high protein foodstuffs that is developing within the confines of Africa as well as in overseas markets.

Agriculture is not an entity separate and distinct within its own confines. It is tied to research, to education, to the social structure; it is dependent upon the availability of supplies, marketing, rural credit, and transportation. A development plan should consider a built-in structure of interrelationships between all sectors which head down the same road toward the common goal. Even then there are unknown quantities such as reliance on world trade balances or imbalances, pricing, crop short falls or historical over-production.

The Uganda Five-Year Development Plans, I, II and III have attempted insofar as possible to take many of these contingencies into consideration. To counteract the economic reliance on the two major crops, coffee and cotton, which are completely dominated by the world market situation, Uganda's development plans for the most part have been well conceived.

Coffee's share in total exports peaked in 1970 but is expected to decline since any increase in production is unlikely to compensate for price declines. Cotton, on the other hand, is experiencing both better prices and production increases.

The inputs for these prime foreign exchange earners have been specific and more intensive than in other agricultural sectors. Further, the institutions promoting total development have related more significantly to these crops.

Plans in the process of implementation are to maintain self-sufficiency in the major food products and to achieve self-sufficiency in maize, potatoes, onions, rice, milk, livestock and poultry products.

It has been well established that output per farm is directly related to the amounts and quality of inputs used. Planned inputs aimed at improving production are generally targeted toward improving husbandry practices, the quality of farm management, better marketing facilities and improved government pricing policies. More specifically these inputs relate to:

1. the development and use of new and improved insecticides, herbicides, fertilizer and improved seeds;
2. the development of farm equipment suited to the needs and capabilities of the small farmers;
3. the expansion of intensive livestock breeding programs;

4. increased extension services to demonstrate, on-the-farm, improved farming techniques;
5. necessary provisions for increased credit for rural production by reactivating the Uganda Cooperative Development Bank;
6. expansion of facilities to increase educational opportunities for the agricultural and cooperative staff as well as the officers and members of cooperatives societies;
7. pricing and subsidy policies designed to provide maximum incentives to rural producers; and
8. expansion and improvement of storage and transportation facilities to reduce costs of marketing farm produce.

Uganda's resources must be developed. Uganda's external economic relations play a critically important role in the development of the country's economy. These relations concern international flows of resources in the form of goods, services, capital funds and manpower.

It is hoped that Uganda can produce goods for the world market in order to import goods it cannot produce efficiently.

To repeat, the Uganda aim in its external trade policy is to achieve the maximum possible growth in export earnings; to minimize through diversification, fluctuations in these earnings; to obtain self-sufficiency in a variety of agricultural products and allocate export and other foreign exchange earnings to those imports which contribute most to the welfare of the people. Further, government should afford protection and safeguards to selected domestic producers by restricting the flow of imports of like or substitute items which are locally available.

The Cooperative Role

Within the context of the needs of the economy the cooperative thrust was to: (1) expand the production of export crops, (2) promote the production of "minor crops" to achieve diversification, (3) substitute locally-produced food for imports--dairy products, meat, etc., (4) achieve better distribution of national income, especially for small farmers, and (5) promote Ugandanization of essential economic enterprises.

Development Strategy

It was within this context in 1962 that USAID/Uganda Mission and the then Ministry of Planning and Economic Development discussed areas in which the Government of the United States could assist the Government of Uganda in meeting the goals and objectives of their current Five-Year Development Plan.

The Ugandan leaders welcomed foreign assistance, both financial and technical, providing it was offered with genuine good will and on terms that would not constitute burdensome financial commitments far into the future; and providing there would be no interference with government policies and objectives.

They welcomed and accepted foreign personnel in an advisory capacity who could teach skills that were in short supply.

The involvement of cooperatives in developing agriculture and giving the grower a predominant part in the processing and marketing of his crops was a clearly declared policy of the government; diversification from the major cash crops to secondary crops was given high priority.

The role of the marketing authorities in providing stable marketing conditions was, in Uganda at least, a tremendous element in building a strong cooperative marketing system.

A serious question in all developing countries continues to be the role of government and parastatal agencies. In Uganda the marketing cooperatives became that effective delivery system--with the elements of quality control, pricing policies and dependable payment schedules which enabled the cooperatives to proceed with confidence in daily operations and in marketing services to growers.

Whether governmental involvement should go beyond the function of providing marketing authorities in commodities that lend themselves to cash markets (export particularly) cannot be finally determined here, but suffice to say the system in Uganda for export worked exceedingly well for both orderly trading and development of marketing/processing cooperatives.

The Institutional Framework

A supply cooperative apex was formed in 1961, the Uganda Central Cooperative Union (UCCU), independent of direct government supervision, and financed inadequately but wholly by cooperative resources.

It was to become a supply institution to complement the marketing system, owned, controlled and directed by the farmer-owners. Growth was slow. Management problems were numerous. It was extremely difficult for the Uganda Cooperative Central Union to establish itself in the business community as a wholesale distributor and command the generally accepted trade discounts it was entitled to. In fact, its relationship and image to both government and the entire commercial system had to be constructed piece by piece during its formative years.

The early years did, however, show significant growth in volume and net proceeds. As the produce marketing department was organized, storage and marketing facilities were established at eight district unions. Through these procedures it was becoming increasingly evident that small farmers could protect themselves from exploitation in both supply and marketing by building their own apex institutions.

Development of the dairy, poultry and livestock industry through cooperative institutions was started in 1963, more actively promoted in 1966 and rapidly became part of the overall cooperative development strategy.

Training of leaders within the cooperative movement was very early considered to be an essential element of the development process. The Cooperative Department required many additional qualified personnel to fill long vacant staff positions. The cooperative institutions such as the apex organizations and district unions required trained employees at every level.

A program of in-country training was designed. The Cooperative College at Bukalasa and 13 cooperative training centers were established for this purpose.

A participant training program gave carefully selected leaders exposure to and an opportunity to study the United States cooperative movement. Throughout the life of the project 160 participants received training in the U.S., over 90% of whom have continued their career in cooperatives.

Another major strategy involved utilization of existing viable primary marketing societies in the implementation of a production loan program. This was commonly known as the Cooperative Credit Scheme. In 1961, 100 societies were selected for a pilot scheme, 98 of which accepted the principles and procedures laid down. These societies and all of those qualifying later were called credit societies and developed an institutional base of their own on which savings societies were formed.

Present early in the strategy were plans to form a capital-building institution or a bank for cooperatives to handle the financial business of the cooperatives. It was to make available medium- and long-term development loans as well as to act as a depository for member savings. The Cooperative Bank became a reality during the course of the project.

Lastly, an all-important element in cooperative institution building is the education of the membership and a continuous flow of information to the members. An independent entity called the Cooperative Alliance had been organized for this purpose in 1961 but for a variety of reasons had rough going until it was reorganized in 1967. The strategy used in the development of the cooperative project included assistance to the Alliance that would enable it to emerge as a fully supported educational and public relations arm of the movement as well as the voice of all cooperative segments.

The planned objectives then were to:

1. improve management skills of the staff of the Central Cooperative Union in procurement and distribution of farm supplies and marketing of crops;
2. assist the Department of Cooperative Development and the Uganda Cooperative Alliance in member education and staff training;
3. counsel on the establishment of a cooperative bank;
4. assist the Cooperative Department in its efforts to develop and implement a credit program and train staff to carry on and expand the program;
5. assist the Cooperative Department in the development of a cooperative livestock production and dairy societies program; and
6. assist the Cooperative Department in expanding a rural and urban savings society program.

The Role of ACDI

The scope of work for the 10-year ACDI cooperative project in Uganda was defined by three prime organizations: AID/W-USAID/Uganda, Government of Uganda--Ministry of Agriculture,

Forestry and Cooperatives (Department of Cooperative Development), and Agricultural Cooperative Development International.

The shortage of competent manpower was assessed to be the most critical problem within this development process. The approach to assistance must then be educational. Leadership must be developed within all sectors of the movement. Cooperatives must become the educational agents that expedite the flow of information on improved agricultural practices to farmers. They are the financial institutions that provide the necessary credit for increased production. They are the commercial operations which buy and sell for the farmer members and protect their interests in the market. They are likewise the change agents, which introduce into the rural community a marketing economy that encourages productivity.

For the cooperative multipurpose business to be successful in helping farmers, they need the kind of management, capital inputs, and long term development planning that only highly skilled and knowledgeable leadership can achieve. This, then was the role assigned to ACDI/Uganda, in order to upgrade its subsistence and marginal agriculture.

CHAPTER III

IN THE BEGINNING...

Human Development

Development doesn't just happen. Capable and well qualified people have to work at it.

In order to meet its objectives, the Government of Uganda concluded that it needed expert advice and assistance to help in the sound development of the cooperative movement. In 1963 American cooperative technicians were requested under USAID financing. They were then provided by ACDI through a contract.

By agreement it was determined that cooperatives needed better supervision: management should be upgraded through adequate training programs; member relations should be improved by upgrading departmental staff; and there was need for more indigenous capital from within the movement.

With this idea in mind, ACDI began to develop an extended program of technical assistance to the cooperative movement of Uganda. Technicians were supplied to the various sectors of the cooperative movement. These areas of operation were in management, credit, education and livestock. The primary objective of the program was human development. The most important method, perhaps, was the counterpart approach.

Thus, technicians intentionally worked only in an advisory capacity, contrary to former policies of assigning a technician to an established administrative position with decision making powers. To place a counterpart in a secondary role, it was felt, would inhibit the motivation necessary for development.

The ACDI program with specific intent placed the Ugandan counterpart as the one with official regulatory and decision-making powers. This then was true Ugandanization. It was this on-the-job, in-depth, day-by-day, person-to-person relationship throughout the life of the program that stressed cooperative training and know-how in the development of the human element in each case to its fullest capabilities.

Participant Training

An extremely important component of the total inputs of the overall ACDI technical assistance program was the training

of cooperative participants in the U.S. under AID grants. In some instances third country programs were initiated. This initially became an integral part of the total manpower training program.

During the life of the ACDI program 160 Ugandans representing all sectors of the cooperative movement received training. In the early years most of this training was of a short-term nature, usually 12 to 24 weeks' duration.

The objectives of an overseas training program naturally were varied depending upon the immediate needs of an individual and his activities within a defined agricultural cooperative sector. To illustrate this point let us review the importance of training for two of Uganda's early participants.

The former Deputy Commissioner for Cooperative Development was an early participant. The objective of this training course in U.S. was to show, through visitations and study, how U.S. cooperative principles and practices have been combined to accelerate economic development. Particular emphasis was placed on cooperative leadership development, stressing the importance of combining democratic control of cooperatives with managerial efficiency and integrity, with special emphasis on cooperative leadership training. In 1963 the participant was Deputy Commissioner. In 1964 he moved up the leadership ladder to Acting Commissioner and within the year became the Commissioner for Cooperative Development.

Another case in point is that of Mr. Joseph G. Hagunyanya. Through his own efforts he took advantage of the opportunities for on-the-job training of ACDI technicians and was further helped with the opportunity for observation and study in the U.S.A. He advanced from cooperative officer to general manager of the Bugisu District Union (the largest coffee processing and marketing union in Uganda), then to the post of secretary of the newly organized Uganda Cooperative Development Bank. Now he is general manager of the Uganda Cooperative Central Union, the apex supply organization of the cooperative movement.

U.S. participant-trainees now hold nearly every top-echelon position within the cooperative movement. The general managers of the four agricultural cooperative apex organizations are "graduates"; the Commissioner, the Deputy Commissioner and the four Assistant Commissioners along with other officials have received training in the U.S.

In recent years due to the advent of an expanded Cooperative College and the need for qualified instructors, attention has been focused on participation in a long-term

academic program leading to a B.S. Degree in Agribusiness Administration. Six former wing instructors received their Bachelor Degrees at a U.S. Land Grant College.

Armed with new knowledge and experience the Cooperative College will be able to enlarge and upgrade its staff. One of these participants has been assigned to the Marketing Development Section of the Department of Cooperative Development. Their exposure to education and cooperatives in the U.S. and their newly acquired skills in the field of agribusiness management will further enhance and strengthen the expanding cooperative movement including the policy of "Ugandanization."

The results of this portion of the overall training objectives inherent to the development of indigenous manpower for the cooperative movement of Uganda have been excellent.

Satisfactory results however do not preclude the possibility of improvements within the participating training sector.

Certain problems have developed in the program-planning for the cooperative participant trainees. On several occasions the original plans have been altered. It is hoped that if participant training is available in the future, AID and the U.S. Department of Agriculture will be able to follow program recommendations more closely.

CHAPTER IV

LEARNING BY DOING

Institutional Training

In the cooperative movement the approach to the people in Uganda must be educational. People will adopt cooperative attitudes through the gradual process of education. All of us, whether we work in a primary society, a district union, or in the Department for Cooperative Development, must regard our work as basically educational.

This statement by Uganda's Commissioner for Cooperative Development has served as a basis of ACDI's technical assistance program and has given general direction to the ACDI team's practical efforts to put it into effect.

Within the strategic planning stages of the program it was recognized that specialized manpower must be trained to advise and supervise the growth and development of cooperative enterprises. The education and training of people was the first priority. Training at all levels was essential and should include departmental staff, union management, primary society officials, cooperative employees and general membership.

Bukalasa Cooperative College

In 1962 USAID funded \$40,000 for an expansion and renovation program of existing facilities at Bukalasa. An ACDI technician was on hand to help in the planning of the facilities and in the preparation of the curriculum of this new cooperative college which opened September 23, 1963. By early 1965, 113 one-year students had graduated with diplomas. They were immediately posted in the field as Cooperative Assistants to supervise the operations of primary societies.

In addition to classroom teaching the technician wrote a textbook on "The Principle and Practice of Cooperation". A grant of \$3,000 was made available by the International Federation of Agricultural Producers to publish this book in English and two local vernaculars. The Uganda Cooperative Alliance assumed the production and sale of the book to members and others at cost.

ACDI's direct technical assistance at Bukalasa was somewhat reduced in 1965 but not before plans were made and blue-

printed to expand the courses offered and extend them to a three-year diploma course. The first 60 graduates were presented their diplomas in 1968 by the President of Uganda.

This breakthrough in trained manpower more than doubled the upper echelon of the staff within the Department of Cooperative Development. Each succeeding year Bukalasa has been graduating a like number of these assistant cooperative officers. With this influx of cooperatively trained and experienced people coming on the cooperative scene each year, supervision has been upgraded, auditing improved, and the training of people at society level has appreciably increased. The staffing pattern does contain voids that will take time to fill, but the training program at Bukalasa goes on and has expanded to include lower staffing grades.*

Development of Cooperative Training Wings

Within the context of a triangular agreement USAID's involvement in Uganda's total cooperative training program included financing and construction of 13 cooperative training wings. These were strategically located throughout the country at a like number of District Farm Institutes and Rural Training Centers.

The facilities constructed varied from "Wing" to "Wing" but basically they include a 20-student classroom, 20-bed dormitory, office, library, kitchen, dining area and some staff houses. The grant by USAID for costs was close to \$300,000.

Ten of these Wings were completed, the furnishings and amenities provided by the Government of Uganda, and ready for training purposes by 1965. Courses at Mityana Training Wing, the last of the centers to be completed, began in February, 1970. During the interim years 1965-70 USAID furnished the libraries with cooperative books as well as those of more general nature. Other teaching aids including 16 mm. movie projectors, epidiascopes, slide projectors, cooperative films, slides, magnetic easels, drawing boards, lettering sets, etc., which in all amounted to over \$50,000.

The overall objective of the ACDI technician attached to the Wing program was: "to coordinate through the department and the entire cooperative movement, rural training of primary societies and committee members of cooperatives

* See section on Cooperative Training Wings.

through short courses at the cooperative training centers. Training of cooperative members would cover the principles and practices of cooperatives and emphasize the rights and responsibilities of members of independent cooperatives." More specifically the objectives were to:

1. advise the Department of Cooperative Development on cooperative education programs;
2. prepare training materials;
3. supervise training programs at the 13 Cooperative Training Wings, located at the District Farm Institutes and Rural Training Centers;
4. conduct workshops/seminars for the training of departmental staff, as well as society staff personnel in management and administration; and
5. intensify cooperative societies' member education programs.

With new facilities, and with well conceived operational procedures established, a new and expanded cooperative training program was gaining some momentum. But again and again it would falter due to the drastic shortages in qualified manpower to conduct the courses at the training centers. A typical setback occurred in April, 1966 when seven of the ten wing instructors were transferred to Bukalasa Cooperative College for further training. This demanded the recruitment, selection and transfer of inexperienced, unqualified instructors as replacements, who would require increased supervision.

With the rapid turnover of wing instructors it became quite evident that they needed guidelines to follow in their instruction work on cooperative subjects. Top priority was given over to the production of a series of 25 lesson outlines covering as many subjects concerning cooperative problems and the movement in general. This kit of lecture material was designed as the basic primary course of instruction for the one-week residential courses at the wings. The Uganda Cooperative Alliance undertook the publication of these series and furnished complete sets in USAID supplied loose-leaf binders to each of the wings and also to all union education secretaries for use in their member education work.

Armed with these new instruction kits and other aids (and more important, a new counterpart) the serious business of on-the-job training program for the wing instructors really began in 1968. Technician and counterpart

observed instruction practices and procedures, and noted their attitudes and skills. Classroom demonstrations were performed using a variety of methods and techniques. If residential courses at the wings were not scheduled then a one-day course at the village level would serve as the training ground.

The field training program for wing instructors called for 25 weeks of residential courses per wing each year with an average of 15 students. One-day courses would complement the residential courses as a follow-up to the students formal training at the wings.

The wings were relatively new installations. This more formal type of training was a new experience for departmental staff, as well as for the farmer members. Utilization of the wings was a major concern of USAID, but it takes considerable time to effect change. Several serious problems had to be solved in the process of building up an acceptable utilization of the facilities:

1. Recruitment of students was difficult due to the lack of communications and transportation.
2. District cooperative officers were so involved with their many other duties that they did not consider member education of any importance. This attitude filtered down throughout the entire district field staff.
3. Shortage of departmental staff in the education section was a very disturbing factor. Instructors on many occasions were loaned out for field duties. Transfers were common. Delays occurred in making replacements. Further educational opportunities for instructors, although desirable for the upgrading of qualified personnel, did interrupt the continuity of the wing education programs.
4. The location of the wings with the District Farm Institutes and the Rural Training Centers, both under separate ministries, caused some difficult working relationships. To coordinate the plans and programs of three separate although allied departments posed a critical problem.
5. Several of the wings did not have a full complement of facilities. Four did not have staff housing. Instructors were compelled to

live several miles from the wings. Two wings did not have classrooms. In these instances classroom space was obtained from and coordinated with community development activities.

6. The entire complex of DFI's and RTC's has from time to time been closed down completely by action of other ministries and regulatory agencies.

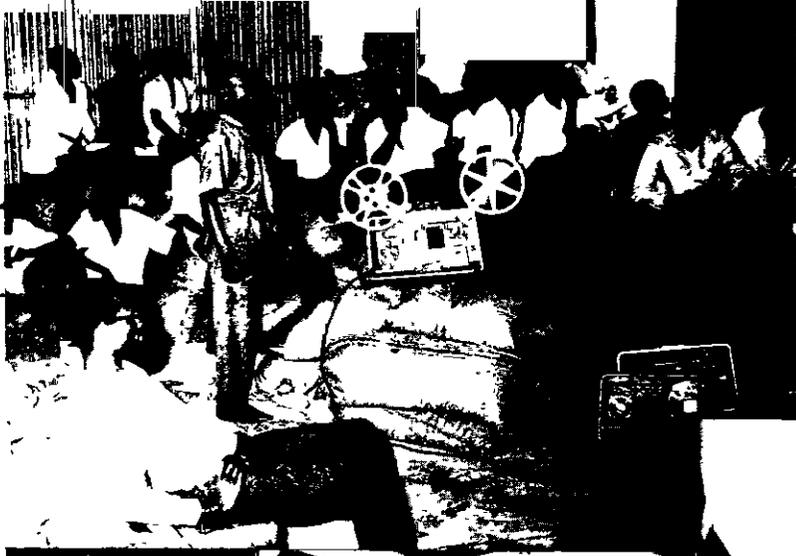
To train the trainers was to receive number one priority of the Cooperative Department's educational section. The advisor and his counterpart, Mr. V. F. Kagambirwe, conducted a minimum of two on-the-job training sessions of five days each per year, with each wing instructor. There were also public relations responsibilities and a promotional job to accomplish with the district cooperative officers (DCOs).

Attendance at district cooperative staff meetings was an opportunity to motivate staff to accept the responsibility of recruiting students to attend courses being conducted at the wings. Slowly the point was driven home to them that a more educated member would become a better member. He would have more knowledge and know-how to properly operate a cooperative organization. Thus staff field work would decrease and make more time available for other cooperative endeavors.

It was recommended that the cooperative supervisor from an area accompany his students to the residential courses. This would give the members more confidence in a new and a strange situation. Further the supervisor could help the regular instructor with lectures, demonstrations and the production of visual aids materials.

It was difficult to convince the district cooperative officers of the importance of a cooperative educational program. They would only on rare occasions open or close a residential course. As the wing instructors became more qualified the DCO interests and actions became less and less important to the cooperative education program.

Up until early 1968 only two of the wings had been staffed with graduates of the Cooperative College, Bukalasa. This situation was soon to change as nearly 60 graduates soon to become assistant cooperative officers (ACOs) were to come up for postings. The rights to their services in cooperative education work was stiffly bargained for within the department. Fortunately one ACO was secured for each wing. Now, for the first time, there were educationally qualified instructors posted as education specialists.



LEFT — Bags of feed serve an unexpected but useful purpose as the assistant cooperative officer in charge of member education for the Uganda Cooperative Alliance and the Education Secretary for the Teso Cooperative Union conduct a film showing for members of a local primary society.



LEFT CENTER — Model cooperative library.



ABOVE — The double staff house pictured here is located at the Masaka Rural Training Center in Uganda. It enables the two wing instructors to live in closer proximity to their work, thus providing them with more time for lesson preparation and better supervision of their students' activities.

BELOW — Cooperative Day brings out the celebrants in every community. Here the girls in Mbale dance as the boys clap in unison.



An integral part of the training programs for the trainers had been developed around the seminar or workshop training situation. Seminars or workshops have been operated under two formats: (1) the specialized or specific group, such as education specialist, (2) the cross section or allied groups such as the credit specialist and the education specialist or the education secretaries. Both formats have been found quite successful.

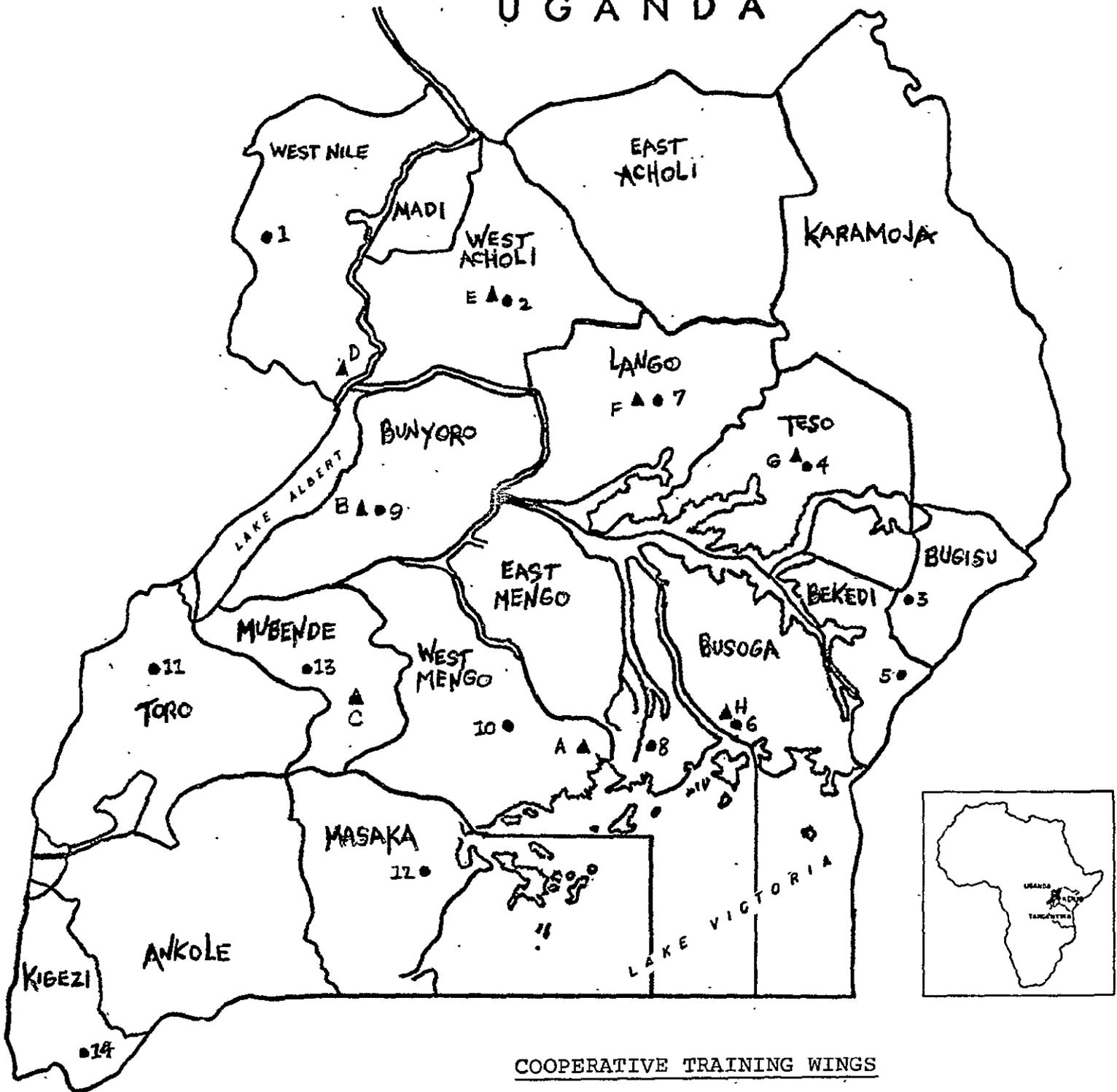
The first workshop for education specialists was held at Makerere University, in early 1966. During the next two years seminars and workshops became regular training exercises. Up through 1969 the following seminars were conducted:

1. A two-week credit conference and education workshop attended by 51 credit and education specialists.
2. One-week education specialist workshop attended by the 16 Bukalasa Cooperative College graduates and newly posted education specialists.
3. A two-week education workshop attended by 15 education specialists, 17 education secretaries and 10 new graduates at Makerere University seconded to the Cooperative Department as cooperative officers.
4. A one-week workshop for education secretaries to help them to develop their vernacular newsletters.

With qualified manpower now available, with regularly scheduled in-service training workshops and seminars, and with continuous on-the-job training for instructors, wing utilization did improve. However, the complex problems involved in dealing with the other ministries and departments continued to plague the program. Considerable credit must be given to the Food and Agriculture section of the USAID/Uganda Mission. These officers were always ready to make necessary contacts with the various ministries to report problems arising in the coordination of education activities. Through their actions on several occasions wings were reopened for the cooperative sector.

The 13th and final USAID-financed wing was opened in early 1970. This new wing at Mityana was equipped with the best in visual aid equipment, furnished by USAID funds. Mityana Cooperative Wing is now the show place for cooperative education in Uganda.

UGANDA



COOPERATIVE TRAINING WINGS

MINOR CROPS WAREHOUSES

- A. Kampala
- B. Masindi
- C. Kakumiro
- D. Pakwach
- E. Gulu
- F. Liro
- G. Soroti
- H. Jinja

Name	Town	Location
1 Ombachi	Arua	Rural Training Center
2 Pece	Gulu	Rural Training Center
3 Nakaloke	Mbale	Rural Training Center
4 Arapai	Soroti	Rural Training Center
5 Tororo	Tororo	District Farm Institute
6 Wairake	Jinja	Rural Training Center
7 Ngetta	Lira	District Farm Institute
8 Mukono	Mukono	District Farm Institute
9 Hoima	Hoima	Rural Training Center
10 Mityana	Mityana	District Farm Institute
11 Kyembogo	Fort Portal	District Farm Institute
12 Masaka	Masaka	Rural Training Center
13 Bushenyi	Bushenyi	District Farm Institute
14 Kachwekano	Kabale	District Farm Institute

Progress in cooperative education was being realized. There were full time instructors at the wings, education secretaries were working at the member level, the department and the Alliance were channelling more resources and putting more emphasis on staff training and member education than even before.

The Cooperative College was in position to train departmental staff. The cooperative training wings were in position to train staff, primary society officials, members and others. The Alliance through the education secretaries of the district unions were in position to teach and train the members at the village level. The basic components of a good cooperative educational program were now present. People with the motivation, with the leadership and with sound guidance will continue to build onto this well constructed cooperative educational foundation.

Program Adjustments Made

In early 1970 the Department of Cooperative Development appointed a new ACDI counterpart, to head up the rural education program for the Cooperative Department. Fortunately, his tenure has extended throughout the length of the contract which proved extremely important to this vital training program.

It was also at this point in time that a number of decisions were made which tipped the scales in favor of the development of cooperative enterprise in Uganda. These are briefly noted here because they have a direct bearing on the education and training programs which were to be developed, including a reorientation of priorities. These were as follows:

1. Cooperatives were given full responsibility for ginning all cotton.
2. The Ministry of Marketing and Cooperatives decided to increase by 100% the staff of the Department of Cooperative Development.
3. Cooperatives gained control of the handling of all dry processed coffee.
4. The district unions and primary societies started marketing other basic food crops such as maize, groundnuts, millet, beans, etc.

5. The Department of Cooperative Development upgraded cooperative officers of "A" scale (professional scale in government service).

These measures clearly indicate the rising importance of the cooperative movement in the economic and social development of the country. Finally, the expulsion of the Asian traders and the takeover of the British businesses in 1972 and 1973 left the economy of the country predominantly in the hands of cooperatives and government parastatal organizations.

All in all, it would appear that the timing of the ACDI project in Uganda was not only appropriate, but it served a vital need in that its emphasis was almost entirely placed on the development of trained indigenous manpower, both within the Cooperative Department and the cooperative movement. The results are today quite evident as we look at the increased volume of business being handled by the district unions and the diversification of cooperative enterprise into more and more areas of economic activity, both in and out of agriculture.

The most outstanding achievement of the cooperative wing training program has been the increased utilization of the wings each year to train more and more members and departmental staff. (See chart, page 36)

These figures represent the number of students attending one-week residential courses during the stated calendar year at fourteen ^{1/} Cooperative Training Wings. The once sought goal of 500 students per wing, or 7,000 annually for all wings has been exceeded. This is primarily due to the pursuit of a second objective, that of two instructors per wing, enabling more one-week courses to be held each year.

Teaching at the wings is done in the local vernaculars by wing instructors who carry the rank of ACOs. All of these instructors have completed the three-year diploma in cooperation course at the Uganda Cooperative College, and have obtained two to three years of field experience supervising primary societies before being given their teaching assignments. In the earlier years of the program many of the wings were understaffed in terms of numbers and experience. Many had only one instructor. At the present time, each wing has two experienced ACOs working full time teaching committee members, society managers and employees, and departmental staff. The realization of this goal is the key to the increased utilization of the wings.

^{1/} Thirteen cooperative wings were financed by USAID, one by Government of Uganda

COOPERATIVE TRAINING WINGS UTILIZATION CHART

	<u>C O U R S E S</u>								<u>S T U D E N T S</u>							
	65	66	67	68	69	70	71	72	65	66	67	68	69	70	71	72
Arapi	1	12	10	34	17	31	23	33	-	184	141	536	433	697	493	653
Bushenyi	-	13	23	16	14	10	16	16	-	373	437	384	378	278	440	325
Hoima	6	14	16	7	14	23	19	31	120	148	151	88	208	305	437	762
Kachwekano	-	8	15	16	19	16	28	27	-	219	192	201	314	255	534	474
Kyembogo	-	8	11	21	6	10	25	35	-	82	104	328	79	169	496	689
Masaka	5	-	13	10	16	27	18	23	66	126	154	135	216	528	326	469
Mityana	-	-	-	-	-	27	27	30	-	-	-	-	-	598	448	522
Mukono	5	-	5	30	41	25	39	40	69	-	64	636	861	489	891	1030
Nakaloke	2	8	18	1	3	27	37	34	-	185	125	16	47	351	757	607
Ngetta	6	7	20	8	31	40	35	39	172	138	448	177	721	820	783	783
Ombachi	-	12	8	2	9	11	-	3	-	249	149	50	161	194	-	77
Pece	-	6	7	5	12	4	8	12	-	45	101	68	236	52	130	209
Tororo	7	20	25	25	36	25	27	39	99	324	349	615	684	390	505	697
Wairaka	4	9	9	19	25	21	15	22	33	88	310	322	505	312	336	618
	36	117	180	189	243	297	317	384	459	2161	2884	3456	4843	5838	6576	7915

Lack of housing for instructors at the cooperative wings was a critical problem. Six of the wings had no staff housing at all. The remainder were able to accommodate only one instructor. Thus, many instructors had to travel great distances from their home to the classroom each day. Most of them had no means of transportation. Those who were given government loans to purchase cars also received very restricted mileage allowances, or none at all. Consequently, the students were not being adequately supervised and district staff sought appointments to positions other than education.

In 1971, a proposal was developed and submitted to USAID to provide the remaining facilities needed to each wing. A grant of \$126,000 was approved for the construction of 14 staff houses for wing instructors, a dining hall extension and two fully furnished classroom/office/storeroom units. The addition of these facilities has contributed greatly to the realization of the accomplishments cited above, namely (a) increased utilization of the cooperative wings, and (b) posting of two instructors to each wing.

Each year, for the past four years, the Cooperative Department has increased its financial support for the operation and maintenance of the cooperative wing education program as follows:

<u>Fiscal Year</u>	<u>U.S. Dollars</u>
1969/70	\$ 70,000
1970/71	85,700
1971/72	120,000*
1972/73	120,000*

* Each year - R.T.C.'s - \$54,300
 D.F.I.'s - \$65,700

In addition to feeding this increasing number of students, a very substantial portion of the above operating costs was used for maintenance and repair of the buildings and replacement of worn out equipment and furnishings. Consequently, all of the facilities are in excellent condition and all wings are currently in operation.

Staff seminars ranging from one to two weeks were held each year with the wing instructors. On several occasions these training sessions also included the union education secretaries. Since staff turnover at the wings has been exceptionally high (approximately 50% turnover annually), the training objective was to develop teaching skills and methods, such as how people learn, psychological factors

that influence learning, how to apply the basic principles of educational psychology, and demonstration of teaching methods, including the use of visual aids.

Newly appointed wing instructors had never held teaching positions, nor had they received any training of this type. The major emphasis therefore was on "how to teach" (lesson outlines, choice of teaching methods, preparation of visual aids, etc.), rather than "what to teach," although the latter was an integral part of every discussion. Follow-up, on-the-job training with each wing instructor was a continuous part of the training program. Visits to the wings were made on an average of three to four times a year to discuss and work out solutions to problems confronting the wing instructors.

Little effort was being made to plan cooperative education programs at the district level. Most of the thinking and planning filtered down from the national level. Thus, District Cooperative Education Committees were introduced to serve as the localized planning body and a step-by-step procedure was proposed to stimulate and encourage discussion of local problems. The goal was to develop a practical, problem solving, informal wing educational program, rather than follow the tendency to move in the direction of theoretical, abstract, formal program.

At one time or another, 12 districts conducted a series of meetings to formulate and give direction to the program being carried out by the union education secretaries and wing instructors. The initial thrust and enthusiasm waned, however, when the programs could not be fully implemented, due to the use of the wings by the Cooperative College to train departmental staff. Interest, in some instances, is being revived as the wings return to their basic member education courses.

At the same time, a National Cooperative Education Committee was formed to coordinate the educational activities of the Cooperative Department, Uganda Cooperative Alliance, and the Cooperative College. This body has served a useful purpose by planning, coordinating and delegating responsibilities in order to achieve maximum utilization of the limited resources available for a widespread cooperative education program.

Problems and Recommendations

Personnel Turnover

The continuity and effectiveness of the cooperative wing

training programs suffers a severe setback each year through the loss of 50% or more of its wing instructors. This loss occurs through transfers to other districts, promotions, further educational opportunities; assignment to other sections such as audit, credit, savings, etc.

Good instructors are rare. Most of the new ACOs assigned to teaching positions are knowledgeable about their subject material, but they have not received any teacher training. Consequently, they lack the teaching skills they need to impart their knowledge to their students. Training programs, organized and conducted by ACDI technicians, have helped to overcome this obstacle, but it takes time to develop these skills, and it is detrimental to the cooperative educational program when they are utilized for such a brief period of time.

Recommendations

1. Post two wing instructors to each wing and keep both posts filled 12 months of the year. Through good personnel planning, replacements should be sought before the vacancy occurs. Efforts should also be made to maintain one experienced instructor to pass on his knowledge to the new appointee.
2. Wing instructors should be posted for a minimum period of two years to take advantage of their education and training and to maintain a dynamic, consistent, on-going member education program.
3. Set up a special short course (two or three months) at the Cooperative College (or the Institute of Education, Makerere University) to provide training for all new wing instructors in the principles of education, educational psychology, use of different teaching methods and "practice" teaching. The entire course emphasis must be related to adult education and rural people.

Administration of Cooperative Wings

The Cooperative Department has no direct authority over the administration of its cooperative wings. Half of the wings come under the jurisdiction of the Ministry of Culture and Community Development (RTC's) and the other half under the Agriculture Department of the Ministry of Agriculture, Forestry and Cooperatives (DFI's). Consequently, far too much was spent handling mundane problems and communications between these three organizations, both at the district and

national level. Some of the regularly encountered problems and their recommendations are as follows:

1. Cooperative courses at RTC's are refused or cancelled because insufficient funds are allocated by the Ministry of Culture and Community Development, whereas departmental funds are adequate and available to cover the cost of these courses. This situation occurs because recurrent budget estimates for the operation of the cooperative wings are made independently and without any coordination between the above ministries and the Cooperative Department.
2. Minor repairs and maintenance are not carried out by the responsible administrative body despite the fact that this is included in the per diem reimbursement rate. The initiative and payment for such tasks as replacing a broken window pane, fixing a leaky water faucet, repainting the chalkboard, etc. is being made by the Cooperative Department in Kampala through the Ministry of Works at district level at very high rates and time delays of sometimes six months or even a year. Government accounting procedures and regulations make it almost impossible to handle expenditures such as these.
3. Loss of equipment such as blankets, mattresses, pillows, books, projectors, chairs, etc. is a constant source of annoyance and expenditure. This is a reflection on the caliber of staff assigned to administer the training centers (primarily the RTC's) and their inability to exercise proper inventory control and handing over procedures.
4. Major building repairs, repainting, remodeling, and expansion of facilities at each cooperative wing are initiated by the Cooperative Department in Kampala and implemented in each of the districts, rather than originating at the local level and carried out by the district cooperative officer and the director of the DFI or RTC.

Recommendations

All rural training programs at the district level dealing with adult education should be consolidated and placed under one central authority. Full responsibility for preparing the annual estimates (recurrent costs and developmental expenditures), repair, maintenance and administration of all physical facilities, food purchases and preparation, care and maintenance of the compound, transportation of

students, and other similar matters pertaining to the physical operation of the training center would thus be vested in one ministry or department. This would facilitate the employment of specialized staff to carry out these functions and free all instructors so they could devote full time to the development of their course curricula, lesson preparation, teaching and on-the-job follow-up with their students. Such a physical setup could become the nucleus of the full scale "rural development" program, as opposed to the present situation where a number of fragmented, independent, adult education courses in each district are organized and conducted separately by each ministry or department of government.

Lack of Interest

Generally speaking, district cooperative officers have displayed a profound lack of interest in the cooperative wing education program. They have almost universally elected to focus their attention on the day-to-day operational problems associated with the marketing of cotton and coffee, auditing of society accounts, implementation of the credit scheme, etc., leaving the education program firmly in the hands of the education section in Kampala. There are reasons why this general attitude exists, such as the prolonged use of wings to train departmental staff. But it is a problem that needs to be looked at seriously if a change in attitude is to be brought about.

Continuous education is one of the fundamental cooperative principles. It is a principle that must be actively encouraged by all. It cannot be delegated to a handful of specially trained staff. It requires the support of the entire Cooperative Department.

Recommendations

1. *The district field staff must be involved in planning the cooperative program if it is to meet the needs of the primary societies and their members. The overall general format for a wide variety of courses can and should be prepared by the education section in Kampala, but it must be adapted to meet the specific problems of each district. It should not become a formalized training program, but retain its current informality and practical problem solving approach to the changing needs of Uganda's cooperatives. District cooperative education committees are recommended to carry out this important planning function.*

2. When a district cooperative officer takes an interest in cooperative education, one will find an active cooperative wing and a good training program in the district. The two are inseparable. How then can more genuine interest be generated in cooperative education on the part of the DCOs? Not by circular letter, but by personal inquiry from headquarters staff about the efforts being made to train society members, managers and committeemen on each contact with district personnel. In so doing, the field staff will soon recognize the importance given to the wing training program by their immediate superiors and adapt their efforts to reflect this clearly indicated priority.
3. District field staff must take the initiative in recruiting students for one-week residential courses. They must also make follow-up contacts with the students to see that they are applying what they have learned. Further on-the-job training may be required before a difficult task is finally learned. Finally, feedback from the field staff to the wing instructor is particularly important if modifications in the course are needed to make it more relevant to their needs.
4. ACOs from credit, savings, livestock, audit and marketing should be included in the course syllabus and assume part of the teaching responsibility for their areas of specialization, along with the wing instructor. Their participation helps to insure the flow of timely, accurate information in rapidly changing technological areas, provides enlightenment and support for new wing instructors, and brings them into direct contact with the societies managers and officials in their problems.

Cooperative Literature and Training Materials

There is a shortage of cooperative literature written especially for the average literate farmer/member, particularly in vernacular languages. Better instructional materials, including more visual aids, are also needed to accelerate and improve the learning process, both at the wings and on one-day courses.

The Uganda Cooperative Alliance is equipped to handle the graphic reproduction of these materials once they have been developed.

Recommendation

A basic staff of two or three creative writers is needed to produce this material. They must be indigeneous writers familiar with the culture of the people, the language and all its idioms, and possess previous cooperative field experience.

Cooperative Radio Programs

There is one area which is vitally important to the development of the nation's agricultural sector which is currently being overlooked. This is the use of the mass media. Non-formal radio education programs need to be developed to enhance the quality of life in the rural areas. They should include drama, farm news, market reports, technical information, weather, farm management, home economics, nutrition, family planning, health, sanitation, food preparation, child care, crop and animal husbandry, etc., in addition to programs for and about cooperatives.

Mass communication is particularly vital in agriculture, where millions of rural farmers must be motivated to make independent decisions in support of national goals. Radio can develop the awareness, create interest and motivate the farmer to accept new ideas presented by government field staff, thus greatly enhancing the effectiveness of the trained personnel who are already engaged in technical and educational activities.

In view of the fact that rural people in Uganda depend upon radio for most of their news and information, a pilot project was drawn up using radio as the media for an expanded cooperative information and education program. The basic format included a series of 15-minute weekly broadcasts followed by small group discussions at primary societies. The discussion group leaders were to have been trained at the cooperative wings and the union education secretaries in the districts were to have been responsible for organizing the listening groups and supplying discussion materials, including a set of questions so as to provide a feedback mechanism.

The Cooperative Department apparently did not feel the need for such a project as it was never reviewed or discussed, despite (a) the President's appeal to utilize radio as a means of reaching the rural people, and (b) the opening of four new regional medium-wave transmitter stations. Consequently, training programs in radio education for cooperative staff were cancelled and the proposed pilot project in two districts was never implemented.

Radio still offers a tremendous opportunity and challenge to the cooperative movement to educate and train its members. Properly developed this communication process could be the life blood of the nation's agricultural economy and cooperative societies in particular, as they are called upon to re-establish the broken commercial supply channels and distribution lines formerly controlled by the Asian traders. Properly developed and implemented, radio would give the present cooperative education program a dynamic, new dimension that would have repercussions throughout the entire cooperative movement.

SUMMARY

The substantial growth of the cooperative movement and the presence of the ACDI team during the past ten years may have been coincidental, but the substantial USAID/ACDI financial and technical contributions added greatly to this healthy growth. The overall success of the cooperative wing training program in particular can be measured in terms of increased student participation, number of instructors and quality of teaching, additional wing facilities, financial support, curriculum development and better planning and coordination between the Cooperative Department, Uganda Cooperative Alliance and the Cooperative College.

Also indicative of the success of the project is the government's request in this year's Developmental Estimates to build six additional cooperative wings. The funds may not be available but the intent is still there. Thus, a firm institutional base for an ongoing cooperative member education program has been built. And it will continue to grow, giving guidance and direction to the cooperative movement in Uganda for years to come. When cooperative members and officials apply the training they have received in cooperative principles to the practical problems which confront them in their day-to-day business activities, they should gain self-confidence, build group responsibility, inspire integrity, and develop maturity in their judgment and relationships with one another. These attributes then become the basis for a strong, dynamic, democratic cooperative society, community and nation. This goal may one day be achieved.

Education and Information

The Uganda Cooperative Alliance, Ltd., was originally registered under the Cooperative Societies Act by the Registrar as a non-trading society in 1961. It was one of the five apex organizations within the cooperative movement.

The aims and objectives of the Alliance are to promote, in accordance with cooperative principles, the economic interests of its members and more particularly to :

- a) encourage the application of cooperative principles and methods to economic and social needs by the formation and development of cooperative organizations and associations;
- b) carry on, encourage and assist educational and advisory work relating to cooperative enterprises;
- c) protect the interests of cooperatives by appropriate action in making representation to associations and to legislative, administrative and judicial bodies;
- d) print, publish and circulate newspapers or other publications in the interests of cooperative enterprises, principles and practices; and
- e) render services designed to insure efficiency and uniformity in the conduct of the business of its member associations, among other activities within its power.

As a result of poor management and ill-advised expenditures, the Alliance was out of funds and dormant within three years.

In recognition of the importance of a nongovernmental organization as the promotional, educational and service agency of the cooperative movement, the Department of Cooperative Development, commissioned a special committee of inquiry to assess the Alliance's failure and to recommend changes in organization and procedure. After many months of inquiry and discussion the Ministry arranged for the Department of Cooperative Development to take over the work of the Alliance as an interim means of reorganizing this service agency of the cooperative movement.

To advise the Department, to assist the committee of inquiry and to generally keep the image of the Alliance alive and performing at least the basic services, an ACIDI cooperative education technician arrived on the scene in early 1965. It was by his efforts and those of others within the Department that an Alliance reorganization plan was prepared.

In 1966 a departmental staff member was appointed as supervising manager with authority to manage and administer

the affairs of the organization. He was later confirmed by the Ministry in July, 1967.

Chief among the proposals was that the constituent members of the Alliance, be the 30 or so district unions as opposed to the attempted practice of enrolling the more than 1,900 member societies. This procedure also required comprehensive changes in the Alliance by-laws. During 1967 the adviser, the supervising manager and to a lesser extent the second ACIDI education technician, conducted a concentrated public relations campaign involving high echelon personnel of all the proposed member unions.

The success of the campaign was apparent. In January, 1968 at a regularly called general annual meeting of the prospective member unions, the selected delegates unanimously agreed to reorganize the Alliance into a simple and workable structure. An agreeable schedule of subscriptions and cesses on produce sold was hammered out by the delegates. By this action the Alliance found itself under the administration of a supervising manager as well as under the wing of the Department of Cooperative Development.

Now the job of reorganization could commence. The collection of subscriptions and dues from the member unions, the payment of a bank overdraft in the amount of \$16,500, and a business debt accumulation to creditors in the amount of \$13,000 was determined the number one priority of the Alliance administration.

During the ensuing portion of 1968 the bank overdraft with interest was completely wiped out. The business debt accumulation was drastically reduced to \$6,000 with outstanding subscriptions yet to be received in the amount of \$10,000.

Reorganization Period 1968-69

The image of the Uganda Cooperative Alliance as a service organization was being kept alive by the production and distribution of several cooperative educational publications. In addition a mimeographed newsletter, *Co-ops News*, was being developed into a more or less regular feature. These publications were financed by a revolving fund donation of \$3,000 from the International Federation of Agricultural Producers. Sometime previously the International Cooperative Alliance had donated to Uganda Cooperative Alliance a Gestetner offset press. Photo-lab and plate processing equipment furnished by USAID was soon installed to complement the press so that a complete print shop was ready for production of

visual aids materials and cooperative information. In addition, it could earn revenue for work done for other organizations.

Within the Alliance reorganization planning, the district unions were convinced that if the average cooperative member was to receive cooperative education, this then was the responsibility of the individual unions. It was therefore recommended that each union should create a staff position, known as education secretary and fill that position with the most competent individual available. In an effort to motivate this idea, the Alliance organized a one-week workshop for education secretaries or district union representatives.

Seventeen unions registered 18 representatives for that course. Three of the participants had their appointments as education secretaries and the remainder were being considered for employment. This workshop proved to be the motivator that really took cooperative education into the villages of Uganda. Some well qualified but inexperienced people were soon found to fill the positions created by the union administration. By the end of the reorganization period, 15 union education secretaries were actively engaged in advising and assisting the average cooperative members at the village level, in solving their practical cooperative problems. The Alliance with an inadequate staff was carrying on an extensive in-service and on-the-job training session for these inexperienced educators.

Several other actions and events which occurred during this reorganization period contributed greatly toward the growth of the Alliance and the implementation of expanded services to its member unions. An information officer was appointed to the Alliance staff. His major responsibility was to write, produce, publish and circulate the *Uganda Co-op News*. A full tabloid edition soon replaced the old mimeographed edition and circulation jumped to 3,000 per month. His other duties were to assist district education secretaries produce their vernacular newsletters, prepare weekly cooperative radio programs, and cooperative news releases for the public daily newspapers.

Production of cooperative propaganda in the form of posters, leaflets, and other informational materials was pretty much at a standstill, even with complete printing facilities available. This situation was corrected by the appointment of a visual aids officer. The enthusiasm, drive, imagination and follow-up displayed by this particular individual probably did more for the image of the Alliance than any other one thing during the difficult times of reorganization.

Measuring Success

At this point a baseline must be struck in order to qualify the changes that occur. Otherwise no measuring device for success, failures and accomplishments would be available.

Before revitalization the Alliance affairs were being administered by a cooperative officer seconded as the supervising manager, with complete authority in policy matters and program implementation. The Alliance management committee was kept intact merely as a gesture of courtesy, not as the interpreters for policy decisions. Staffwise, other than the administrator, there was a newly appointed information officer, a visual aids officer, a part-time bookkeeper/typist and an ACO seconded to the department whose chief responsibility was to keep the societies' accounts.

The services performed for member unions consisted of the irregular publications of the mimeographed *Uganda Co-ops News*. Business calls on members were irregular. Serious training programs for education secretaries were considered but not implemented. It can be stated that the Alliance was operating a letter answering service, along with collecting subscriptions with which to clear up many of the long overdue debts it had incurred.

It should be noted that the Alliance had, early in its formative years, associated itself with the International Cooperative Alliance and the International Federation of Agricultural producers. Over the years it has remained an active member of both. In 1962 a regional office of ICA was established in Moshi, Tanzania, for East and Central Africa. The Alliance became an immediate member and an active participant in programs jointly sponsored by the cooperating countries. This relationship continued to mid-1972.

Confronted with the reality of a delicate situation, the Alliance undertook a new educational and service program for the entire cooperative movement. The management team took cognizance of two important factors: The objectives of the field training specialist (education) as established in the Pro-Ag between cooperatives and USAID/Uganda Mission, i.e. "the technician is to assist the Uganda Cooperative Alliance to complete its expansion, become self-reliant through contributions from member unions and societies and to educate its members and committeemen."

The second factor taken into consideration was the structure and objectives of the Alliance itself. What were its duties and responsibilities to the movement? It was

determined that the Alliance should be working in five defined fields of endeavor:

1. Duties of Representation - It would involve placing forward the cooperative view in the form of cooperative propaganda or defending against any attack by the enemies of the movement. It could arise at any time on any issued affecting cooperatives.

2. Member Education - It would involve the development of training programs for the union education secretaries and those people who need poise and experience in the process of making available in simple form, vital and practical cooperative information for the ordinary member.

3. Cooperative Publicity - This would involve the production and distribution of cooperative informational materials in English as well as in the vernaculars. It would consist of the production of lesson outlines, newsletters, production and marketing guides, offset press materials in print and pictures, photographic displays at district and national trade shows. Cooperative articles in the local press and radio programs would give wide coverage throughout the nation.

4. Cooperative Legislation - This would involve constant review of trade and labor laws and conditions that could adversely affect cooperatives. It is also necessary to keep a watchful eye on the cooperative law, opposing proposed changes that would adversely affect the movement and supporting changes for smoother and better operational efficiency.

5. Production of Visual Aids Materials - This would involve the production of charts, posters, leaflets, handouts, calendars, diaries, and publications for the entire movement, from the tutors and students of Cooperative College to the ordinary member of a primary society. The objectives now clear, the duties and responsibilities broadly defined, the Alliance management team developed specific objectives, determined the available resources, selected the inputs required and for the first time set goals to be attained within the time limit of the project.

Long range goals to be reached by phase out of Project 006 on June 30, 1973 were carefully considered in light of original aims and objectives of the Uganda Cooperative Alliance and are as follows:

1. Meet with the management committees of member as well as non-member unions a minimum of once each year.

2. Organize and assist up to 15 district cooperative education committees. Their function would be that of coordinating all district departments into a cohesive, amalgamated group of educationists. They should have objectives of presenting (a) to the rural people, compatible information without duplication of effort; and (b) basic concepts concerning the role of the various departments and their place in the socio-economic portion of development.
3. Select, approve, develop and train 25 education secretaries in as many districts. They would explain in simple terms departmental and union policy matters. They would report on general cooperative information and they would advise and assist individual societies in working out practical solutions to their problems.
4. Conduct 5-10 district union committee seminars per year. This exercise would bring together committeemen from various unions on an on-the-spot interchange of experiences and ideas. They would be presented basic management principles. Further the duties and responsibilities of the various committee members would be discussed in light of the practical problems confronting the management sector.
5. Conduct regularly scheduled workshops--seminars for the education secretaries. The objectives of such training courses would be to improve their teaching knowledge and skills. Further they would gain technical knowledge in operation, care and maintenance of visual aids equipment. They would gain experience in the production and use of simple and effective visual aids and they would also become knowledgeable in the art of producing and editing their district cooperative vernacular newsletters.
6. Produce, edit and distribute the national cooperative newsletter *Uganda Co-op News*. Inasmuch as this publication is in English, it is not published for the individual society member but rather for the people within the government, union officials, educators, and others conversant with the language.
7. Develop a variety of visual aids particularly aimed at the society member in sufficient quantities to cover the whole of Uganda. These aids would be found in the forms of vernacular booklets, leaflets, handouts, posters, pictures, slides, films, diaries and calendars.
8. Promote and coordinate National Cooperative Day. This

would be a day set aside (the first Saturday in August) in every district of Uganda to celebrate, with an eye to the future, the cooperative movements' activities and development.

9. Promote a mass media approach to cooperative education via radio. This would be a natural for the dissemination of cooperative information. One fourth of the population owns a "wireless." It can therefore be reasonably assumed that well over 90% of the people listen to radio each day.
10. Select and appoint a General Secretary of the Alliance through its elected committeemen. Further, the Alliance should cut its umbilical cord to the Department of Cooperative Development and become an autonomous entity in its own right.

With these goals in mind the Alliance developed a program of work designed for action and accomplishment.

Management Committees

The supervising manager of the Alliance and an ACDI technician during 1970 held conferences with officials and the management committees of 21 district unions. While in the area, on-the-job training sessions were conducted with the education secretaries.

At this juncture, the duties and responsibilities of an education secretary should be considered. Basically they are as follows:

1. To conduct 8 to 10 one-day member education courses per month, at the village or society level. Cooperative films with vernacular explanations should climax the day's events.
2. Produce, publish and distribute a cooperative newsletter in the local vernacular.
3. Conduct public relations work and develop a better understanding between the societies and the union.
4. Act as sounding board, and trouble shooter for the union's secretary/manager and the union committee.

One-Day Courses

The one-day-course approach is the most vital ingredient in a sound cooperative member education program. The usual format for such a course at a primary society was the arrival of the education team, consisting of personnel from the Alliance, the union, the district cooperative officer and his representative and perhaps an AID agriculture officer or one from community development. After a proper introductory session a sit-around was organized with the committee and secretary/manager. This exercise would specifically point out the societies' problems so that the education team would be in position to suggest possible solutions. There never seemed to be sufficient time to really complete this portion of the course.

The ordinary members would have arrived for their portion of the program by 3 p.m. Lectures, discussions, question and answer periods would easily consume the allotted time, until a break was in order for food and refreshment. When darkness arrived everyone including the children within the radius of the society, (5 to 10 miles) had arrived. The main attraction was naturally the cooperative cinema show. The movie, might be a first in the lives and experiences of many of these people. Several cooperative films together with an entertainment film on sports, music or any of the crafts gave these people a day to remember. At the close of the day's activities the inevitable question was phrased: "When can you return? Tomorrow? Next week?"

At this point, a dimension in logistics should be noted. In a Uganda village or at the ordinary primary society, paraffin (kerosene) lamps are the latest development in lighting. A 220 volt 1600-watt film projector doesn't run very well on kerosene. USAID, the Department of Cooperative Development and the Alliance made a sincere effort to bring to the average member a greater knowledge of himself and the world around him. They have made available to the Uganda farmer some of the educational necessities such as projectors, transformers, electric generators, films and the technical know-how to perform under existing Uganda conditions.

International Participation

The Alliance, in cooperation with the Department of Cooperative Development and the regional office of the International Cooperative Alliance for East and Central Africa, sponsored several courses and seminars for various cooperative groups. In 1971 for example, five one-week courses and three two-week courses were held for over 200 participants.

Included in these courses were education secretaries, union secretary managers, union committeemen, cooperative wing instructors, and the very first course for cooperative women. In addition, several short leadership training courses were held for union management personnel.

All education secretaries employed as of June 1971 from the three East African countries were called into Moshi, Tanzania, by the ICA for a two-week seminar. At the completion of this training session, eight of the Uganda group were selected to go to Sweden for a further 10-week Cooperative Teachers' Seminar sponsored by the ICA.

Uganda Co-op News

The *Uganda Co-op News* in its original format was a simple mimeograph edition. Its production was somewhat erratic in timing and the volume varied from 200-500 copies each month. Just prior to the appointment of an information officer the *News* took on a new look and format. As a tabloid edition, it gained in popularity and demand. At the height of its maturity as many as 7,000 copies were circulated each month to all sectors of the cooperative movement.

The information officer was called upon to assume other numerous tasks within the Alliance, causing severe quality damage to the *News*. He was a journalist without cooperative background and a "nose for news" that was not sensitive to the cooperative movement. This caused fewer editions per year, the news quality dropped as did the circulation.

Recently an assistant information officer was appointed to staff. He was sent to a six-month training course in journalism at the Institute of Public Administration, a USAID-sponsored institution. The *News* is now in the process of being upgraded. It is being published on a regular monthly basis. Hopefully this rebuilding effort will pay off so as to regain a 50% loss in readership. It will take drive, determination and imagination by the editors and the Alliance to bring this publication to its full potential.

Vernacular Newsletters

Vernacular newsletters over the years are improving in quantity, quality and popularity. The basic vernacular newsletter is of simple format, mimeographed with two to four pages. A few are full tabloid papers, printed by offset press, with excellent materials, and nicely made up. Education secretaries have produced from 100 up to 5,000 per month.

The vernacular versions of the *Co-op News* have a great potential in view of the fact that they can be read and shared by the ordinary members. Their appetite for news and information is practically unlimited.

National Cooperative Day

Today, throughout the countries of the free world there is a time set aside for some recognition of the cooperative movement. It is a time for cooperators to reflect on past experiences; to recognize accomplishments, and to consolidate present positions. It is also a time to plan activities and realistic programs for future implementation.

This is the purpose of Uganda's National Cooperative Day first initiated on July 5, 1969. Sponsorship was primarily in the hands of the Uganda Cooperative Alliance. This first venture was pronounced an unqualified success by the movement. Nine districts adjoining the principal towns united under the Alliance as the coordinating agency for a day given over to cooperators. Visiting dignitaries including presidents, gave cooperative as well as political representations. The program included the reading of the International Cooperative Alliance Proclamation, a cooperative parade, native dancing, feasting, football games, tugs-of-war, bicycle racing, cine shows, and the crowning of Miss Co-op. Thousands of cooperators joined together to learn more about the meaning of cooperation and cooperatives. Commenting on this event, many people from many places described the venture as a new "National Cooperative Spirit."

The Alliance each year develops, prepares and prints thousands of posters, handouts, informational materials of all kinds to be distributed to members in each of the districts. Cooperative Day has developed and expanded over the years to all districts and has practically gained the stature of a national holiday.

Mass Media

The mass media approach to cooperative education via radio has only made a small dent in its overall potential. The Alliance first began its serious involvement with radio in 1971. During the year it produced 81 15-minute cooperative radio programs. Fifteen of these programs were in cooperation with the Centre for Continuing Education, Makerere University.

These particular programs were especially designed for

20 organized discussion groups in Central and Eastern Uganda and involved over 500 English speaking people. The Alliance produced 250,000 pieces of supplemental cooperative materials for distribution to the study groups to complement the radio programs. Good experience was gained from this exercise but conditions did not permit essential follow-up procedures.

With this experience it was recommended that the Alliance create two posts for radio technicians. Those selected should receive special overseas or third country training in the art of broadcasting with emphasis on the rural and cooperative approach. No direct action in this regard had been taken by the Alliance. This inactivity, however, has not discouraged the use of radio as an educational tool. The big problem is the manpower to do the job. In 1972 with limited staff, the Alliance produced 120 15-minute cooperative radio programs in three vernaculars. Radio with the manpower for program production is in a position to fill a tremendous gap in cooperative communications.

Visual Aids

According to information received from the regional ICA office, Uganda is far advanced in the production and use of visual aids as a tool in the learning process in relation to the other countries within the region.

This leadership position can be largely attributed to the USAID and ACDI. Cinema equipment and a reasonably large cooperative film library has played an important role in disseminating cooperative information to the movement. The use of these resources as demonstration units motivated several of the unions to purchase cine equipment for their educational programs.

Ten unions have now purchased complete cine equipment and every member union of the Alliance has available complete equipment on a loan basis. Films are scheduled from district to district on a rotation plan. All education secretaries have been trained and re-trained in the operation, care and maintenance of this equipment.

Other factors that have induced the production and use of visual aids are the offset printing press, the photo-laboratory, cine cameras and the recent acquisition of an industrial size silk screen unit with complete production and drying facilities.

A full time silk screen operator/artist has been trained in all phases of this production work. The Alliance visual

aids technician needs only to produce ideas. The operator/artist will do the rest. In time to come Uganda should be constantly flooded with cooperative posters.

The visual aids technician, Mr. Francis Rubani, must be given considerable credit for his untiring work in the development of the Alliance Visual Aids Center. For example, he produced 332,000 promotional pieces of various kinds for the 1972 Cooperative Day. Other activities include displays at district and national shows, trade fairs, and celebrations of all types.

Training District Union Committeemen

High in priority on the Alliance list of goals, is the conducting of union committee seminars. During 1972 and early 1973 all district union committeemen except those in West Nile District, attended such a seminar. The Alliance would bring in the committeemen from three unions to a cooperative wing for two or three days or a week at a time. They absorbed new ideas and information and expressed their thoughts and experiences with power and conviction. More in-depth training situations in this particular sector are needed. It should also be recommended that travel tours for committeemen between the unions would improve the interchange of ideas and the relationships between the unions.

General Secretary - Autonomy

The Alliance goal with the highest priority was that of being permitted by the Department to select its own administrator (General Secretary) and along with that gain its autonomy. It was at the general annual meeting of the Alliance held on March 4, 1971 that the Commissioner for Cooperative Development made a statement of great importance: "The Cooperative Department has fulfilled its supervisory task and I now authorize the Alliance committee to advertise for a General Secretary."

The committee made its selection known to the Commissioner for his approval. This was granted and the Alliance gained the autonomy which it had been trying to obtain for so long. It removed itself from the Department in July, 1971.

On September 1, 1971 the newly appointed Mr. P. K. Batarinyebwa took over as General Secretary. A real sense of accomplishment had finally arrived. It had taken several years of devoted effort on the part of many people to

effect these two important changes. The Alliance now had the opportunity to develop and implement its own plans and programs and really become the spokesman and the educational arm of the Uganda cooperative movement.

Internally, high priority was placed on the organization and the selection of staff in accord with the proposed staffing pattern. Job descriptions were written. Responsibilities and duties were spelled out in detail and a system for evaluation was developed.

Finances to maintain Alliance operations have always been a problem. The two primary sources of income have been the Lint Marketing Board and yearly subscriptions of societies based on membership and sales volume. The Cooperative Societies Act of 1970 stated "there shall be established a National Cooperative Educational Fund to which every registered society shall contribute annually an amount not exceeding one per cent of all net surpluses."

It was assumed by the Department that such a fund would be used more or less equally between the Alliance and the Department to further member education and for training of staff. The present Minister has not authorized the release of monies from this fund, so the Alliance does remain with some financial problems.

It was on Cooperative Day, August 5, 1972 that President Amin pronounced his decree to expel all people of Asian origin from Uganda within 90 days. Following the expulsion all Asian owned shops and businesses were to be allotted only to Ugandans. The Alliance made application and was allocated the former business known as East African Printers and Stationers, Ltd. The business included a well equipped printing section consisting of two letter presses, two offset presses, cutters, binders, stitchers, perforators and plate developing equipment, which was operated at near full capacity. In addition the business included a retail store for all types of stationery, supplies, books, drawing equipment and greeting cards.

With this acquisition the Alliance acquired a new dimension. It is no longer a non-trading service society. It is now engaged in a business venture of considerable potential. At this time it did not seem feasible for an ACIDI technician to get involved in this particular spin-off from the original aims and objectives of the organization.

Present Position

The Uganda Cooperative Alliance as the apex service organization for Uganda's cooperative movement has experienced several setbacks, and its problems will not be solved today or tomorrow. With the acquisition of a business venture, problems could well be compounded. However, the Alliance has made progress and its accomplishment should be noted. It has gained its autonomy and leadership.

Most members of the staff are well trained and have gained essential experiences. The foundation is laid for a strong member education program. It is in the hands of 21 trained and experienced education secretaries at the district level. The resources for planning, and implementation, of viable programs are well structured. The coordinating agency has been constructed. The Alliance should supply the motivation necessary to carry on this important educational work.

The Alliance staffing problem will exist for some time. Trained people are just not available. The original aims and projects of the Alliance have been recognized and a real effort under existing conditions to implement these aims and objectives has been made. The present staff, although short, is well trained. The organization has gained the essential experience to carry on productive programs of work in a businesslike manner.

Future expansion could consist of (1) training technicians in the field of communications by radio, and (2) business administration.

CHAPTER V

CREDIT AND FINANCE

Background

Prior to 1961, there was no organized system whereby Ugandan farmers could receive short-, medium- or long-term credit for the production of either cash or food crops. The Uganda Credit and Savings Bank was able to lend only \$360,000 to larger progressive farmers during the year ending June 30, 1960.

The government, aware that over 80% of its foreign exchange came from agricultural products, invited two agricultural credit specialists to study the agricultural credit position of Uganda and make recommendations for its improvement.

In 1960, Mr. Chester Tyson of the Farmers Home Administration in the United States was invited to visit Uganda to advise on the possibilities of establishing a supervised credit system similar to the FHA. Mr. Tyson carried out his survey and made recommendations on which the "Progressive Farmers Loan Scheme" was later based and launched.

In brief, this was a scheme whereby progressive farmers were selected by officers of the Department of Agriculture, a farm plan was formulated (usually by the district agricultural officer) and a loan was made available through the Uganda Credit and Savings Bank (now the Uganda Commercial Bank) to the farmer on a 50 percent guarantee from the local administration. These loans were issued almost entirely in kind by means of purchase orders approved by the district agricultural officer. The goods were issued to the farmers and the trader received payment through the bank upon authorization by the district agricultural officer.

Although the scheme appeared to have many features conducive to success, the implementation was far from successful and the scheme was suspended in 1964 because of serious defaulting.

Various reasons were given for the collapse of the scheme among which were the following:

1. Farm planning was carried out by largely inexperienced officers who were perhaps over-

burdened by other departmental and administrative duties.

2. Frequent transfers of staff destroyed continuity.
3. The loan approval procedure was cumbersome which resulted in loans being granted too late in the year to be useful.
4. Local participation in the selection of borrowers was lacking. Nobody with intimate knowledge of the borrower's character, capability or credit worthiness participated in the loan approval mechanism.
5. Follow-up and supervision of loans by Agricultural staff were halfhearted or non-existent.
6. The formal marketing channels that were already in existence were partially or totally ignored. This resulted in a lack of loan security.

Shortly after the completion of Mr. Tyson's report, Mr. J. C. Ryan of Agricultural Credit Department of the Reserve Bank of India visited Uganda with terms of reference similar to those of Mr. Tyson. After some time was spent studying the credit problems of the small farmers and the organization of the cooperative movement in Uganda, Mr. Ryan produced a report on which the Cooperative Credit Scheme, as it basically exists today, was fashioned.

Mr. Ryan considered various achievements and failures of Mr. Tyson's scheme and considered the Raiffeisen type of credit society unsuitable to Uganda where farmers and societies are scattered, but considered the large network of primary marketing societies that covered nearly every village in the country as the ideal vehicle through which an equitable distribution of small farmer credit could be implemented.

Having selected the already existing cooperative marketing network as the institutional framework around which small farmer credit would be woven, Mr. Ryan suggested basic criteria by which the credit recipients would be selected, maximum liabilities fixed and administrative channels opened.

The final report was approved by the Uganda Government in mid-1961 and the Cooperative Department was instructed to implement the pilot credit scheme following the issuance of a

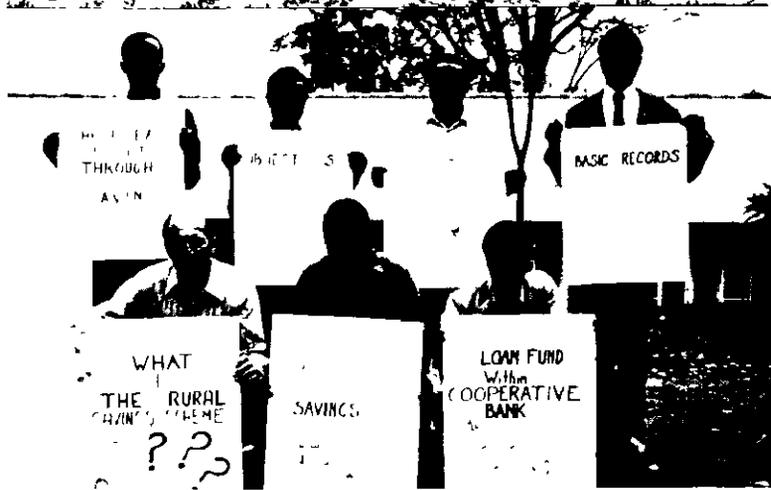
manual outlining the basic rules and procedures of implementation. The manual was issued on September 25, 1961 and carried the following basic rules and procedures which are in effect today with only minor variations:

1. To receive credit, a society must have been in existence and operating successfully for not less than three full crop seasons.
2. A society must have no, or virtually no, debtors or creditors.
3. The committee and members must appear, in general, to be willing to abide by the by-laws of their society. (In other words, they must have voluntarily imposed a form of self-discipline upon themselves and adhere to that discipline.)

A similar set of fairly simple criteria for judging the credit worthiness of the individual farmer was laid down at the same time:

1. To be eligible for a loan, a farmer must have been a member of this society for not less than three years and he must have sold his crops through the society for not less than the previous three crop seasons. (This regulation intended to disqualify from borrowing any member who may not be loyal to his society and be tempted to market his crops elsewhere to avoid loan repayment.)
2. A potential borrower must not be encumbered from any other source. (This attempts to insure that his full debt repayment capacity is directed toward loan liquidation.)
3. He must be known to the committee of the society to be a hard working, honest, healthy member who could take full advantage of any loan granted to him for productive purposes.
4. He must be able to produce two fellow members, also in good standing with the society, who are prepared to stand as guarantors for the loan.

With this simple criteria of society and borrower selection, experience has proven that when these rules are adhered to and rigidly enforced, there is very little default.



UPPER — ACDI's assistance in Uganda was heavy on training. Shown is a cooperative credit graduating class.

LEFT — The departmental staffs from all districts were brought together for their first exposure to the Rural Savings Scheme. A few of the participants are displaying the visual aid posters used by Donald Cooper, ACDI technician, in his presentations during the two-week seminar.

RIGHT — Ugandans also received individualized training. Here Dennis Frederickson, ACDI credit technician, consults with a credit officer.

LOWER LEFT — A cooperative society member in Toro district makes a loan repayment after marketing his cotton.

BELOW — One of over 3,000 five-year loans to small farmers built this flue curing tobacco barn in the West Nile district.



On the other hand, where one or a combination of rules has been altered, ignored or waived, the rate of default rises sharply and the greater number of these defaulting would be deemed not credit worthy had the original criteria been followed.

In late 1961, 100 credit worthy societies were selected to receive loans of which 98 ultimately accepted the principles set forth and participated.

In the first year of operation, the greatest possible emphasis was laid on complete repayment at any cost. Drought, famine, depredations of game animals, hail, social misfortune and all other natural disasters were not considered as valid reasons for failure to repay. Some defaulting did occur in the first year, but these defaults by both the societies and members were later collected in their entirety.

The following year, 1962, saw the number of credit societies expand to 241 and eventually reach about 600 at the time of this report. Administrative procedures to insure an unbroken chain in the flow of money were tested and proved successful.

Credit worthy members were invited to apply for loans from their society. The society bulked the loan applications and completed a loan application to the Uganda Credit and Savings Bank for a credit scheme loan. This application was forwarded to the Commissioner for Cooperative Development through the district cooperative officer. The commissioner's credit section processed, indexed, approved and forwarded the application to the headquarters of the Uganda Credit and Savings Bank where final approval was given and the respective branch bank was instructed to release funds to the society as requests by members were endorsed by the district cooperative officer.

At the time of repayment, the loans were deducted from members' crop deliveries to the society. The society again bulked individual loan repayments to pay the society's loan to the bank. In the event an individual member failed to repay the loan, the society's obligation remained. Security documents provided for the society's own financial structure were used for full repayment of the bank loan.

It is interesting to note that during the initial stages of the scheme, very little or no emphasis was placed on the dynamic use of credit. Society committees were urged and instructed to make certain the money was "properly used" for agriculture, but the extension staff of the Agriculture Department was not called upon at that time to insure the pro-

ductive use of credit. In other words, the total effort of the personnel concerned with credit was placed on the pure mechanics of lending and collecting.

According to the by-laws in use by cooperative societies, the rate of interest a member must pay is 12 percent per annum. This rate has never been altered for short-term agricultural production loans. Some exceptions were later made for medium-term loans on a project basis.

Funds for the operation of the Cooperative Credit Scheme have come from a variety of sources. Originally, funding was made possible (\$285,700) by tapping the now defunct African Loans Fund. Since that time, money has come from the cotton and coffee price assistance funds, the Development Loan Fund, the Uganda Cooperative Development Bank, the societies' own funds and various grants and overdrafts provided through commercial sources in times of peak loan activity.

The advent of the reorganized Cooperative Development Bank in 1971 and a renewed emphasis on mobilization of rural and urban savings have lent a new dimension to the scheme; however, the original foundation of the Ryan proposals are still in existence and are bearing the test of time.

Conditions in Uganda at the Beginning of the Project

Technical assistance for the credit aspect of Project 006 was first provided in 1962 by the late Sam Kerr, a USAID technician who later passed away from a heart attack while in country. ACDI team members arrived in 1965 and 1966.

At the end of the 1965 loan season, 290 cooperative societies had received Shs. 5,619,120/= in loans and this money, together with Shs. 485,980/= of societies' own funds, had been loaned to 25,914 individual farmers.

A small corps of in-country trained "credit specialists" were responsible for credit activities in the districts. The duties and responsibilities of these men were, and are, as follows:

1. Select and prepare societies for participation.
2. Receive, process and scrutinize loan applications.
3. Train secretary/managers, committees and members of Cooperative Credit Scheme so-

cieties, assisted by the education specialist and assistant agricultural officer (credit).

4. Visit, inspect and give advice, where required, to credit scheme societies.
5. Where necessary, recommend to the Commissioner for Cooperative Development: a) removal or suspension from the scheme of any credit society not operating within the rules and regulations governing the scheme; b) reinstatement of such suspended societies after they have again proven to be credit worthy.
6. Read reports concerning the Cooperative Credit Scheme and give their comments to those concerned.
7. Liaise with authorized lending institutions on any matters concerning loans to societies.
8. Maintain an up to date loan register for all credit scheme loans to societies in the district.
9. Control the flow of loan funds from the authorized lending institutions to the credit scheme societies.
10. Prepare and submit a comprehensive monthly report to be attached to the monthly report of the district cooperative officers.
11. Receive, scrutinize and cause to be changed any discrepancy between banks' balances and the actual amounts outstanding.
12. Work with the Agricultural Mechanization Division where services are required.
13. Serve as secretary to the District Credit Coordinating Committee.
14. Coordinate the district credit activities with the assistance agricultural officer (credit).
15. Hold annual district credit staff conferences.

From the beginning of the project it was clear that to meet the broad terms of reference, "assist the Government of

Uganda in the supervision and expansion of the Cooperative Credit Scheme," it would be necessary to train these district credit specialists in all aspects of cooperative agricultural lending while on the job.

To meet this objective, it was necessary to travel extensively to the grass roots of the scheme. The training program included as many credit scheme society visits as possible with the district credit specialists. During these visits, society officials and member borrowers were instructed in the basics of borrower selection, loan documentation, interest computation, loan collection, cooperative loan, marketing, handling of cash, dynamic use of credit and the role of the Cooperative Department in the Ministry of Agriculture, Forestry and Cooperatives. Headquarters staff consisted of an expatriate principal cooperative officer (credit), one senior cooperative officer (credit), one cooperative officer (credit) and one clerical officer who also served as secretary to the principal cooperative officer.

Headquarters staff, in addition to administrative duties, served as the loan processing and approval center for the country.

With only minor variations to cope with increased loan volume, the basic loan channels as they existed then are still operative today. Refinements, simplifications and standardizations will be discussed later in this report.

Goals and Objectives

Due to the long life of the project, the original goals have necessarily had to be redefined a number of times to reflect the numerous administrative, political and social changes. While the original goals were slanted quantitatively, the more recently established goals have tended to be qualitative in nature.

The original goals included: a) 1,000 credit worthy societies by 1973, b) 700 societies trained in the Agricultural Credit Advisory Service (ACAS), c) 160 trained credit staff, and d) 100 medium-term loans. Had these been maintained, perhaps all but (c) would have been achieved. While approximately 160 field and headquarters staff have received some basic credit training, their level of competence and decision making ability is below what is normally expected of a "trained credit staff."

At the beginning of the project, and even after arrival

of ACDI technicians, it was envisaged that a hard corps of highly trained specialists would become professional credit men. Due to promotion policy, administrative decisions and staff shortages, the development of this philosophy has been scrapped. Presently, training objectives have been slanted toward all staff that work directly with primary cooperative societies. Previously, society members and officials were educated in cooperative principles when the credit specialist made his visits.

Because of the expansion of the scheme without a corresponding expansion of credit staff, it has become increasingly difficult if not impossible for the credit specialist to effectively cope with the increased work load. The present trend of giving basic credit knowledge to junior field staff should improve the situation.

Inputs

As previously mentioned, the early years of the Cooperative Credit Scheme were devoted to perfecting the lending mechanism. In 1967, the pilot Agricultural Credit Advisory Service (ACAS) was started in three districts. Under this service, trained assistant agricultural officers were assigned to work with credit societies and farmers in the preparation of loan packages, procurement of inputs and principles of farm management. Ideally, each extension worker was to work with the maximum of 300 borrowers, geographically concentrated in not more than five credit societies. This service has now been expanded to all districts, but unfortunately, the shortage of trained agricultural staff has never permitted concentration on individual borrowers. Limited success has been achieved by concentrating on groups of farmers in credit societies. The initial training of 40 agricultural extension personnel has become diluted due to transfers, promotions and lack of further training. The ACAS is still operative and expanding, but its effectiveness is limited by lack of training.

The flow of agricultural inputs such as improved seeds, fertilizer, herbicides, insecticides, tools and sprayers should be easily organized through the cooperative structure. Farmers place orders with their credit society based on the loan packages recommended by the ACAS. The society bulks these orders and places one order with the cooperative union to which they are affiliated. The cooperative union bulks all society orders and places one order with the Uganda Central Cooperative Union. The Central Union is then in a position to import directly from overseas sources or negotiate quantity discounts from local wholesalers.

When goods are delivered, the Central Union distributes to district unions, debiting their accounts with the amount due. When the district unions make deliveries to the societies, the society accounts are individually debited. The societies then distribute the inputs to farmers, debit their individual loan accounts and direct their authorized bank to make payment to the district union who likewise passes payment to the apex organization. The system works fine as long as the orders of inputs are placed well in advance of their being required, there is no dispute concerning amounts, loans have been approved and managers are efficient. Strict supervision is required during the entire process. If one link in the chain is broken, inputs do not arrive, are late, or payments are not made.

At present, there are no alternatives to the system nor are any being sought. The only answer is refinement by supervision and the system will work.

Miscellaneous Accomplishments

1. Complete revision of all forms used in loan processing and approval. This task was completed in 1967 and the new system has been in use continuously since that time. Work load on secretary/managers was cut in half by simplification and elimination of duplication.
2. Statistics concerning loan approvals, monthly withdrawals, repayments, interest charges and loan balances of credit societies were inaccurate or non-existent prior to 1969. By using the government computer, we are now able to have monthly statistics on each society listed by bank, district, year due and crop. The authorized bank branches submit a monthly return to the department listing all transactions. The department checks the reports and delivers them to the computer center which processes the reports. The processed reports are then dispatched by the department of each district cooperative officer and each of the 19 authorized branch banks.
3. Annual credit conferences of all credit personnel have been held with the exception of 1972. District credit conferences are being held annually for all cooperative department personnel.
4. A revised credit manual was written, published and distributed to all departmental personnel.
5. Assistance was given the Government of Uganda in the preparation of two separate Five-Year Development Plans

for agricultural finance.

6. Assistance was given on the formulation of several loan applications to international development agencies and the World Bank.
7. District and national credit coordinating committees were formed to make credit policy and implement that policy.
8. A system was devised to facilitate the credit societies' ordering of and sending payment for tractor hire services.
9. USAID self-help scheme was organized to construct 23 cooperative society offices and stores.
10. Over 750 visits were made to individual credit societies in every district of Uganda for training purposes.
11. About 150,000 miles were travelled in training exercises.

Recommendations

Although the cooperative credit technical assistance team has concentrated on education for more than 10 years, there is still a lot of misunderstanding concerning agricultural credit among the senior service ranks. Recommendations are that the policy of vertical movement within the credit section for personnel who are interested in credit duties be continued. Imposition of credit duties on personnel not interested in credit brings extremely poor results. In practice, the theory of a good civil servant doing any job he is given, falls apart through the lack of personal commitment.

Serious consideration should be given to the removal of the credit section from the Cooperative Department and its installation within the Uganda Cooperative Development Bank. The Registrar could still maintain the ultimate loan approval responsibility, but the burden of implementation would fall on trained specialists. This would also eliminate the oft-repeated excuse that, "I have been given other duties to perform and cannot concentrate on credit."

A program of strict supervision of field staff by headquarters staff should be instigated. It is a documented, well known fact that field staff can be easily motivated by well planned supervision visits from headquarters personnel.

Numerous examples are at hand of a dynamic increase of district credit activities following such visits.

The Uganda Cooperative Development Bank has the potential of playing a much larger role than it presently does. Thrift activities are not closely enough associated with credit activities. Rural savings should ultimately be the primary source of funds for the credit scheme. If the movement is to become self-financing as planned, closer coordination between these two activities is a necessity.

The supply of inputs to cooperative societies is not as dependable as it should be. The Uganda Central Cooperative Union, the district unions and credit personnel must more carefully plan and coordinate their efforts.

Credit coordinating committees on national and district levels are not functioning well. The revitalization would go a long way in assisting to coordinate all credit, thrift, extension and supply activities. This is one of the ways in which administrators can be made aware of the important position credit should enjoy in increasing small farmers income.

In the early years of the scheme, many training courses were held on the subject of small farmer credit. These courses were extremely beneficial in making staff aware of the importance of credit. Efforts should be made to re-establish this training program for field staff.

The audit section of the department is now being strengthened. Recent evidence indicates that these auditors are not certain as to the methods that are required to audit credit records. In many cases, the credit operation of a society is not audited at all. An education program to familiarize auditors with the credit scheme is required.

Unlike the situation that prevailed seven years ago, there are now sufficient personnel in the Cooperative Department. The great majority of the personnel are inexperienced in field work. A renewed effort in education, perhaps short courses in specialized fields, is required to upgrade the capabilities of the junior personnel.

Conclusion

Great strides have been taken in the expansion and supervision of the Cooperative Credit Scheme in the past seven years. Care should be taken to consolidate its present po-

sition. A large proportion of the existing problems are administrative in nature, most of them at district level.

UGANDA COOPERATIVE DEVELOPMENT BANK

Consideration of a cooperative bank for Uganda first appears of record in 1961 when the International Bank for Reconstruction and Development Economic Survey Mission to Uganda suggested in its report that "... in the still distant future it might be necessary to form a central cooperative bank which might first be developed within the Uganda Credit and Savings Bank but later become independent."

In 1964, an attempt to organize an independent cooperative bank resulted in failure. On June 22 of that year Uganda Cooperative Bank was chartered under provisions of the Cooperative Societies Act - 1963.

By-laws were drawn and some capital funds collected but before organization was completed, the discovery of malfeasance and misuse of funds by the committee caused the Minister to suspend operations and appoint a supervising manager in accordance with the Cooperative Societies Act "to ensure control of the bank's funds and to draw up plans for its development."

A report of the Committee of Inquiry (COI) into the affairs of all cooperative unions in Uganda - July, 1967 seconded the opinion expressed by the IBRD Economic Survey Mission and presented strong arguments in favor of establishing an independent self-sufficient cooperative bank.

At the request of COI, a USAID team of cooperative credit specialists was recruited by ACDI to examine the agricultural and cooperative credit situation and recommend a program for its improvement.

Due consideration having been given to various alternatives, it was concluded that the interests of the rural community would best be served by activation of the Uganda Cooperative Bank as the central financial institution of the cooperative movement.

Following adoption of the Common Man's Charter and the May 1, 1970 pronouncement of the President of the Republic which favored and gave substantial impetus to the cooperative movement, the Minister of Marketing and Cooperatives, in concert with the Cabinet, decreed on June 1 that the bank should be recognized and activated as of July 1, 1970.

Again USAID was called upon to provide technical assistance in the form of a consultant to the Cooperative Bank.

The objectives were to assist management with the development of plans for activating the bank, devising organization structure, formulating operating procedures and directives, instructing staff particularly on loan obligation and administration and researching topics on which information was desired.

The modus operandi of the ACDI technician was an unscheduled mixture of day-to-day discussions with management and staff and extended periods of closeted "research" on plans and proposals. Conclusions and recommendations generally were summarized in memoranda to management. As ideas and program began to jell, pertinent subjects of these piecemeal memoranda were extracted and formalized in Administrative Orders and in basic documents as follows:

Standing Orders, Rules and Regulations
Manual of Administration and Procedures
Loan Guide
Staff Responsibilities and Duties
Operating Personnel Assignments and Duties

The Development Program

The objectives of the bank broadly stated are:

- a) To mobilize the financial resources of the cooperative movement by encouraging thrift and savings; and
- b) To promote the prosperity of the cooperative unions and societies through financial counseling and supervised credit.

Licensed by the Minister of Finance to operate as a Credit Institution (not commercial bank) in conformance with the Banking (Amendment) Act of 1969, its financial activities were limited to accepting deposits from and extending loans only to member cooperative unions and societies.

To serve all segments of the cooperative movement, it will be the principal depository of the savings of members of credit societies and the savings and reserves of marketing, purchasing and service cooperatives.

It will employ these funds and funds from other sources in making long-term, intermediate-term and short-term (overdraft) loans to qualified credit worthy unions and societies and through them "on repass" to member producers for the development and operation of their farms.

Proposed Legislation

Early in the program, an attempt was made to foster passage of legislation to establish the bank under its own enabling act as a parastatal corporation in the Ministry of Marketing and Cooperatives. The ACIDI technician was commissioned by the Ministry to draft the "Uganda Cooperative Development Bank Bill" paralleling the Commercial Bank Act but strictly related to the conditions and functions of the Cooperative Bank. This bill successfully passed through legislative channels up to the Parliamentary Counsel where it rested for final review before introduction to Parliament. With the suspension of Parliament following the military takeover of the government on January 25, 1971, the bill died. For the present the bank continues as a cooperative society under its original charter.

General Plan

The overall plan which seemed to have been generally (but not totally or specifically) agreed upon was based upon the following considerations, some of which were evident at the outset, others evolved as plan materialized:

1. The bank was to continue under its original charter with by-laws modified only to the extent of (a) changing the name of the Uganda Cooperative Development Bank (UCDB), and (b) reconstituting the board (committee) from seven elected members to four elected by the membership and three appointed "by the Minister responsible for cooperative development."
2. A government grant of Shs. 2.8 million was to be made to cover organization expense and operating deficit in the first year of operation.
3. The Cooperative Credit Scheme loans in those areas in which branch offices were established, were to be transferred to the bank.
4. Capitalization and loan funds were to be derived from:

- (i) Class A ordinary shares of an unlimited number to be purchased by unions and societies at Shs. 100/= each in accordance with by-law provisions.
- (ii) Class B preference shares of Shs.100/= each, in which the unions and societies were to invest their statutory reserve funds accumulated in conformance with Clause 47, Cooperative Societies Act 1970.
- (iii) Class C deferred shares evidencing government subscriptions to capital. (In lieu of cash subscription, government assigned to bank a portfolio of long term loans to unions made from the following listed funds:

Cotton Price Assistance Fund	-	Shs.23,607,121
Coffee Development Fund	- - -	Shs.14,113,505
Groundnut Development Fund	- -	Shs. 641,000
		<u>Shs.38,361,626</u>

(This assignment or grant is evidenced as a 35-year non-interest bearing loan with five-year moratorium on repayment).

- (iv) Assignment for administration on an agency basis of the USAID revolving fund grant to cooperative movement to establish eight crop storage units in the amount of Shs.1,286,694.
- (v) Demand and term deposits and reserves of the member unions and societies to the extent permitted by regulations and the Banking Act, 1969 and experience of UCDB as to liquidity requirements.
- (vi) Funds which may be derived from grants long-or short-term loans negotiated with domestic institutions, or from foreign sources.

Implementation

Upon receipt of the directive (May, 1970) from the Min-

ister of Marketing and Cooperatives to reorganize and activate the bank as of July 1, 1970, Mr. E. S. Kamulegaya, supervising manager, set forth to locate and equip office quarters and assemble a cadre staff to devise plans, programs and procedures for establishing the bank.

Organization

A central/branch office structure supplemented with Mobile Bank routes was envisioned as essential to serve all segments of the cooperative movement. The central office was to be located in Kampala and branch offices were to be established at strategic points, preferably in proximity to established unions.

While as many as 19 branch offices were thought to be eventually desirable, it was agreed that five offices--Arua, Jinja, Masaka, Mbale and Mbarara--should be opened in the first year. Other locations would be considered later as business needs indicated for either an agency (at a cooperative union) or a branch office.

Mobile Bank Service

Associated with each branch office, mobile bank routes were established to serve patrons in outlying areas. For this service, a fleet of Toyota Land Cruisers with specially designed bodies and equipped with two-way radio transceivers have been obtained. Establishment of the complete service will take some time as first a survey of locations, routes and requirements of each branch office area must be made to design routes and procedures. The service should be operative at the time of this report.

Communication

To maintain close liaison and to facilitate communication with the branch offices and mobile bank units, a two-way radio-phone system was installed. This provides for direct two-way communication between the central and each branch office and between each branch and its assigned mobile bank van as it travels over a wide area of the district.

Operating Structure

The by-laws provide for a board of seven directors, four

of whom are to be elected by shareholders eligible to vote at the annual meeting; and three to be appointed by the Minister responsible for cooperative development. This board is to establish bank policy, appoint senior officers, (subject to confirmation by the Minister) and supervise the overall operations of the bank.

The senior officers are named as general manager, secretary, chief officer of finance and investments, chief accountant, chief loans officer and internal auditor.

Operating staff, including junior officers were recruited in part through personal contact but mainly by advertising in the daily press (customary for government and parastatal organizations) for applicants to all level of positions. Applicants were screened and following interview, successful candidates were posted to their positions. When the full complement of personnel other than senior officers was posted, the roster consisted of a staff of 15; accounting clerical and stenographic force of 29; and operations crew of 14. The roster is expected to maintain approximately this level for the foreseeable future.

Staff Training

Except for an assembled "Staff Meeting and Orientation Seminar" held at Makerere University, Kampala, at which a formalized program was presented, the efforts at staff indoctrination and training have been informal, on-the-job, person-to-person discussion of plans, programs and procedures.

Two members of the staff have had 16 weeks vocational training and exposure to U.S. agricultural and cooperative credit institutions under USAID sponsorship. This experience added materially to the sophistication in loan analysis and administration of the Loans Department.

Operations

Since the opening of the bank's central office and branch offices, it has been receiving savings and Statutory Reserve Funds deposits voluntarily offered by unions and societies.

Loan activity up to the termination date (May, 1971) of the ACDI technician has been rather minimal. The long-term Development Fund loans to unions were receiving attention and some success was attained in collecting payment. Some short-term loans, mostly interim and of emergency nature have been made.

Because of limited financial resources the bank is obligated to apportion its loan funds amongst those areas, those institutions and those projects which conform to national policy and the endeavor to increase agricultural production, to expand primary processing and to improve the marketing of agricultural produce.

Current information on the bank's portfolio is not available; however, it is known that in 1971 the Cooperative Bank totally supported the Government of Uganda's commitment for the International Development Association (IDA) small holder tobacco project in the West Nile District of Uganda. This commitment was for four million shillings (\$571,000) and likewise supported the GOU commitment for 1972 with \$543,000.

The bank also made an operating loan of \$42,800 and a facility loan of \$57,000 to the Wankoko Cooperative Society, a cooperative poultry processing plant which will be mentioned in Chapter VI.

Numerous loans have also been made to marketing societies to construct warehouses needed for crop collection and storage.

COOPERATIVE SAVINGS SCHEME

The Government of Uganda in the Cooperative Societies Act of 1963 adopted its already existing policy of promoting the mobilization of savings. However, it was unable to encourage country-wide development of the scheme due to the lack of staff in the Cooperative Department necessary to provide proper supervision and regular audit service essential to a successful savings scheme.

The cooperative movement was further encouraged at this time when the Government of Uganda in paragraph 100 of its first Five-Year Development Plan stated as follows:

"An integral part of the government's policy for agriculture is its policy for the development of the cooperative movement in the sphere of crop marketing and agricultural credit. Through the movement the small farmer is enabled:

- "1. To take part through his own cooperative organization in the marketing and local processing of the fruits of his labor and to benefit from the participation.
- "2. To practice thrift through his cooperative organization, thus providing a medium for mobilizing local savings to finance at

least in part the marketing process of credit activities of the cooperative movement."

During the period the Cooperative Department was unable to properly promote a savings scheme, the people themselves began organizing both urban and rural savings groups. Considerable amount of assistance (when time permitted) was given these groups by ACDI credit technicians, Cooperative Department credit specialists and other volunteer workers.

The mobilization of local savings in Uganda today is being carried out through two types of cooperative organizations. Each is designed to serve a different category of people:

The Rural Savings Scheme is designed for farmers in the rural area. This program is initiated through the existing cooperative marketing societies. The scheme provides a safe, convenient way for a farmer to save his money by adding a savings function to his already existing primary marketing society. Monies generated through the Rural Savings Scheme are deposited in the Uganda Cooperative Development Bank and can then be used for supplementary funds for the Cooperative Credit Scheme.

Savings and Credit Societies are organized primarily for wage earners to provide a safe, convenient place for them to save their money and secure low cost loans to meet their credit needs. These are primary societies, organized and registered under the Cooperative Act of Uganda. Their structure and operation is patterned after the credit unions of the United States and Canada.

Rural Savings Scheme

The rural savings scheme was first introduced in the Ankole District in Uganda as a pilot project in 1963. Only societies that proved they could successfully operate the credit scheme were permitted to accept member deposits.

The following figures show the growth of the scheme through 1969:

<u>Year</u>	<u>No. of Societies</u>	<u>Deposits</u>
63/64	10	\$ 49,652
64/65	26	120,399
65/66	21	26,084*
66/67	34	272,814
67/68	41	322,874
68/69	48	373,272

The Government of Uganda then requested USAID/Uganda to provide assistance in further developing savings schemes through the primary marketing societies.

A technician was recruited by ACDI and on the job in late 1971. The problem of shortage of both central office and field staff was still existent; however, a savings scheme operations manual was developed, printed and distributed. Intensive training courses were held throughout the country on the district level for cooperation staff, on the society level for secretary/managers and on the society level for the membership.

The Uganda Cooperative Development Bank cooperated in providing both personnel and transportation to district co-operative staff responsible for implementing the scheme.

A committee selected from bank staff was made responsible for producing and distributing a monthly newsletter and posters and signs.

Early in 1972 the Uganda Cooperative Development Bank began providing insurance to protect the societies' funds while in transit to and from the bank branches and while actually at the bank. This coverage was soon expanded to provide coverage for a limited amount of funds while at the primary societies' offices.

The rural savings scheme is catching on very rapidly and the figures available as of December 31, 1972 reflect that there are 200 primary societies with 50,000 members in the scheme who have saved approximately \$571,000.

Savings and Credit Societies

The formation in 1964 of Savings and Credit Societies by wage and salary earners was spontaneous. They were at first

* Year of the 66 revolution.

called Thrift and Loan Societies but changed the name to conform with those of Kenya and Tanzania. This type of society operates as a credit union.

Early records were almost impossible to obtain because there were so many unregistered societies in operation. Of those registered the records show the following:

<u>Year</u>	<u>No. of Societies</u>	<u>Deposits</u>
1964	36	\$ 97,000
1967	36	135,000
1969	37	165,000

In this case, as that of the Rural Savings Scheme, the Department of Cooperative Development lacked adequate staff to cope with the current responsibilities to undertake expansion and asked USAID for technical assistance in training staff and developing procedures.

An ACDI technician was on board in mid-1971 to assist the Government of Uganda in promoting the scheme.

A senior cooperative officer (savings) had been selected, posted and sent to the United States under the USAID participant training program to receive some on-the-job training in credit union operations. He returned to Uganda knowledgeable and enthusiastic about what savings and credit societies could do for the people of Uganda.

Two cooperative officers who had received training in the United States in examination and supervision of savings societies were assigned to districts where their skills could best be utilized.

Six cooperative officers who were trained at a three-month savings and credit course in Nairobi, Kenya, are also working directly with savings and credit societies. Only a nucleus of staff has been trained to properly administer and promote the savings program but more will be added as conditions permit.

During the ACDI technician's tour of duty, training materials and course outlines were prepared for both Cooperative Department field staff and secretary/managers of savings societies.

A new set of by-laws was drafted, adopted, printed and distributed. An operations manual is in draft form and waiting approval, and improved bookkeeping forms have been prepared, approved and are awaiting printing at the termination of the project.

A very significant aspect of the program was the formation and registration of a Savings and Credit Union in Uganda to be the organization to promote coordination and unity between the various types of savings and loan activities; develop a uniform administrative system and introduce and implement an insurance and bonding program. The union is now physically operative with a full time manager and staff.

The Uganda Savings and Credit Union is also a member of the Africa Cooperative Savings and Credit Association (ACOSA) which is an apex savings and credit organization in Africa whose membership is made up of all of the National Unions or leagues of member countries.

Latest figures available (as of December 31, 1972) show that there were 66 savings and credit societies in Uganda with 10,000 members and savings totaling more than \$643,000.

These are savings that were previously hidden in the home or buried in the grounds and would have been totally lost to development of the economy of the country. The future is bright; however, there are several recommendations that warrant special and immediate attention if the movement is to sustain its present momentum.

Recommendations

1. Cooperative laws should be changed to allow easy and rapid liquidation of non-viable societies.
2. Auditing procedures should be implemented immediately.
3. Headquarters staff positions should be filled immediately in order to give encouragement and supervision to field staff.
4. Payroll deductions should be arranged for all government employees savings and credit societies.

COOPERATIVE CREDIT SCHEME LOAN APPROVALS
BY
YEAR, NUMBER AND PURPOSE (DOLLARS)

Year	No. of Society Loans	Total Borrowers	Cotton	Coffee	Tobacco	Controlled Produce	Live- stock	Total
1962	98	7,948	115,350	12,714				128,064
1963	255	19,152	284,614	116,493				401,107
1964	284	25,914	662,017	125,429	6,429			793,875
1965	326	36,998	842,643	182,357	89,857	11,657		1,126,514
1966	303	33,963	934,200	169,286	7,143	20,157		1,130,786
1967	312	22,881*	601,114	125,714	404,266	28,321	2,143	1,161,558
1968	314	15,655*	454,693	113,357	724,371	73,436		1,365,857
1969	290	27,236	445,590	107,786	839,906	27,914	3,714	1,424,910
1970	403	29,957*	469,993	267,857	812,142	42,550	1,464	1,594,006
1971	512	50,000**	728,006	637,444	1,346,690	85,981	13,050	2,811,171
1972	657	65,000**	unk	unk	unk	unk	unk	3,150,940
Totals	3,754	334,704						15,088,788

* Not including flue cured tobacco.

** Estimated

CHAPTER VI

LIVESTOCK AND POULTRY DEVELOPMENT

Uganda's natural resources (climate, rainfall and soil fertility) are very favorable for the production of feed grains, vegetable protein, alfalfa, and the support of year-around pasture programs. Therefore, Uganda has the potential for producing beef, pork, poultry, eggs and milk on a profitable economic basis to meet all of its domestic requirements. In addition, the livestock industry is in a favorable position to export these products to neighboring countries.

The year-around temperatures in over 50% of the total land area in Uganda is optimal for dairy and poultry production and a minimum amount of stress is experienced with fast growing, high production strains of poultry and dairy cattle. The problem is to introduce and develop modern livestock production on a commercial scale that will utilize all of the low cost natural resources.

Marketing then becomes the major problem. The assembling, processing and distribution of high quality perishable animal products requires technical training and sound capital investments in processing and refrigeration facilities. Small, well-equipped facilities are required that can be expanded as the industry develops along profitable lines. The danger of introducing high cost input factors during the development stage must be guarded against since reverses will retard long range development efforts.

Cooperative marketing of livestock products should be a natural for Uganda since this is a democratic way to mobilize the human and governmental agencies to provide the capital and technical assistance to assure that the progress made after Independence will remain in the hands of the indigenous population.

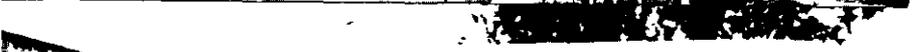
At any point in time, two or three individuals in each of the livestock sectors--poultry, eggs, pork, milk, butter, cheese, beef, lamb, hides and skins--could dominate the market and supply the local demand on a very profitable basis for the individual entrepreneur. The nation and the individual consumer would be the losers since high prices and limited production would be the result. The factors will be presented and ways and means will be recommended for developing a cooperative livestock marketing program that will enable Ugandans to exploit the natural resources.



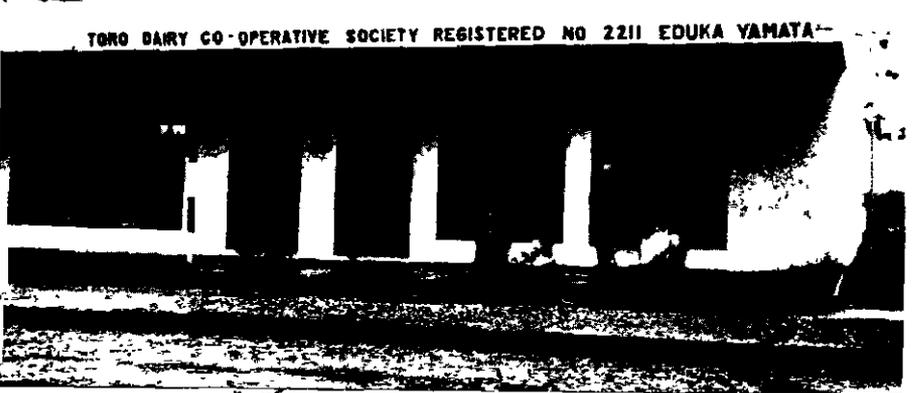
ABOVE — Uganda farmer holds prize calf from newly-developed strain.



LEFT, ABOVE — ACIDI livestock specialist M. H. Simonson meets with Poultry Marketing Executive Committee. The group planned and built a modern plant



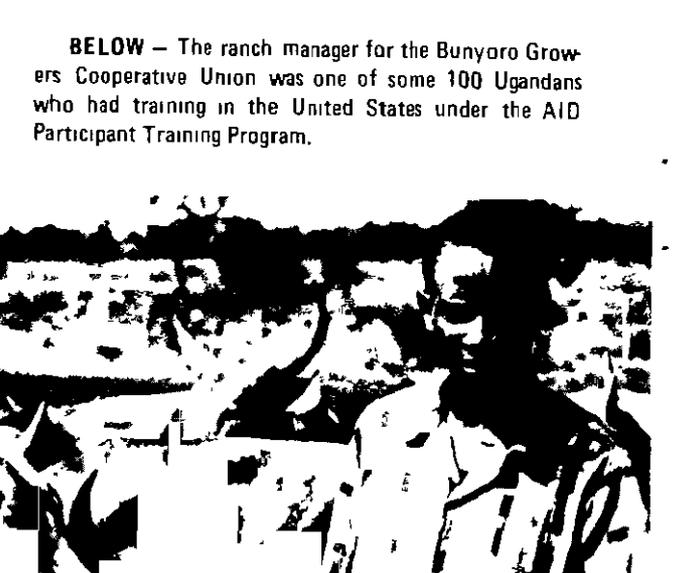
SECOND LEFT — The modern poultry plant at Wankoko processes and freezes broilers for retail stores.



THIRD LEFT — The Toro Dairy Co-op located at Fort Portal pasteurizes milk from nearby farms.



LOWER LEFT — Farmer at left shows his new bull to a senior livestock marketing officer and ACIDI's Simonson. The bull was expected to increase the daily milk production in this herd by one gallon per cow.



BELOW — The ranch manager for the Bunyoro Growers Cooperative Union was one of some 100 Ugandans who had training in the United States under the AID Participant Training Program.

During this 10-year period, livestock production, disease control, import and export permits and livestock and livestock products, marketing inspection and regulatory functions were under the Ministry of Animal Resources. This governmental structure influenced by the former Protectorate government, is a major consideration that had to be carefully reviewed in planning the organization and development of livestock marketing societies. Without the full knowledge and support of the two ministries (Animal Resources and Agriculture) working together, a cooperative livestock marketing society would have found it very difficult to develop a sound business organization.

A Dairy Industry Corporation (a government parastatal organization) was established in 1967. This organization, in effect, was given full power and authority over the entire dairy industry. Unfortunately, the task that was expected of this organization was more than they were able to carry out. There were many problems that would have to be worked out before the dairy industry could expand to meet the local demand for fresh milk and dairy products. The Dairy Industry Corporation has received a large amount of financial aid and technical assistance from the following sources since 1967--UNICEF, USAID, FAO, the Danish government and the Canadian government. In addition, the Government of Uganda has expended large sums of money and manpower in order to get this important industry in operation.

The Uganda Development Corporation, a multipurpose parastatal organization, has under its control the following livestock enterprises that must be recognized in the livestock marketing industry in Uganda.

- a. Uganda Meat Packers Ltd., operates two modern beef slaughtering abattoirs located in Kampala and Soroti. The latter, built in 1968-69, is ultramodern with a daily capacity of 400 heads of cattle. It consists of a complete by-products and canning installation that meets international health and inspection requirements, a quick freezer, and adequate storage capacity.
- b. Uganda Livestock Industries Ltd., is a subsidiary company that owns and operates beef cattle ranches with approximately 250,000 acres stocked with approximately 150,000 beef animals. Considerable progress has been made during the past eight years to upgrade these cattle with Boran and other breeds of exotic stock from Europe and North America. The off take from these ranches alone should provide a sizeable source of income once the marketing aspects are worked out.

- c. The Uganda Development Corporation, together with Uganda Cooperative Central Union, own approximately 49% of the shares of Uganda Feeds Ltd., a subsidiary of Uganda Grain Milling Co., Ltd., a large grain handling firm that manufactures flour and livestock feeds. The ownership of this private company is based in Kenya and England. The livestock feed mill is a modern push button operation that was built in 1967-68. It has been very successful financially, as indicated by the cash dividends paid to UCCU. Feed prices to livestock producers in Uganda, however, have varied from 15 to 30% higher than the same feed to livestock producers in Kenya.
- d. Uganda Fish Marketing Corporation is a commercial fish processing company manufacturing frozen fillets and commercial fish meal for animal protein. The sole selling agent is a British firm based in Kenya and Uganda.

Dairy Cooperative Societies

Prior to the organization of the Dairy Corporation first efforts in developing viable dairy societies were made in 1965. Excellent progress was made in 1966 and by 1967 dairy cooperatives were operating in Fort Portal, Mbarara, Kabale, Masaka, Mubende, Mityana, Masindi, Lira, Gulu, Tororo, Arua, and cooperative milk collection centers were established in Busoga, Teso and Bugisu districts.

During this period cooperative dairy societies were being encouraged by government. However, the Ministry of Animal Resources was placing most of its efforts into the organization and financing of the Dairy Industry Corporation. It was quite evident that concerted effort was made by this organization to discredit and restrict the development of dairy cooperatives.

The Toro Dairy Cooperative Society at Fort Portal Western Region was registered and began its operation on April 1, 1966. Toro Dairy Cooperative Society was regarded as a pilot milk processing project. The ACIDI technician gave special attention to its organization and operation.

With \$4,200 of share capital raised from among its membership the society began processing milk at the rate of 100 gallons per day.

The society paid cash to its member-producers on the fifth day of each month for milk received the previous month. The price paid to members corresponded exactly to the amount

paid producers delivering milk to the Dairy Industry Corporation in Kampala, which was 200 miles away in a highly concentrated consumer area.

The first year's financial report showed a net profit of \$10,000 indicated after cash payment to producers, including all expenses and depreciation of the society.

With this auspicious beginning, plans were developed to build a modern milk processing plant. Actual construction took place in 1968. The plant was furnished with modern pasteurization equipment, Tetra Pak (retail carton) machines and refrigeration to process up to 2,000 gallons of milk daily.

The investment capital for this modern dairy including transport was \$60,000. The financing was obtained through a commercial bank and Kilembe Mines Ltd. (a U.K. copper mining venture). This original loan was paid off with interest within three years' time.

The society operated very successfully up to 1970 at which time pressure was being put on by the Dairy Industry Corporation to take over its operation. The members and management were aware of the fact that the Dairy Industry Corporation in 1969 and 1970 had already taken over Cooperative Dairy Societies in Arua, Gulu, Lira, Masaka, Mbarara and Kabale. This action did not materialize at Fort Portal. It did, however, result in the resignation of the secretary/manager. He was one of the societies' pioneers. He was largely responsible for the growth and financial success of this organization.

The last fiscal year, 1971-72, showed a net loss of \$16,000. This loss resulted from the relaxation of the present management and committee in directing the day-to-day plant operations. In dairy plant operations careful attention needs to be given to all of the basic principals of business management. Losses due to product deterioration, waste and dishonesty must be kept to a minimum so that future growth and development of the dairy industry in Toro will not be retarded.

In February, 1971 a new minister was assigned to the Ministry of Animal Resources. He immediately initiated an inquiry into the Dairy Industry Corporation. He also requested the Canadian government to furnish technical assistance to the dairy industry, requesting that recommendations be made that would enable the dairy industry to develop and utilize its natural advantages.

A second minister was appointed in December, 1971. At the annual staff conference of the Ministry of Animal Resources, he emphatically declared the policy of his ministry and the Dairy Industry Corporation was: "to encourage and promote cooperative milk collection centers and dairy cooperatives patterned after the Fort Portal Dairy Cooperative Society." Thus came a full cycle of producers in the dairy industry in three years.

The Dairy Industry Corporation has reorganized its overall operations after being in business for three years. New policy decisions are now being made. It appears that dairy farmers will be encouraged to form cooperative dairy societies and take full responsibility for the milk collection and cooling centers now being run by the corporation. Placing this responsibility in the hands of the producer cooperative societies should result in lower procurement costs for the corporation and relieve them of the administrative burden they now have in operating more than 60 milk collection centers.

Livestock Ranching Cooperative Societies

One of the major concerns of the Uganda Government in 1965 was to establish economic livestock production units. USAID, through its technical assistance program, provided for expansion in this area through the "Ankole Ranching Scheme." This was a large tract of land, cleared and subdivided into suitably sized ranches.

In 1966, six cooperative primary societies were organized to develop ranches in Ankole and Masaka areas. The Banyankole Kweterana Growers Cooperative Union Ltd. was allocated 6,000 acres. The union had the financial resources plus capable management to carry out this development project. They were given encouragement and assistance from the staff of the Bank of Uganda and a sound loan program was set up in 1967. This ranch was also given assistance and guidance from the cooperative livestock section and has developed in five years into a very profitable venture for the union. It is considered a model to be followed by other cooperative unions in Uganda who will be looking for ways and means to diversify their agricultural economy in their districts.

On January 1, 1973 the ranch completed its cross fencing and installed a center water distribution system for the entire ranch area. Boran, Fresian, Angus and Red Poll bulls have been used since 1967 and a sound upgrading program has been developed. As of January, 1973 livestock inventory was

as follows: Bulls 18; breeding cows 889; heifers 350; young steers 332; calves 382; for a total of 1971. Sales income in 1972 was \$32,000 and sales for 1973 have been budgeted at \$40,000.

The Bunyoro Growers Cooperative Union, located 130 miles north of Kampala along the river Nile, has a well established beef cattle ranch that was started in 1966. This ranch has attracted considerable attention from all cooperatives, as well as individuals interested in the development of beef cattle in East Africa.

The union acquired a 40,000 acre tract of land in a tsetse cleared area in 1966. Within two years a herd of 2,600 Boran cattle had been established. With assistance from the World Bank livestock development program (through the Bank of Uganda) this ranch has expanded to 7,258 head of cattle on January 1, 1973. This is made up as follows: bulls 180; breeding cows 2,457; heifers 450; young steers 2,756; calves 1,415. Sales income for 1972 amounted to \$110,000 and budgeted sales for 1973 is \$200,000.

This ranch experienced more "growing pains" than Banyankole Kweterana due primarily to its larger size, 40,000 acres vs. 6,000 acres, and the larger number of animal units. Management was the number one problem. They did not have the assistance of the Ministry of Animal Resources that was available to ranches operating under the Ankole Ranching Scheme. These problems have for the most part been overcome and the ranch is developing satisfactorily. The ranch already has achieved its primary goal of introducing beef cattle into a district that was fully dependent on cotton and coffee for cash income. The 30,000 members of the primary societies who own the district union are proud and appreciative of the results achieved to date.

In addition to the two cooperative union ranches described above, 24 smaller ranches have been organized by cooperative societies in Uganda. These ranches in general average 2,500 acres and have from 400 to 1,500 animal units per ranch. During the past six years, cooperative ranching societies have experienced all of the problems inherent to livestock production. These include:

1. Management and disease control.
2. Share capital investment by members.
3. Adequate records - accounts and audit.
4. Honesty and integrity of management, committee and members.

In general, this project has developed on a sound basis and promises to grow and expand into other areas of Uganda when the technical training and capital become available to farmers looking for areas to diversify their agricultural production.

Poultry Cooperative Societies

The poultry industry in Uganda is developing rapidly on a sound economic basis. Broiler production in 1971 showed an increase of more than 100 per cent over 1970. In 1972, broiler production again showed an increase of over 50%. Poultry and egg producers are employing modern management practices and purchasing high quality chicks and feed. Producers are showing reasonable profits from their labor and capital investment. They are, therefore, interested in expanding their operations.

The poultry industry has received major consideration during the past five years from the Cooperative Livestock Marketing Section. Concerted effort was put forth to develop a sound cooperative marketing program. Wankoko Cooperative Society Ltd., a central processing and marketing organization, was organized in 1968 and started operations in December, 1970. This organization was planned to demonstrate how farmers could organize themselves into a cooperative livestock society in order to provide a reliable outlet that could take all of their produce and return cash to enable them to continue expanding their poultry operations.

This organization has received financial and technical assistance from USAID and the Ministry of Agriculture and Cooperatives to build and equip a modern poultry processing plant. The Ministry of Animal Resources was to assign a poultry husbandry officer to the society to assist members with their production and transportation problems and improve the quality of poultry and eggs being delivered to the plant. This has not been carried out.

The plant was designed to meet minimum international health and sanitary requirements. Veterinary inspection is therefore being provided by government for live and post-mortem inspection of individual birds slaughtered at the plant. The plant was initially built to accommodate 2,000 birds per day. Plans for future expansion were also taken into consideration. Thus, the water and sewage facilities are adequate to expand the physical plant to slaughter 10,000 birds per day. The present equipment was designed for a labor intensive operation. When additional facilities

are required the personnel trained at the plant should be capable of handling automatic and on-the-line processing equipment.

A management committee of nine poultry producers was elected in 1968 and this committee has met regularly and is well informed on the overall operations. A cooperative officer was appointed as supervising manager in 1970. This officer had previously received three months training in poultry production and marketing. He was exceptionally well qualified and put in long hours of work during the construction and the first full year of operation. During 1971, the society grew rapidly. Production started out at 500 birds per week and increased to 6,000 birds per week at the end of the year. The budget estimate included \$20,000 that the society received from USAID PL480 funds to subsidize the training of operating personnel during the first year of operation. The audit for 1971 showed an overall operating loss of \$31,000.

During the first six months of 1972 continued expansion took place and 9,000 broiler chicks per week were scheduled for July to December. An agreement was negotiated with Zaire for the export of 5,000 two-pound fryers per week. This contract was negotiated by the ministerial officials of the two governments. From July to December, 1972 a series of events took place that were critical to the overall welfare of the Wankoko Cooperative Society Ltd.

1. The pressure from the committee resulted in the Commissioner for Cooperative Development removing the well trained, knowledgeable officer who was serving as supervising manager. He was replaced by a senior cooperative officer who had no prior experience with perishable commodities. The committee had decided they wanted to exercise more authority and control of day-to-day operations. This proved to be a very costly mistake since recent audits have indicated substantial losses during this period.
2. The government's decision in August, 1972 to remove all of the Asians from Uganda and to Africanize the economy resulted in over 60,000 people of Asian and European parentage leaving Uganda. The daily poultry sales immediately decreased from 1,200 birds to 400 birds. This resulted in large, accumulated surpluses for which there was inadequate cold storage facilities. Consequently, poultry was held back on farms.
3. The export program to Zaire did not materialize as ex-

pected. Difficulties in obtaining air transport were experienced. Shipments were delayed. Lack of freezer space made it difficult to slaughter birds scheduled into the plant. The management was unable to cope with these problems and it seemed advisable to cut back on baby chick shipments from Cyprus. Approximately 50 tons of quality broilers were shipped to Zaire. The payment for this poultry became complicated and as of the time of this report, payment negotiations are still being carried on between the two governments.

In January, 1973 a new supervising manager was appointed and it is expected that operations will be back to normal by July. The reversals of 1972 were very disappointing. It does however point out the problems that can develop when the committee of any cooperative society elects to take over plant operations without assuming the responsibilities. The committee expected the government to continue supplying capital and they did not make sufficient plans for producers to contribute their share of the finances. Likewise, individual producers were not kept informed as to the problems that were confronting their society.

Hides and Skins Cooperative Societies

Fourteen cooperative hides and skins societies have been registered in Uganda during the past 10 years. These societies have struggled along without much success. The hides and skins industry has been dominated by Asian and European firms which purchased them from local buyers and exported the skins to Europe. The Ministry of Animal Resources introduced in 1972 a new law that restricted the handling of hides and skins to registered cooperative societies or limited companies. The government would like to see cooperative societies become more active in this area, and if possible, take over the entire task of marketing hides and skins throughout Uganda.

With government takeover of the British and Asian exporting companies in January, 1973 a crash program was required to handle the marketing and exportation of hides and skins. The 14 relatively small cooperative societies were located throughout Uganda and up to January, 1973 the need to form a union had not materialized.

The Commissioner for Cooperatives, when confronted with this acute marketing problem, decided it could best be handled by the Uganda Cooperative Central Union. This is the apex organization that had personnel and capital, as well as experience, in handling the export and import of agricultural commodities in Uganda.

This important sector of the agricultural economy is the fifth largest producer of foreign exchange earnings in Uganda and must be set up on a sound business basis to serve the livestock farmer. Here is a real opportunity for the cooperative movement to meet with this new challenge and place this important foreign exchange earner firmly in the hands of the indigeneous population.

Since March, 1972 25 new cooperative hides and skins societies have been registered in Uganda. This brings the total to 39 registered societies and four registered societies that are currently doing business in Uganda. The West Nile and Madi Hides and Skins Cooperative Society Ltd., has made outstanding progress during the past 12 months. This society has been able to pay the producer higher cash payments for his skins and, at the same time, has accumulated over \$70,000 in cash reserves.

Pork Marketing

Wambezi Cooperative Society was registered in August, 1971. This society is expected to serve as the central pig marketing organization for Uganda. The East African Development Bank had been approached by a group of prominent businessmen in Uganda for a five million shilling development loan to construct a modern pork processing facility. The Ministry of Animal Resources advised the East African Development Bank to contact Wambezi Cooperative Society regarding their plans for marketing pigs in Uganda. The committee was of the opinion that the pig industry in Uganda could not support a plant of this size and a more modest approach should be taken.

The present slaughtering facilities operated by the Kampala City Council can kill more than 200 pigs per week, which is adequate for the foreseeable future. Similar slaughtering facilities can be made available in Jinja and Masaka and the dressed carcasses can be transferred to the pork storage and processing plant in Kampala.

The Ministry of Animal Resources made available to Wambezi a building 30x75 feet at Nulakalongo, in Kampala. It has a 15x30 foot cooler, a small smoke house, a room to manufacture sausage and render lard. A sales room was also set up to handle the wholesale marketing of these products.

Later, the society constructed a low cost building that could hold up to 50 live pigs with feed and water facilities. This enabled the society to assemble live pigs for slaughter in Kampala. This entire project has been made available with

less than \$30,000 capital which was acquired from pig farmers in share capital. A modest loan was negotiated from the Uganda Cooperative Development Bank.

The Wambezi society has been receiving considerable technical assistance from the Ministry of Animal Resources. They have posted a full time food technologist to the processing plant. The committee is hard working and has met regularly twice a month without claiming allowances. The secretary/manager is a pig producer who has been responsible for the organization. He has a full time job as a reporter with a Kampala newspaper and works for Wambezi early in the mornings and on Saturdays directing its marketing activities. It is expected that Wambezi will be able to employ him full time by July 1, 1973. He, being a dedicated cooperator, sees the opportunities this organization has to offer the pig producers in Uganda. He has also observed the weakness with the management and organizational structure of Wankoko and is trying hard to avoid the same mistakes with Wambezi.

As of April 1973 Wambezi was marketing over 100 pigs per week, selling wholesale cuts of fresh loins, legs, shoulders, and bellies. The society has started curing the smoking hams, which are in very high demand on the market, and will soon be processing lard and sausage. This modest start will give the society the experience they need to plan and construct a modern processing plant in Kampala in the very near future. It may also prove to be the catalytic agent which will show staff members of the Cooperative Department and the Ministry of Animal Resources how they must work together to develop a sound cooperative livestock marketing organization.

USAID Participants

Three selected Ugandans received participant training in U.S. livestock operations.

The training courses provided were well planned and executed. The time spent in the United States broadens the trainees technical knowledge. The time spent with cooperative livestock managers gives them a solid background to plan livestock marketing programs for Uganda.

The training that is required to produce qualified cooperative livestock personnel must include on-the-job training, whether this be inside or outside of Uganda. Since cooperative livestock societies are business oriented organizations, personnel must be trained in animal husbandry and practical management. Theory and advanced technical knowledge must be related to the development program at hand in the 1970's.

USAID Commodities

The livestock marketing program received from USAID commodities in the form of:

2	Gehl portable 1 ton feed mixers and grinders	\$ 3,500
1	Electric cream separator sent to Fort Portal	500
	Poultry processing and refrigeration equipment, steam boiler, scales and office equipment to Wankoko Cooperative Society	<u>35,000</u>
		<u>\$39,000</u>

The Gehl feed mixers were assigned to Bunyoro Growers Cooperative Union and Banyankole Kweterana Union. The latter was transferred to a cooperative society in Toro and is used to process over 100 tons of alfalfa leaf meal per month. The two were used productively and will serve as the basis for small feed mill operations for cooperative societies.

Recommendations

Future developments in the cooperative livestock marketing field will require a close day-to-day working relationship with the Ministry of Animal Resources. Experience with Wankoko, Wambezi and the Toro Dairy Cooperative Society has shown that there has been some difficulty in coordinating the work of government officers in the two ministries.

1. Organization

There is an urgent need to establish a Marketing Section within the Ministry of Animal Resources that has the overall responsibility and authority to regulate the livestock marketing activities in Uganda. When these responsibilities are delegated to a parastatal organization, it becomes very difficult for cooperatives to function efficiently. The aims and objectives of the two types of business organizations are not compatible. Cooperatives can function side by side with parastatal organizations and private enterprise only when they are on an equal basis and when all regulatory functions relating to a commodity are being enforced by a government ministry which has been vested with the full authority to enforce the regulations.

2. Staff Training

Livestock marketing is a highly specialized and technical field. A training program should be set up to develop and train cooperative livestock marketing officers. This training program should be supervised by officers from the Cooperative Department and the Ministry of Animal Resources:

- a. Specialized courses in accounts and audit should be given to all officers and assistants assigned to this section.
- b. Livestock assistants from the Ministry of Animal Resources should receive training in cooperative organization and management.

3. Audit

Once cooperative livestock marketing organizations are established, the preparation of accurate monthly operating statements is essential. The annual audit of the society is vital to the continued operation of the society. To date this has been one of the weakest points in this section and every effort should be made to correct this situation.

SUMMARY

Pilot projects have been set up in the following cooperative livestock fields:

Dairy - Toro Dairy Cooperative Society.
Poultry - Wankoko Cooperative Society.
Pigs - Wambezi Cooperative Society
Ranching - Banyankole Kweterana Growers Co-op Union
 and Bunyoro Growers Cooperative Union.
Hides & Skins - West Nile and Madi Hides and
 Skins Cooperative Society.

These societies represent viable economic units. They will serve as demonstration organizations for training Ugandans to build for the future. The above organizations have had their ups and downs, but solutions are being worked out by Ugandan farmers and cooperative staff so that these organizations can serve their members in the marketing of their livestock products.

Wankoko is currently facing difficulty due to management changes and the surplus situation. This organization should also be able to solve its current and future problems. Wankoko will need cooperation and assistance from the Ministry of Animal Resources. With proper management Wankoko should be able to expand their operations so that Uganda can become an exporting country for eggs and poultry. A cooperative hatchery and feed supply are also fundamental for the successful operation of the poultry industry and this should be worked out by the governmental agencies concerned.

This example is typical of the many problems that will be confronting the cooperative livestock societies engaged in the processing and marketing of perishable products in the years to come. The Cooperative Department has the potential capacity to surmount all of these problems and develop a sound livestock marketing program for Uganda.

CHAPTER VII

SUPPLY AND MARKETING ORGANIZATIONS

Uganda Cooperative Central Union (UCCU)

The UCCU was established in 1961 by member district unions as an apex or national organization and was charged with the responsibility of coordinating the trading activities of the member district unions and to act as a wholesale supplier of the production input needs of farmer members, societies and unions.

From its inception until 1969 it was plagued with all of the problems of growing up--from poor and incapable management to lack of facilities and capital. During this period the UCCU operated primarily on minimal commissions earned by distributing cotton spray, office supplies, a few "gunny bags" and approximately 10% of the cotton gin spare parts requirements.

It is interesting to note that the annual report of the UCCU for the year ending July 31, 1962 showed the total sales volume for that year amounted to \$25,073 and the year ended with a net deficit of \$884. By comparison, the total volume for the year ending June 30, 1968 amounted to \$1,585,131 and the net savings was \$127,928.

Progress of UCCU

Uganda's third Five-Year Development Plan called for a "double production" program which was aggressively promoted by all levels of government.

The UCCU's fiscal year 1968/69 ended with a total turnover (volume) of \$2,335,000 and a net profit surplus of \$118,693. The above was accomplished largely because management had through the years gained some valuable experience through trial and error and had also applied some of the tried and tested management principles and practices. Fiscal year 1969/70 was perhaps the most significant year in the life of the UCCU for several reasons. First of all, government policy regarding produce marketing deleted the role the UCCU had been playing in that activity, thus giving the UCCU an opportunity to concentrate on the farm supply business and secondly because some good, sound, short- and long-range planning was done that was very soon to be implemented.

Specific actions that were taken during this year included:

- a) Addition of a field sales and service representative with agricultural, veterinary and animal health background to maintain regular contact with district unions.
- b) Addition of an insurance assistant to help handle the growing volume of insurance business.
- c) Addition of a qualified storekeeper (warehouseman) to improve stock controls and expedite receipt and delivery of farm supplies.
- d) An investment of \$214,285 in the Uganda Milling Co. Ltd., in Jinja to enable the UCCU to enter into the growing animal feeds market. The above investment gave the UCCU a 10% ownership in the feed mill.
- e) Purchase of shares in the newly constructed Uganda Bags and Hessian Co. Ltd., in Tororo amounting to \$120,000. This company manufactures bags used for coffee, sugar, etc., jute twine and Hessian cloth which is used for cotton baling. The UCCU became the major distributor for the manufacturer.
- f) The design adoption and use of numerous forms that provided operational and sales statistics that had heretofore not been available for international use in making decisions on operation policies and procedures.

The year 1969/70 again showed an increase in sales volume and ended with total sales of \$2,821,836. The net surplus decreased to \$89,917, however, this was projected in view of the fact that additions to the staff were made.

Fiscal year 1970/71 revealed that the UCCU was emerging as a true national cooperative agricultural supply and service organization. Management made successful contacts with numerous overseas manufacturers and suppliers in order to establish a more realistic distributorship relationship, an improvement over the previous commission agent arrangements. Many new lines were added. Some of these included: cement, small implements and farm tools, fencing wire, iron sheeting, wheel barrows and a full line of dairy supplies.

A very significant phase of former planning was actually implemented when a farm supply shop was opened in Kampala. The retail shop was not opened for the purpose of capturing the retail trade in and surrounding Kampala but rather to:

1. operate a retail outlet that would give the UCCU a better opportunity to establish a dealer relationship with suppliers and manufacturers;
2. train UCCU staff in retailing and merchandizing techniques under actual operating conditions;
3. provide a "model" store in which to display the co-op's supplies and demonstrate merchandising techniques to management of district unions and societies; and
4. carry out a training program for employees of member unions thus enabling the UCCU to implement its farm supply extension program.

The shop immediately began producing volume far beyond original expectations and is currently (1972-73) generating an annual volume of approximately \$430,000. Over a dozen district unions and society employees have received "on-the-job" training at this shop and have gone back to their co-operatives to manage their own newly established shops.

During this year negotiations were completed for the purchase of a privately owned chrome washer factory in Jinja. Chrome washers are essential in the cotton ginning industry which is controlled by 19 district unions owning and operating 53 gins. (See sales chart, page 101)

1970-71 again brought an increase in total sales to \$3,355,016 and a further decrease in net profit. The decrease in net can be attributed to several factors, such as:

- 1) an increase in freight charges;
- 2) an adjustment for the devaluation of the shilling;
- 3) interest charges on money advanced to the Bank of Uganda as import deposits; and
- 4) an increase in basic prices by manufacturers and suppliers.

It was virtually impossible to make upward price adjustments to the farmers rapidly enough to compensate for the above.

FY 1972/72 continued to show proof of sound growth as a result of good performance on the part of the general manager, department managers and employees.

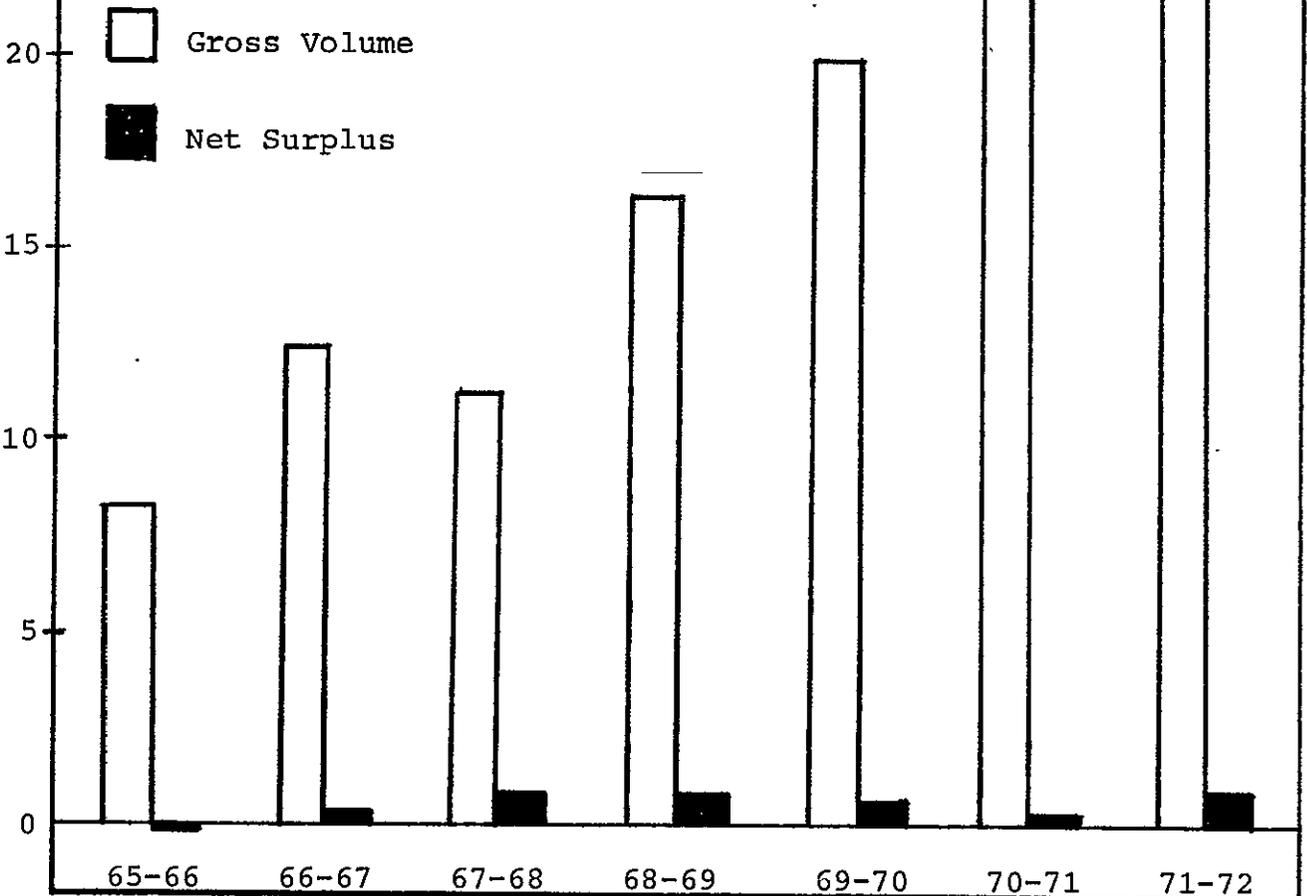
UGANDA COÖPERATIVE CENTRAL UNION

SALES AND NET EARNINGS

<u>Fiscal Year</u>	<u>Gross Shs. Volume</u>	<u>Net Surplus</u>	<u>% Net Surplus</u>
65/66	8,597,849	(68,220)	loss
66/67	12,443,648	108,296	0.87
67/68	11,281,981	857,989	7.60
68/69	16,345,189	830,850	5.08
69/70	19,752,856	629,422	3.19
70/71	23,485,112	375,526	1.70
71/72	36,290,948	700,000	1.90

7.1 Sh. = \$1 U.S.

SHILLINGS 000,000 OMITTED



The Government of Uganda renewed its efforts to double production by launching a campaign of "reaching the People." Kick-off meetings were held in each district in Uganda. These meetings were attended by district administrative personnel, top level personnel from the department of agriculture, Cooperative Department and department managers and a senior staff member of the UCCU. Attendance of a UCCU representative was important in order to coordinate the flow of agricultural production supplies with the activities of government in other areas such as extension education, credit, commodity marketing and processing, among others.

The above efforts paid off rapidly as orders from cooperative societies began to flow in. Improved liaison with the credit section of the cooperative department resulted in prompt payment of goods as credit scheme loans to societies were approved.

Early in 1971 the UCCU added two more field representatives to its staff, both of whom had education and experience in the field of agriculture and animal husbandry.

During this time recommendations were made and accepted by management and committee to reorganize the Central Unions' departments and divide what was formerly the Agricultural Supplies Department into two separate departments, one called Procurement or Purchasing, and the other called Field Service and Sales. This arrangement worked very well because more time and effort was now devoted to sales and service. The sales effort dealt effectively with competition and the service element was needed to assist farmers in making correct decisions on types of fertilizers, chemicals and other farm supplies by providing information on proper application and use.

The UCCU farm supply shop in Kampala became well known and member societies were asking for assistance in establishing their own shops on a smaller scale.

The UCCU had already anticipated these requests and had made a provision in its plans to send one selected individual to the U.S. for six months for training in merchandizing and distribution of farm supplies. This was accomplished via the USAID participant training program. When the trainee returned in April, 1972 he immediately assumed the position of supervision of farm supply shops and was largely responsible for assisting cooperative primary societies in establishing a total of 14 shops in outlying areas and training shop managers and employees on the job.

During this period sales were increased to the point where it was physically impossible for the accounts department to process invoices and bill customers by hand billing methods so the UCCU purchased a new Burroughs posting machine. This unit, properly programmed and utilized, reduced the time lag in billings from three months to a current position. When one considers the fact that most district unions and all societies also have a three-month lag, so called current accounts were being carried for a six-month period. The UCCU now needs a second posting machine.

Fiscal year 1971/72 ended with total gross turnover of \$5,184,421 and a net surplus of \$100,000. The staff had at this point reached 60 employees.

The current year ends June 30, 1973. This has been a year marked by dramatic changes.

First of all came the expulsion order for all Asians to quit their businesses and leave Uganda by November 7, 1972. Some 80% plus of all businesses in Uganda were in the hands of Asians. Therefore, when shops were closed, especially up country, most farmers had nowhere to go to purchase their production supplies.

The Uganda Cooperative Central Union did a good job of making available most farm supply items. As most importers also were Asians, imports were temporarily stopped but goods already in country was sufficient to meet needs. Again the Central Union was able to secure immediate foreign exchange allocations and helped out where it could.

Then came a surprise resignation of the general manager of UCCU who had done an excellent job in 10 years of building a sound organization to serve the cooperative farmers of Uganda. His resignation was accepted as of October 31, 1972.

A new manager came to the UCCU with a wide range of cooperative experience. He had been with the Cooperative Department over 12 years as a cooperative assistant and cooperative officer; had been secretary/manager of the Bugisu Cooperative Union and at the time he was selected for manager-ship of the UCCU was holding the position of secretary at the Uganda Cooperative Development Bank.

The new manager is rapidly grasping the entire scope of his responsibilities and appears to have no problem in making sound and immediate decisions.

During December of 1972 and January and February of 1973 businesses that were formerly owned by Asians were being

re-allocated to black Ugandan citizens. The Uganda Cooperative Central Union Ltd., made application for only those businesses that would enhance the present operations but was unsuccessful in being awarded any.

The businesses applied for were a warehouse with some office space and a rail siding in the Kampala industrial area, a farm supply shop in Kampala that was considerably larger than UCCU's present shop, and a company called Uganda Machinery Co. that formerly handled many gin and coffee factory spare parts that are needed by cooperatives in Uganda.

Another adjustment in the UCCU operations was made in December, 1972 when it was asked to take over the operations of two oil mills, a maize mill and a soap factory. This sudden request demanded immediate action on the part of the UCCU to shift some management responsibilities while recruiting mill managers, chemists, accountants, and others.

The milling facilities are presently in full operation; however, it is too early to assemble meaningful statistics.

The acquisition and operation of the above processing and manufacturing plants can be a valuable asset to the UCCU and hopefully will assist in generating additional capital for the organization that it would not generate with its wholesale operations alone.

Still another request was very recently made of the UCCU and as of February 16, 1973 it was very actively engaged in the purchasing, treating and exporting of hides and skins.

The rather immediate move had to be made after it became known that one of the two largest private buying and exporting firms was not granted a permit and therefore could not continue doing business. This left only one buyer and no competition; consequently, the price being paid to farmers for hides dropped to approximately that of what should be considered reasonable.

The UCCU was unable to locate a suitable warehouse to carry on this operation so it converted one of its former feed warehouses into a buying and storing station. Drying racks have been built, a dipping tank has been constructed and as soon as a bale press has been installed, it will be in position to prepare a consignment for export.

Since the UCCU had no prior experience in grading hides and skins, the Veterinary Department of the Ministry of Animal Resources was kind enough to second the UCCU two experts in grading while cooperative graders can be trained.



ABOVE — Harvest time at a cooperative gin, a part of the Uganda Central Cooperative Union.



TOP LEFT — A vegetable grower's primary society in Kigesi, Uganda, markets its products through the Vegetable Growers District Union

SECOND LEFT — ACDI technician Harold Manthei observes grading of groundnuts



THIRD LEFT — ACDI Cooperative Management Specialist Manthei and the general manager of Uganda Cooperative Central Union are shown viewing facilities of the Uganda Grain Milling Company, Jinja, in which the Central Union owns an interest

BOTTOM — View of the coffee factory of the Bugisu Cooperative Union, Ltd



The hides and skins business in Uganda is very large (fifth largest export) and there are a number of very sound cooperative hides and skins societies.

As an example of potential volume the UCCU in just two weeks of buying had purchased the following:

Hides	9,649
Goat Skins	9,584
Sheep Skins	1,451

The total paid out for the above amounts to \$101,636.

UCCU Insurance Department

The cooperative movement in Uganda had for a long time recognized the need for its own insurance agency or company to ensure that societies and district unions could be covered adequately with all types of insurance. Co-ops were interested in coverages on fires, thefts and robberies, vehicle accidents and loss of life.

In 1968 a carefully selected trainee, who is currently managing the UCCU Insurance Department was sent to the U.S. for further training in cooperative insurance. The training was carried out through the USAID participant training program for a year.

The Central Union, by contractual arrangement with the National Insurance Corporation became the sole agent for all cooperative insurance business and undertook the difficult task of switching coverages from many private firms to the UCCU when the existing policies expired.

It was a difficult exercise because most of the existing companies were Asian-owned and operated and rather than lose the business they were offering policies at discount rates or offering incentives to the managers in the form of gifts or cash.

The UCCU insurance department has grown up and currently has a staff of nine people with specific responsibilities, but needs to double the existing staff in order to handle effectively such items as claims statistics and pension schemes and provide at least one field representative for each of the four main regions in Uganda. A second Ugandan, who is now assistant manager of the Insurance Department was sent to the U.S. for cooperative insurance training for a six-month period in 1972-73.

Cooperative members and patrons have been recommending that a Cooperative Insurance Society be formed and at this point final arrangements are nearly completed.

An insurance technician from Denmark has been working with the UCCU insurance department for approximately one year and has been drafting by-laws and projection papers for the proposed society.

Problems

The problems the UCCU has had to face during the years are no different from those which other similar and growing businesses have to put up with. Undercapitalization, accounts receivable, shortage of management materials and qualified accountants are but a few.

Since the UCCU has very little in the way of facilities and fixed assets, it has been operating on a bank "overdraft." The overdraft limitations were determined nearly entirely by negotiation between the general manager of the UCCU and the bankers and varied from year to year between \$700,000 and \$1,430,000. Maximum liability was approved by the committee and the general meeting this year at \$2,143,000.

Importations are still a problem due to the fact that foreign exchange requirements are on an allocation basis; however, the UCCU has been granted special allocations in cases where it has been called upon to procure commodities of a special nature.

Recommendations

In view of the extreme shortage of adequately trained manpower, the UCCU should accelerate its policy of training both its present employees and newly recruited employees in order that they may be upgraded to the maximum level of their individual abilities. On-the-job training has proven valuable and when coupled with carefully selected short courses offered overseas, UCCU has developed individuals who are capable of handling middle and upper management positions. In fact, an item entitled TRAINING should be added to and provided for in the annual budget.

The UCCU should by all means continue its present policy of selling on a cash basis only.

Training a second posting and invoicing machine operator and acquiring the machine should be given immediate priority.

Apex Organizations

The following five national unions whose membership is made up of district unions and primary societies are serving cooperatives in Uganda:

The Uganda Cooperative Alliance, Ltd.
The Uganda Cooperative Central Union, Ltd.
The Uganda Cooperative Development Bank
The Uganda Cooperative Savings & Credit Union
The Uganda Cooperative Consumer Wholesale Societies, Ltd.

Functions of the first four have been covered in previous chapters because they were integral parts of the ACDI/USAID Agricultural Cooperative Project.

The fifth, or consumer wholesale, will not be dealt with here since the project was not intended to cover consumer type cooperatives.

District Cooperative Unions and Primary Societies

The early formation of district cooperative unions and primary societies has been mentioned in the section called "History of Cooperative Structure," thus, review will be unnecessary.

It will be helpful, however, to create a mental picture of the total cooperative organizations from the grass roots to the national level.

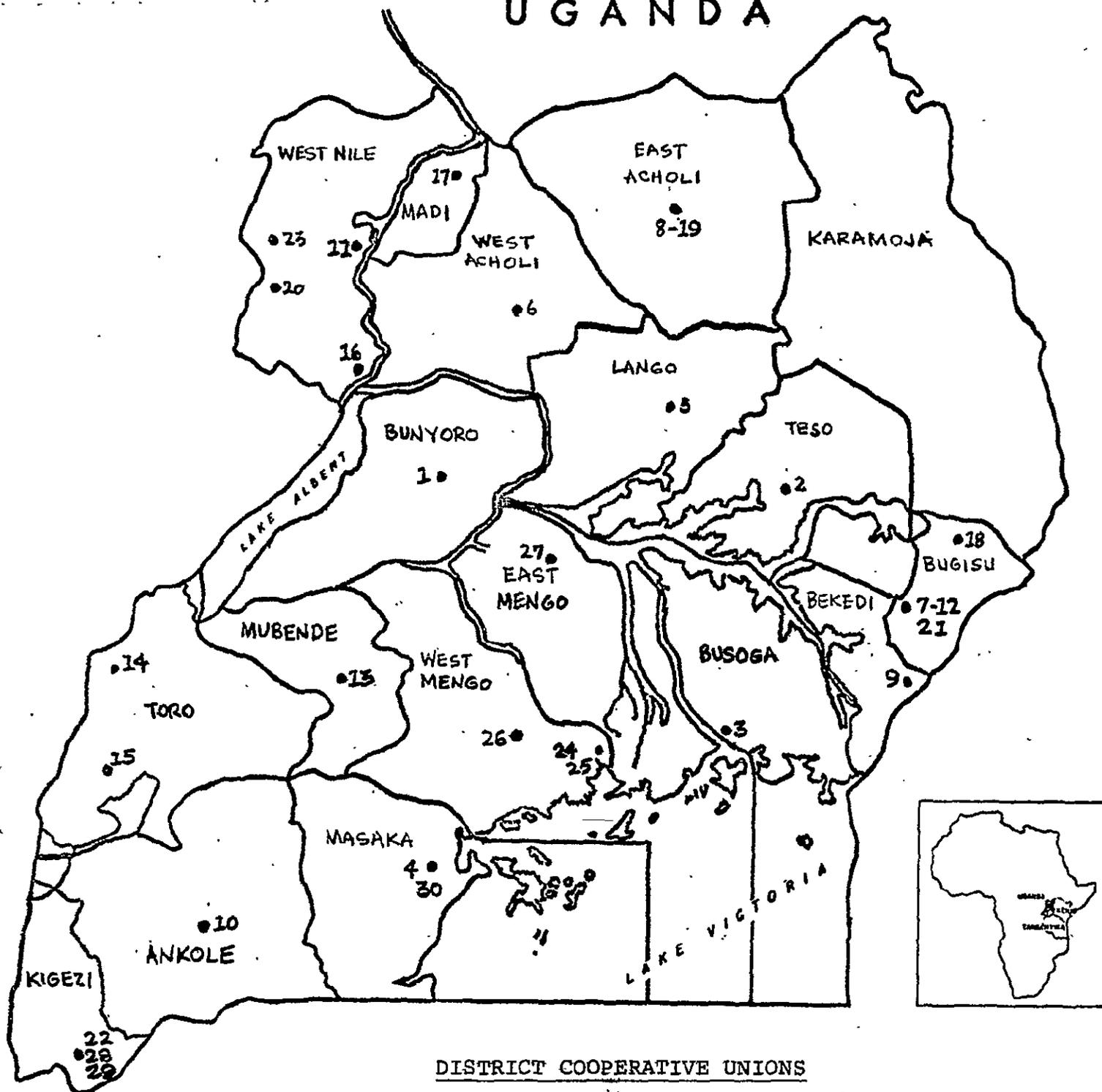
First of all cooperative membership in Uganda is made up of approximately 650,000 farm families. This membership has been organized into some 2,400 primary societies scattered throughout the country and the primary societies in turn are members of 32 district cooperative unions. These district cooperative unions are members of the five national apex organizations.

District Unions

The 32 district unions can be described as multipurpose because of the variety of activities the majority of them are engaged in.

All of the gins and coffee factories are owned and operated by the unions. They purchase and store minor crops such as maize, groundnuts, millet, sim-sim and rice. Tobacco purchasing and marketing is now handled by cooperative unions. There is a vegetable union in Kigesi that supplies

UGANDA



DISTRICT COOPERATIVE UNIONS

- | | | | |
|---|--------------|---|---------------|
| 1 Bunyoro Growers Cooperative Union, Ltd. | - Masindi | 18 Sebei-Elgon Tobacco Cooperative Union, Ltd. | - Kapchorwa |
| 2 Teso Cooperative Union, Ltd. | - Soroti | 19 Middle North Tobacco Cooperative Union, Ltd. | - Gulu |
| 3 Busoga Growers Cooperative Union, Ltd. | - Jinja | 20 Okoro Coffee Growers Cooperative Union, Ltd. | - Okoro |
| 4 Masaka District Growers Union | - Masaka | 21 Masaaba Cooperative Union, Ltd. | - Mbale |
| 5 Lango Cooperative Union Ltd. | - Lira | 22 Kigezi District Growers Union, Ltd. | - Kabale |
| 6 West Acholi Cooperative Union, Ltd. | - Gulu | 23 West Nile Tobacco Cooperative Union, Ltd. | - Arua |
| 7 Bugisu Growers Cooperative Union, Ltd. | - Mbale | 24 East Mengo Growers Cooperative Union, Ltd. | - Kampala |
| 8 East Acholi Cooperative Union, Ltd. | - Kitgum | 25 West Mengo Growers Cooperative Union, Ltd. | - Kampala |
| 9 South Bukedi Cooperative Union, Ltd. | - Tororo | 26 Wamala Growers Cooperative Union, Ltd. | - Mityana |
| 10 Banyankole-Kweterana Growers Cooperative Union, Ltd. | - Mbarara | 27 Buruli Growers Cooperative Union, Ltd. | - Nakasangola |
| 11 Central West Nile Cooperative Union, Ltd. | - Rhino Camp | 28 North Kigezi Tobacco Growers Cooperative Union, Ltd. | - Kabale |
| 12 North Mbale Cooperative Union, Ltd. | - Mbale | 29 Kigizi Vegetable Cooperative Union, Ltd. | - Kabale |
| 13 Mubende Cooperative Union, Ltd. | - Kakamiru | 30 Masaka Ewava Federated Cooperative Union, Ltd. | - Masaka |
| 14 Swamba Ruwenzori Growers Cooperative Union, Ltd. | - Bundibugyo | | |
| 15 Nyakatonzi Growers Cooperative Union, Ltd. | - Kasese | | |
| 16 South West Nile Cooperative Union, Ltd. | - Pakwach | | |
| 17 Madi Cooperative Union, Ltd. | - Ajamani | | |

fresh vegetables to markets in major towns in Uganda. Several of the unions have cattle ranches and are expanding into the livestock business.

It is impossible to get a set of recent statistics to illustrate the total amount of volume handled by the cooperative movement because fiscal year endings are staggered, audits are lagging, and all data gathering is hand done. Consequently, the process is slow and tedious.

District unions are set up with a membership-elected board of directors (committee) which hires a secretary/manager who in turn is responsible for hiring department and production managers. The district unions have a high investment in facilities and fixed assets.

Primary Societies

The primary societies are also organized with an elected committee, a secretary/manager and employees as required. Fixed assets in most cases consist of warehouse/office combination and weighing scale and record keeping supplies.

The farmer-grower delivers his crop to the society headquarters where it is weighed and paid for. Buying seasons and prices are announced in advance to assure the farmer that there is money on hand for payment. When the society warehouse is filled or when they have a truck load, the society makes arrangements for delivery to the district union for processing or marketing.

In the case of credit worthy societies that belong to the credit scheme, the society must disperse the loan funds to the individuals and must also collect the amount of the loan when crop is delivered.

Some societies also handle small amounts of production inputs such as fertilizer, chemicals and sprayers. There are other types of societies such as hides and skins, dairy, fish and poultry. One dairy society has become sophisticated enough to purchase milk cooling, pasteurizing and packaging equipment and sells retail. This society also operates a retail shop that handles feeds, dairy equipment, wire, chemicals and general farm supplies.

A cooperative poultry society imports baby chicks, handles feed, and operates the only modern poultry processing plant in Uganda.

The latest available Department of Cooperative Development report (for 1970) states that primary societies in that year handled all types of produce weighing 4,825,186 tons valued at \$74,960,546.

CHAPTER VIII

EVALUATION

There was no baseline agricultural analysis attempted in Uganda until 1970. This base has not yet been subjected to any comparative statistics. Therefore, there is no way to evaluate ACIDI's 10-year program on the basis of income benefit to individual farmers.

A significant characteristic of the project was to train Ugandans in sound, workable agribusiness management procedures in several fields of cooperative endeavor. This prime objective was to develop their total skills so that they would be in position to carry out the aims and purposes on the ongoing institutions.

A second contribution was that of building on to the superstructure of existing cooperative institutions and establishing new institutions dependent on needs.

The institutions concerned in this people-to-people program were:

1. Uganda Cooperative Central Union
2. Production Loans - Credit Scheme
3. Urban and Rural Savings Scheme
4. Uganda Cooperative Development Bank
5. Livestock and Poultry Development and Marketing
 - a) Poultry processing plant
 - b) Pig processing plant
6. Bukalasa Cooperative College
7. Cooperative Training Wings
8. Uganda Cooperative Alliance.

PROBLEMS

Any program involved in a wide variety of endeavors over a period of 10 years, when cultural and economic changes occur, encounters problems. They shall be briefly stated only to indicate their presence as an impediment to the full implementation of total team efforts.

1. Government infrastructure has developed in such a way that ministries tend to build a power structure and become an impenetrable fortress. In many instances there is a duplication of responsibilities which in itself causes confusion. Proper coordination of efforts and activities among the various ministries and departments responsible for agricultural production is lacking to the extent that even capable personnel quite often throw up their hands in disgust. Any further efforts in solving existing problems or originating new ideas, plans or programs are discouraged.
2. There is a lack of adequate capital financing of cooperative activities in Uganda. Financing from within the movement comes only from minimal membership share purchases and operations surpluses (or earnings) that have been retained by societies, district unions and national unions instead of paying them back to members in the form of cash refunds. The Cooperative Development Bank is generating some capital; however, this is totally inadequate to finance such things as crop purchasing or medium- and long-term loans for new coffee factories, gins, warehouses and trucks. In order for the bank to perform the total service it needs sizable capital infusion from outside sources.
3. To gain independence is not a panacea for any developing country. The involvement of people in social and political change is a time-consuming exercise. Consider the problems involved in uniting diverse ethnic groups. Tribalism is a strong cohesive force, which promotes language barriers, and fosters the practice of nepotism within the very institutions which are developed to improve the social and economic welfare.

These problems also have a pronounced effect on the independent and free operation of the entire judicial system. The apprehension of suspects is made very difficult. If legal action is initiated the wheels of justice move slowly and at times come to a complete standstill with obvious cases dismissed due to lack of evidence.

Many times cooperatives are charged with unrealistic expectations of being a cure-all for all social and political ills that develop within a country. This is not their role but there are those who become disenchanted when, from their viewpoint, cooperatives fall short.

4. Audits made by the cooperative movement are neither timely nor thorough enough to provide the information necessary for the department's use in giving proper supervision to the societies, or management's use in making intelligent decisions and plans. Inadequate fiscal controls allow room for careless and wasteful operations and embezzlement. More qualified and trained staff is to provide a continuous, thorough auditing service.
5. It is necessary to presuppose a stable political environment within the country so as not to destroy confidence in either the general public or the farmer who grows the very crops needed to support the economy. The personnel who are responsible for promotion and growth of the cooperative movement also need confidence in their government and their work. Any disruptions of a political nature lead to the shifting of personnel, inadequate or crisis planning and ultimately prevent the normal and orderly growth of cooperative institutions.
6. There is some lagging of logistical support in carrying out the government's policy of promoting and supervising the cooperative movement. Staff positions are being filled slowly and after they have been filled they are inadequately supported with necessities such as properly located housing, suitable transportation or adequate mileage allowances to effectively use transportation.

In other cases counterparts that have been trained both academically and on-the-job for specific and technical positions have been transferred to other assignments; thus, an individual who did not have the chance to train another Ugandan to replace him made it necessary for an ACIDI technician to duplicate his training efforts.

Budgets do not always make allowances for proper maintenance and repairs of building, vehicles and equipment, thus causing lengthy delays in implementation of a program.

7. The national road system in Uganda is basically good. The railway system, which is a vital connection to the seaport at Mombasa, Kenya, is similarly basically sound; however, to accomplish the orderly and timely movement of procedure from farm to market and the movement of supplies to the country there are still some problems. In the case of railroads there has been an acute shortage of rail cars and some inefficiency in the movement of cars.

Road (truck) transport was nearly all in the hands of non-Ugandans until late 1972 and must now be completely reorganized and reactivated in order to expedite the movement of crops and prevent log jams at all levels. It will be a difficult task to coordinate the two-way hauls which are absolutely necessary in making a transportation system operate profitably.

The telecommunications system is tied to the services of the East African Community. The post offices, telephones and telegraph facilities are basically good and need only expansion and improvement in efficiency.

8. Another problem encountered in most developing countries is lack of education. Emphasis must be placed on formal education as well as vocational and other training institutions. Even though education held a relatively high priority in the government's budget throughout all three Five-Year Development Plans, it was not sufficient to make the necessary impact so essential for rapid development.

Higher education levels are only available to a carefully screened 5% of the population. Primary levels affect only about 70% of the children between 6 and 12 years of age. The system is not compulsory and is paid for on an individual basis in the form of cash fees. Literacy is difficult to assess in a country of 40 dialects. Available figures would indicate a spread of 40 to 80%. Dropouts are frequent and these people who are classed as marginally literate are extremely difficult to absorb into the economy.

A vocational training system could be a partial answer to the dropout problem. However, institutional facilities and instructors are not available at the present time.

Cooperative involvement in the economy, to be effective, needs well-trained and educated people to properly build and operate its institutions.

What has been Learned

Any development project which has been favored with the scope and time element of the ACDI/Uganda cooperative project should accentuate some factors that might be considered as building blocks or guidance for future assistance in developing countries. Those considered as important elements are:

1. Inputs

Piecemeal support should be avoided. All aspects of a project must be considered and resources put into the proper places on a scale large enough to have an impact. For instance, there is little use of advancing farm credit to purchase production inputs if the production inputs are not available at the time and place needed. There is little use of cooperative education without a system whereby qualified and capable instructors can be trained to carry on the training and disperse the knowledge they have gained. There is no use in constructing training wings or providing facilities if instructors cannot be provided.

It is essential that the project be backstopped with a predetermined amount of financial resources to allow emergency expenditures and the technicians must be given enough latitude to determine when and how to use these resources.

For example, a well-conceived project in its implementation stages can be delayed for months if a small but important part of a machine is broken and everything must stop until endless red tape is overcome to procure and install the part. Another example would be if a training or operations manual is needed to enhance an education program and the local government's current budget had no provision for an expenditure of that nature.

2. Counterparts

The counterpart approach appears to be the most effective and if an "advisor" status is preserved by the technician as compared to the "operational" position, the counterpart will emerge as an individual with stronger leadership and decision making capabilities. It is important that a technician has physical placement that allows him to have day-to-day contact with his counterpart. The counterpart approach usually leaves a well-trained national to continue an ongoing program after the technician leaves.

3. Time Element of a Project

Duration of a specific project will, of course, vary in length according to the nature of the project. In an

effort that is heavily geared to training and building of institutions, it is imperative to have sufficient continuity to become acquainted with the country, people and problems, work out solutions and generate the amount of momentum and motivation required to assure growth and success.

In a full coverage program it is advisable to employ a team effort in order to effect better coordination of various facets within the total program. A team effort offers considerable technician exposure within the country which in turn tends to assure the recipients that someone is always at hand to assist them.

4. Expectations

Do not expect a miracle overnight. It requires time and patience to create a climate for change and even more time to effect the change. The host government counterparts and even the farmers must gain confidence in an individual and a program before it will be accepted.

Counterparts are capable of learning and are willing to learn but they must be given adequate time to work with new ideas and recommendations.

5. Participant Training

The USAID participant training program is an important and valuable part of an overall program. When the training has been related to practical application in the home country, it creates a motivation in the individual who has been trained that reflects in his performance and encourages him to stay in his present field.

Look to the Future

When looking to the future of the cooperative movement in Uganda one can visualize that if given the same governmental support it has been favored with in the past regardless of changes in leadership, cooperatives will play an increasingly prominent part in the economic development of the country.

They have been given more and more responsibilities each year and have accepted the challenges. As they increase their economic strength, gain more economic indepen-

dence, increase their capitalization and management expertise, a normal and desirable move toward vertical integration will be taking place.

There will eventually be a consolidation of healthy units and hopefully a liquidation of nonviable units.

After all of these stages become a reality it is conceivable that government will be happy to relinquish a good share of present supervision and control and turn its attention to other areas of development.

The cooperative movement will require additional technical assistance in the future but its future, both short- and long-range, looks very optimistic.

GLOSSARY OF TERMS

- ACDI - Agricultural Cooperative Development International
(U.S. organization of agricultural cooperatives)
- Sim-Sim - Sesame seed
- ACCU - Uganda Central Cooperative Union (Non-governmental
farmers cooperative supply organizations)
- Credit Scheme - Production credit extension to farmers
- Cooperative Alliance - Non-governmental education and
information organization of
cooperatives
- PIO - (AID term) Project Implementation Order
- Wing - Regional cooperative training center
- IFAP - International Federation of Agricultural Producers
(worldwide federation of farmer organizations),
headquarters Paris, France
- Millet - Small cereal grain
- RTC - Rural Training Center
- DFI - District Farm Institutes
- CO - Cooperative Officer
- ACO - Assistant Cooperative Officer
- DCO - District Cooperative Officer
- ICA - International Cooperative Alliance

USE OF SPECIALISTS OVER 10-YEAR SPAN

