

# A Journey of Cooperative Movement

by **Community Integrated Development Initiatives (CIDI)**

COMMUNITY EMPOWERMENT FOR SUSTAINABLE LIVELIHOODS (CESL) PROJECT

**Making Farming More Productive and Profitable for Farmers in Rakai and Kyotera Districts, through cooperative societies, (June,2021)**



Mr. Bukenya Moses the Chairperson of Kitasiba Farmers' cooperative Society Ltd located in Kakuuto Sub County Kyotera District in his coffee Garden. (Photo taken in 2019)



CIDI-Rakai Kyotera Branch staff (2021)

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# Table of contents

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List of Acronomys	ii
Foreword from the Executive Director	1
Who we are	2
Our Vision	2
Mission	2
Our Key Thematic Areas	2
Foreword from the Project Manager	3
Historical Background of Cooperative Movement	4
How did we start the Transformation process of farmers’ groups into cooperative societies?	7
CIDI’s approach: transforming farmer groups into sustainable and independent permanent cooperative societies in Kyotera and Rakai Districts	9
Farmers’ experiences in acquiring permanent certificate for their primary cooperatives from the Ministry Of Trade, Industries and Cooperatives (MoTIC)	11
Community members’ experiences during group transition into primary cooperatives	14
Lwanda Farmers Cooperative Society is counting 2020 a year of success in bulking and collective marketing of coffee courtsey of ACDP funding	23
Household transformation as a result of agricultural capacity building of rural farmers by CIDI in Rakai District.	28
Photo Gallery	29

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# List of Acronyms

**ACDP** Agricultural Cluster Development Project

**CIDI** Community Integrated Development Initiatives

**UGOPAP** Uganda Governance and Poverty Alleviation Program

**MoTIC** Ministry of Trade Industries and Cooperative

**UCA** Uganda Cooperative Alliance

**ICA** International Cooperative Alliance

**MAAIF** Ministry of Agriculture, Animal Industry and Fisheries

**CESL** Community Empowerment for Sustainable Livelihoods

**Coop** Cooperative

**CBT** Community Based Trainer

**SAPs** Sustainable Agricultural Practices



CIDI Rakai Branch staff with UGOPAP Coordination Office Team during technical support visit in Sept 2020

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## Foreword from the Executive Director



**V**ast majority of farmers in Rakai and Kyotera districts like elsewhere in Uganda are still peasants who farm small plots of land, utilizing traditional and subsistence methods. Despite of these characteristics, peasant-farming system has vital role in Uganda's agriculture sector. According to the World Bank, agriculture is the backbone of Uganda's economy, employing over 70% of the population, and contributing half of Uganda's export earnings and a quarter of the country's gross domestic product (GDP).

Since majority of Ugandans live in rural areas, raising agriculture incomes is critical to reducing rural poverty, boosting prosperity and creating jobs, especially for women and youth. Solutions therefore must be found for empowering peasant farmers to deal with the problems they face.

In response to empowering rural farmers to transform their livelihoods through improved agriculture, at Community Integrated Development Initiatives (CIDI) we have designed and implementing the Community Empowerment and Sustainable Livelihood Project in Rakai and Kyotera Districts, southern Uganda where we are supporting and empowering rural peasant farmers to transit from farmers' groups to cooperative societies. These play an important role in enhancement of agriculture productivity, promotion of value addition and employment creation. Supporting different farmers groups into formation of cooperative societies gives them a bigger voice, power and capacity in addressing their own production and marketing of their agriculture produce.

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*Supporting different farmers groups into formation of cooperative societies gives them a bigger voice, power and capacity in addressing their own production and marketing of their agriculture produce.*

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It's my pleasure, that you will not only enjoy the stories in this publication but also learn about how CIDI through the Uganda Governance and Poverty Alleviation Program (UGOPAP) with support from DANIDA through Caritas Denmark has managed to successful use the Cooperative Movement approach to improve the lives of rural farmers.

Yours truly  
**Dr. Fulgencio Jjuuko**  
Executive Director CIDI



Divonta (Widow) a coffee farmer of Lwanda Farmer's Cooperative Society Ltd supported by CIDI (Photo taken in 2019)

## Who we are:

**C**ommunity Integrated Development Initiatives (CIDI) is a registered Organization that had been operating in Uganda for the last 22 years. Our work mainly focuses on actions that directly transform lives of the poor, vulnerable and marginalized communities in urban, peri-urban and rural areas. In tackling poverty, we continue to invest in community empowerment programs that contribute towards poverty reduction through the provision of sustainable integrated technical and material support, in broad areas of sustainable agriculture, environmental conservation, lobbying, health promotion, income generation, water and environmental sanitation, lobbying and advocacy.

### Our Vision:

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Communities enjoying a decent life free of hunger, poverty and disease.

### Our Mission:

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Enhancing Sustainable Community resilience through; improved Income, Nutrition and food security, Water and Sanitation, Health Care Promotion and Policy Advocacy.

### Our Key Thematic Areas:

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- Water, Sanitation and Hygiene (WASH)
- Sustainable Agriculture and Green growth
- Health Care Promotion
- Policy Advocacy
- CIDI Training Institute and Skills Development

### Core Values:

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Professionalism, Accountability and Transparency, Team Work, Result and Learning Orientation, Community Participation

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## Foreword from the Team Leader / Project Manager



**T**he Community Empowerment for Sustainable Livelihood Project (CESL) in Rakai and Kyotera Districts, southern Uganda, started way back in 2006 while working with farmer groups. The Project has been funded by Caritas Denmark through the Uganda Governance and Poverty Alleviation Program (UGOPAP). The project aim is to address challenges on food security, low production yields, limited income generating opportunities and poor standards of living among rural farmers. Through our integrated approach, we (CIDI) have enhanced capacities of over 1,050 rural farmers the project area in:

- Sustainable agricultural practices
- Governance and management of the cooperative societies,
- Farming as a business, drought mitigation and irrigation practices,
- Exposure and learning visits to the progressive farmers and entrepreneurs,
- Coffee value chain development and quality standards,
- Mobilisation of farmers towards collective marketing, value addition and supporting them to access market price information via their mobile phones.

CIDI has enhanced capacities of over 1050 rural farmers in the project area. Our support to farmers has enabled the formation of 25 farmers groups which have come together to form three registered cooperative societies i.e. Kasasa farmers Coop Society Ltd (in Kasasa Sub County Kyotera District, Kitasiba Farmers Coop Society Ltd (Kakuuto Sub County Kyotera District) and Lwanda farmers Cooperative Society Ltd (Lwanda Sub County Rakai District)

with over 433 fully registered members, they have gained a stronger voice through, bulking and collective marketing of their produce thus, accessing better markets and increased incomes. The cooperatives have been mobilised around two major common enterprises i.e. coffee and maize. As CIDI we believe that strengthening of farmers' coop societies enables rural substance farmers to improve their household incomes critical to reducing rural poverty, boosting prosperity and creating jobs, especially for women and youth. As CIDI, we want to appreciate our development partners especially, DANIDA / Caritas Denmark for the financial support extended to ensure that the CESL project is implemented to achieve the set goals and objectives, we want also to use this publication to appreciate the Local governments of Kyotera and Rakai District for the financial grant of over 828,000,000ugx(\$233000) extended to the three supported Cooperatives under ACDP through the MAAIF. We believe the cooperatives are moving towards the right direction of sustainability and independence as they continue to support rural farmers.

A handwritten signature in black ink, appearing to read 'Nkuubi Brian', with a horizontal line underneath.

**Nkuubi Brian**  
(CESL Project Manager and Team Leader CIDI-  
Rakai/Kyotera Branch)

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# Historical Background of Cooperative Movement

**H**istorically, the origin of Cooperative philosophy is found in the writings and activities of Robert Owen, Louis Blanc, Charles Fourier, and others. Its early character was revolutionary, but under the impact of such movements as Christian Socialism this aspect diminished. The illusion that socialist transformation of society was possible through development of Cooperatives within the framework of capitalism was shared by many Utopian socialists (with idealized perfection) among them included; C. Fourier, who put up the idea of establishing phalanxes (groups of people with common idea), or cooperative-type production associations encompassing industry and agriculture with the aim of eliminating the defects of capitalism. After early 19<sup>th</sup> Century experiments, consumer cooperatives took permanent form with the establishment of Rochdale Society of Equitable Pioneers in England in 1844 by 28 people. The Rochdale Cooperative Society formulated the 7 major cooperative principles which took root as the Cooperative Movement developed and later, were adopted by the International Cooperative Alliance (ICA) and other national Cooperative Alliances including Uganda Cooperative Alliance (UCA). The cooperative Movement has since had considerable growth throughout Great Britain and commonwealth countries, where local cooperatives had been federated into national wholesale and retail distribution enterprises and where a large proportion of the population had membership. Various examples of Cooperative Organizations were also found in Scandinavian countries, Israel, China, Russia, and France. In United State, the cooperative Movement began in the 19<sup>th</sup> century first among the workers and farmers.

The International Cooperative Alliance (ICA) was founded in London, England on 19<sup>th</sup> August 1895 during the 1<sup>st</sup> Alliance Cooperative Congress. The Alliance has her headquarters currently in Brussels, Belgium with 313 federation members across the world; its establishment energized the Cooperative Movement development process as the umbrella organization offered coordination and mobilization across the globe which is still upheld as of today.

Cooperative Movement in Uganda started as way back in 1913 when the first Cooperative society was established in Mubende. Cooperating was the surest way that indigenous farmers could rally against the restrictions; obtain economies of scale, increase their bargaining power. As a result, the first cooperative society, “Kinakulya Cooperative Society”, was established in 1913 and many others followed thereafter (Dr. Guloba A, Kayongo A and others March 2018 P.10). Later in 1920, five farmer groups in Mengo agreed to form Buganda Growers Association to control the domestic and export marketing of members’ produce. Later other counterparts in the rest of the regions in Uganda borrowed the idea; cooperative movement was therefore born to fight the exploitative forces of the colonial administrators and alien commercial interests in Uganda. It is important to note that, the early cooperative societies operated informally until 1946 (Ahimbisibwe F, Sept 2019); when the first ordinance was enacted during the colonial rule. However, the 1946 Cooperative ordinance was intended to suffocate the work of cooperative societies by the colonial rule, when Sir Andrew Cohen, the British governor with more liberalized thinking came to Uganda in 1952, he proposed for enactment



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of more favorable laws to give growth to the cooperative movement with some degree of independence from Government control. This administrative support led to increase of cooperatives and membership.

By 1962 there were 14 granaries and 7 coffee cooperative unions when Britain handed over administrative powers to Ugandans. The 1962 post political independence of Uganda gave a setback, people used the cooperative societies as radars for political ambitions and this caused stagnation in terms of cooperative movement growth and development. In 1963, there was review and passing of cooperative Act which restored the control by Cooperative registrar. In 1970, there was repealing of the 1963 Act and 1970 was put in place, this took away the autonomy of cooperatives and gave powers to the minister to control the cooperative affairs. The 1970 Act also gave birth to a number of Marketing Boards for critical products like; cotton, coffee, diary and produce among others were created and played a critical role of stabilizing prices and improving incomes of farmers. However, these Boards were mismanaged by civil servants leading to a decline in agricultural marketing and productivity (Dr. Guloba A, Kayongo A and others March 2018 P.11).

The 1970 Act continued to sink the cooperative spirit because, members lost their cooperatives to the government appointed managers, politicians and government officers. When the NRM government took over power in 1986, there was enactment of NRC 1991 cooperative statute which was later transformed into the Cooperative Act CAP 112 which is the current major regulatory framework to support cooperative movement which has seen the number of cooperatives grow to 21346 (as in February, 2020)

The back ground above is evidence that; the role of government in supporting the growth of cooperative movement is well documented especially in providing suitable

environment through enactment and review of favorable policies and legal framework; The Cooperative Act CAP 112, the Tier 4 Micro Finance and Money lenders Act 2016 and the Micro Finance Deposit taking Institutions Act 2003. The enactment of the 1961 which gave birth to Uganda Cooperative Alliance (UCA) to make recommendations to government on matters of policy in relation to cooperative government in Uganda, UCA is now a member of ICA. All this has enabled the number of cooperative societies increase over the years from 01 cooperative in Mubende, to 04 in 1920 in Mengo/Buganda region, 75 cooperatives in 1946, 14 granaries and 7 coffee Cooperative Unions in 1962, 10,746 cooperative societies by Jan 2011, 13,179 cooperatives in 2012, In 2018 there was 16,408 registered cooperatives (Dr. Guloba A, Kayongo A and others March 2018 P.12). Majority of these cooperatives are SACCOs and agricultural marketing cooperative societies. Apart from these, there are cooperatives in almost every sector of the economy ranging across: energy, transport, market based, health, dairy, apiculture, housing, fishing, services, workers, handcrafts and multipurpose among others. For instance, there are; 17 energy cooperatives, 232 Drivers cooperatives, 88 “Boda Boda” based cooperatives, 105 market based cooperatives, 5 health cooperatives and 241 dairy cooperative (MoTIC, 2016).

The government created Bukalasa Cooperative College in 1963 and later the Kigumba Cooperative College in 1964 to provide educational services for cooperatives. Additionally, the Cooperative Development Bank was created in 1964 to mobilize cooperative savings and generate savings for cooperative development. (Dr. Guloba A, Kayongo A and others March 2018 P.11). The then Government administration attempted to revive cooperatives using them as instruments of rural development but was overcome by excessive government involvement and political instability. However, the guerilla war interrupted cooperative activities and

destroyed a lot of property and lives since it took place in cooperative movement strongholds. Notable among the cooperatives that were directly affected include; Masaka Cooperative Union, Banyankole Kweterana, West Mengo, East Mengo and Bugishu Cooperative Union (BCU). Indirectly, political instability led to looting and vandalism of the productive assets, which dampened the opportunities for effective operation of cooperative. To date, some cooperatives are still grappling with war debts.

Traditionally, cooperatives were organized in a hierarchal order with farmers at the lowest tier

and the marketing boards at the highest tier. The new and old structures are not any different. The new parallel organizational structure operates through Rural Primary Organizations (RPOs) and Area Cooperative Enterprises (ACEs). Further, the old one is more organic whereas the new one is more of a top-down and is majorly driven by development partner financing. However, these needs to change and allow cooperatives to grow organically that are when they will be sustainable. The government should provide favorable environment for the operations of cooperatives and limit on interference into their affairs.



The present day cooperatives are operated based on the seven principles and values that were introduced by Rochdale Cooperative Society (first Cooperative in the world) in 1844 and later adopted by the International Cooperative Alliance (ICA). These include;

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Co-operation amongst co-operatives
- Concern for community

## Cooperative Values

- Self-help
- Self-responsibility
- Democracy
- Equality
- Equity
- Solidarity

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# How did CIDI start the Transformation process of farmers' groups into cooperative societies?

A cooperative Society is a group of 30 minimum people of 18 years and above who have agreed to work together to achieve the same goal. According to the Cooperative regulations of Uganda (the Cooperative Act 112), a cooperative must have a valid registration certificate issued by the Registrar of Cooperatives under the Ministry of Trade Industries and Cooperative (MoTIC) after fulfilling the requirements. The Farmer cooperatives Societies are supposed to be owned collectively by farmers themselves through purchase of shares as guided by the Act. This should be noted that, no member is supposed to own shares of more than 1/3 of cooperative total value. This capped is implemented to avoid an individual to own majority decision making powers. Children below 18 years but above 12 years are allowed to buy shares in the cooperative, but restricted from taking any leadership position as they are treated as minors until they turn 18 years.

In the initial stages of CESL project implementation in both Rakai and Kyotera Districts, CIDI supported the formation and building of capacity of 25 farmers' groups. But CIDI noticed that, there would be more benefits and opportunities if, the small farmer groups were organised at more advanced level. CIDI then supported them to form Farmer Associations, ( Kakuuto Farmers' Association, Kasasa Farmers' Association and Lwanda Farmers Association. At this level CIDI learnt that, the farmer Association started bulking and marketing together their coffee, CIDI later mobilised them to transform into primary farmers cooperative societies.



The operation of these farmer institutions at cooperative level has enabled them to break barriers like; limited bargaining power to influence decisions at different levels of agriculture value and market chains, limited market access, limited market information, limited business skills to run a profitable agriculture enterprise. The challenges faced by farmers at group level become manageable at cooperative level when farmers have a bigger voice to influence decisions at different levels. Supporting different farmer groups into formation of cooperative societies gives them a bigger voice, power and capacity in addressing their own production and marketing needs.



Lwanda Coop. Leaders during one on the Executives meeting in 2019 trying to deliberate on some of the key issues



Kitasiba Coop. Leaders during one of the executive meetings in 2019

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## CIDI's approach: transforming farmer groups into sustainable and independent permanent cooperative societies in Kyotera and Rakai Districts

Since 2005, CIDI has been working with rural farmers in Rakai and Kyotera Districts, supporting them to form farmers' groups. We have since taken a deliberate and elaborate journey of supporting a number of farmer groups, built their capacity to grow into forming farmer's cooperatives. At the moment we are very proud that we have supported the formation of three farmers' cooperative societies namely: Kasasa Farmers' Cooperative Society, Lwanda Farmers' Cooperative Society and Kitasiba Farmers' Cooperative. This process has been supported by the National Legal frame work majorly the Cooperative Act of 1992 (CAP 112). CIDI has collaborated with the District Commercial Offices both in Kyotera and Rakai to provide mentorship sessions to cooperative leaders in governance, and general management practices. This has been supplemented by technical mentorship from Uganda Cooperative Alliance through Mr. Ssempijja Richard (Advocacy and cooperative training Officer-UCA). All the three cooperatives have accessed the permanent certificate from the Ministry of Trade Industries and Cooperative (MoTIC) after meeting all the requirements to be registered as permanent cooperatives. The capacity building has strengthened the supported Farmer Cooperative institutions to sustainability and independence status. The three supported farmer cooperatives have attracted funding of 828,000,000ugx under Agricultural Cluster Development Project (ACDP) from the Government of Uganda (World Bank Grant) through the Ministry of Agriculture, Animal husbandry and Fisheries (MAAIF). This fund has been used to put in place physical infrastructure; like produce

stores, coffee factories, and coordination offices. The ACDP was awarded on a competitive basis after exhibiting capacity to manage the grant and cause an impact in the community in terms of improving value addition and collective marketing of Coffee and maize produce.

Lwanda, Kasasa and Kitasiba Cooperative Societies also benefited from government programs for example; the Operation Wealth Creation and NAADS programs which provided them with coffee seedlings and fruit trees. Private sector & CSOs like; CEDO which supported them with Bean multiplication project from USAID under AKORION project provided the cooperatives with electric spray pumps.

The cooperatives are now able to recruit and facilitate managers using the internally generated funds from the cooperative businesses they operate. The managers are assisting the cooperatives in the daily running and general coordination of the organisations' activities

Becoming a member of any of the supported farmer cooperative society, the following requirements have to be fulfilled as guided by the Cooperative Act and the respective cooperative policies; pay annual subscription fees, own at least one share, contribute produce coffee/maize for bulking and collective marketing, be active participant in the cooperative activities and above all attend meetings including the annual general meeting (AGM).

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The major learning from this approach has been; the use of mentorship sessions from the identified district technical persons especially from the department of Production and Finance has enable the cooperatives to deeply understand various assignments ahead of them in managing and governing the cooperatives. The mentors have had enough time to practically expose and support the cooperative leaders to perform the required responsibilities. For example, the cooperative treasurers have been practically trained to develop financial reports using the ledger book, all the cooperatives have established working committees and are fairly operating to support in management and governance as required by the cooperative Act. All the cooperatives have managed to develop the required governance and management policies like; Human resource policy, Governance policy, Finance Policy, Procurement Policy, Asset management policy, Marketing policy among others. This has all been possible due to practical support given to these cooperatives through CIDI's mentorship and coaching interventions. Un like the workshop methodology capacity building, which is always one off and only concentrate on giving theoretical concepts and leaves little time to practically follow up and support the trainees to ensure the assignments are completed as required, the mentorship exercise has been implemented as a routine and continuous capacity building exercise that has allowed the technical people to explore all the relevant methodologies including one on one sessions, Group work, practical demonstration to ensure the cooperative leaders perform the required assignments. This has greatly enabled the cooperatives meet most of the requirements.

The farmers also learnt that, forming the cooperative society is a progressive journey which does not happen in a single day, it has to take the required process, from mobilisation of minimum 30 members (before the pending parliamentary amendment bill

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*Un like the workshop methodology capacity building, which is always one off and only concentrate on giving theoretical concepts and leaves little time to practically follow up and support the trainees to ensure the assignments are completed as required,*

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of the minimum number), working with the District commercial Officers to organise the required documentation for registration by the Cooperative registrar at the Ministry of Trade, Industries and cooperatives, where a first time primary cooperative is awarded with a probationary certificate that expires after the period of two years. Before the expiry, the cooperatives need to organise themselves and make submission of the requirements for the award of a permanent certificate which guarantees their sustainability. For a sustainable cooperative, this process has to be done progressively and each stage/step be given ample time to avoid having “blanket cooperatives” or cooperatives with names and no structures. The cooperative members have to commit enough resources in terms of time and money to ensure all this is accomplished. This will give opportunity for the “organic” growth and development of such institutions to be able to support community development and transformation.

## Farmers' experiences in acquiring permanent certificate for their primary cooperatives from the Ministry Of Trade, Industries and Cooperatives (MoTIC)



Mr. Bukenya Moses, the Chairperson of Kitasiba Farmers Coop Society Ltd delivering his annual Report during the AGM held in March

All the supported farmers cooperatives societies in Rakai and Kyotera Districts by CIDI have accessed the permanent certificates of registration from the MoTIC, it was a hectic process but with good learning experiences to the rest of the people who are interested to learn or form cooperative societies. The Cooperative Act is very clear on non compliance during this probationary period. The Cooperative registration can either cancel out the cooperative registration if it fails to meet the requirements as stipulated in the Act. Alternatively, the Cooperative Registrar may grant the cooperative with the recommendation from the District Commercial

Officer an extension period of one year on probation. When that one year extension expires without meeting the requirements for getting a permanent certificate, the Cooperative registrar de-registers the cooperative and advises them to apply afresh for a probationary certificate. Its therefore very important as shared by the cooperative leaders of Kasasa, Kitasiba and Lwanda that; the process of acquiring a permanent certificate starts at a point when the primary cooperative gets a probation certificate. This is very necessary to be undertaken so as to be able to beat up the deadline of the two years. The following have to be undertaken

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as compliance to the Cooperative Act in order to qualify for the award of a permanent certificate of registration issued by the Cooperative Registrar from MoTIC.

1. After receiving the probation certificate, the interim executive committee of the cooperative mobilised and conduct the first Annual General Meeting of the cooperative in order to elect the cooperative leadership or confirm the interim leadership of 7-9 members. The elections have to be presided over by the District Commercial Officer or his representative.
2. During the first AGM of the Cooperative, members have to establish the mandatory working committees which include; the Supervisory and Monitoring (Auditing) committee, Vetting Committee, the Finance, Planning and Budgeting Committee.
3. The elected leadership has to embark on mobilising the members to develop cooperative policies which have to be attached on the file while submitting application documents for the permanent certificate.
4. The Cooperative has to conduct annual audit exercise and attach the two reports for the two years under probation while applying for the permanent certificate. The Audit exercises have to be conducted by an authorised audit firm or the District commercial officer or any audit firm on the recommendation of the Cooperative Registrar/District Commercial Officer.
5. The copies of the Cooperative AGM have to be prepared very well including the minutes of the first AGM and attached to the file pending submission to the Cooperative registrar for permanent certificate application.

6. The Cooperative has to set up a physical office with a clear sign post.
7. The cooperative has to seek for recommendation letter from the District Commercial Officer
8. The cooperative treasure has to prepare a financial statement for the cooperative for the two years and a copy is attached on the file for submission.
9. The cooperative has to prepare a schedule of shareholders and a copy should be attached on the file for submission
10. The cooperative has to pay an application fees while submitting the application file to the cooperative registrar's office.
11. The signed copies of the cooperative by-laws with the cooperative registrar's stamp at the time of issuing the probation certificate have to be attached.
12. The original copy of the probation certificate has to be attached on the application file to be submitted to the Cooperative Registrar.

It should be noted that, if the cooperative registrar issues out the permanent certificate to the primary cooperative, it means the cooperative is fully established. The cooperative at this point still has the obligation and duty to comply with the cooperative Act as guided, failure to do so, the registrar can still cancel the permanent certificate.





# Community members' experiences during group transition into primary cooperatives



Jumba Vincent of Mbuye Twesitule Farmers' Group is the chairperson of Lwanda Farmers Cooperative Society Limited; he vividly remembers this journey from farmers' groups to forming a cooperative society.



Current office block and produce store for Lwanda Farmers Coop constructed under ACDP

“.....After training by CIDI while in farmer’s groups, our farm output increased tremendously, and this created another challenge of marketing our agriculture produces. As farmers’ groups, we had limited ability influence market prices and gains from collective marketing of our produce. To have a. better bargain, different farmers groups needed to collaborate and work together to bargain for good market price, this is how we formed a farmers’ Association with support from CIDI, members used to collect coffee and process it from our treasurer’s coffee processing machine. During those days we used to stock all our coffee as an association and would go to the Kampala City to sell it, this increased our earnings for coffee sales. Later, CIDI under CESL project supported our

association with a coffee huller for processing our coffee. First, we received a moisture meter which enabled us monitor and ensure that our coffee has dried well, then we got a coffee weighing scale. As a result, we were able to keep accurate records of the amount of coffee brought by each individual farmer and thereafter pay each farmer basing on their amount of coffee. In addition, CIDI supported us with a motorized tricycle for use in transporting coffee from farmer’s households to the association. At this point we needed to improve our operations to run a business-oriented enterprise and forming Lwanda cooperative society was the only option.....”



Ms. Nanjeru Annet the treasurer for Kitasiba Coop during one of the ordinary meeting held in July 2020 making some consultations from the Coop secretary Mr. Mulindwa Stephen.

## Ms. Nanjeru Anet, a senior Four drop out is able to manage the financial posting and development of reports using the cash analysis books as a result of the financial mentorship.

**N**anjeru Annet is a member of Kitasiba farmers' cooperative. She was elected in the Annual General Meeting in 2019 to serve as the cooperative treasurer. Given her educational background of senior four drop out, she had very little knowledge about financial operations of a formal cooperative society; she didn't have enough experience of managing financial cash books, posting the financial transactions and other information into the ledger book and manage it to develop periodic financial reports. Just like her predecessor, Mrs Ssenkungu Teddy, the cooperative operated with little financial records, shoddy financial auditing exercising, one case in point, the cooperative contracted an auditor in 2017 to conduct the first ever

audit exercise for the cooperative, the exercise was full of bad experiences, the auditor would not get access to the required basic accounting and supporting documents for almost all the financial transactions that had been undertaken during that year. This forced the auditor to produce an audit report of only two pages!!!. This was an embarrassment and left the cooperative image dented. This was contradiction to the guidelines provided under the Cooperative Act.

Miss. Nanjeru during her early days of treasure-ship with Kitasiba Farmer Cooperative Society Limited would make financial errors, used to issue out cash without flowing cash flow procedures, made procurements without



The auditor presenting the 2020 Audit report during Kitasiba Coop AGM held in March 2021

following the procurement guidelines as indicated in cooperative procurement policy. This made auditing of the cooperative very hard because, the auditor lacked access to the supporting financial documents, he lacked evidences for expenditures, some procurement was made without receipts, and money was spent without cash requisitions and acknowledgements.

After an internal assessment done by CIDI to the supported farmer Cooperatives, a mentorship approach was adopted to ensure the treasurers of all the cooperatives fix up those financial capacity gaps. The approach involved identifying; technical persons that would continuously use different

methodologies to ensure the treasurers and the general cooperative leadership gain some experiences in financial management. The mentorship sessions have been conducted with a mixture of; one on one training sessions, group sessions and provision of practical assignments to the treasurers (individual and group assignments) and other leaders. The technical persons have provided close supervision to the treasurers as they are undertaking their practical assignments, and have been able to provide guidance throughout the mentorship period. There has always been review of terms of reference between CIDI and the technical persons (mentors) to ensure that the capacities of the Cooperative leaders have been strengthened

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to the required standards to ably perform their roles and responsibilities as expected.

With the continuous financial mentorships provided by Mr. Luyinda Paul from Finance department of Rakai District as one of the identified Mentors in financial management, Mss. Nanjeru Annet despite her ordinary level of education and little experience in financial management of farmer Cooperatives, she has overcome most of the financial challenges that she used to face. She can now guide the cooperative members to use the basic financial and accounting documents, these include; the cash books, payment vouchers, cash requisitions, acknowledgements, ledger book, receipts etc. The use of the basic accounting documents enable her post the books of accounts and management of the Cash Analysis book/ledger book on a regularly basis (monthly). She is now able to compile the cooperative's annual financial statement, guide the cooperative during the process of developing annual financial budgets, she is able to follows cash flow procedures when issuing out money and follows the procurement procedures as indicated in the cooperative procurement policy. All these have lead to successful auditing of the cooperative books of accounts, improved financial reporting, strengthened imagine in the eyes of the cooperative partners, accurate financial projects and the best success story about all this process is how the audit reports produced in 2018, 2019 and 2020 played a great role for the cooperative to access funding of over 190,000,000ugx under ACDP from the Ministry of Agriculture. As of now, the Kitasiba farmers \cooperative just like the other tow supported cooperatives of Lwanda and Kasasa, they are able to ably conduct the required financial audit exercise as regulated by the cooperative Act, As a result of financial mentorship, Kitasiba Cooperative has progressed from the bad experience they had in 2017 of having a two pages audit report to having a substitutive financial audit reports submitted to the District Commercial Offices for approval on behalf of the Cooperative Registrar as required under the Cooperative Act.



CIDI extension staff displaying a two paged audit report which was produced in 2017 for Kitasiba Farmers Cooperative before financial mentorship intervention was provided.

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*I have been transformed into a model farmer through our cooperative...! Says Matovu Emmanuel.....*



**T**here's an old African proverb that says, "If you want to go fast, go alone; if you want to go far, go together." It's a short proverb, but it packs a lot of meaning. It teaches us that if we want to achieve more we don't have to be egoistic but work together with others.

In reality, there are times when we need to go fast but in most cases in such situation our achievements are not sustained but if you have a bigger dream you must always work with other people, maximise the benefits of togetherness with stronger voice to achieve more.

The above is true about Matovu Emmanuel, 54, father of five children from Nakagongo village and member of Kasasa Farmers' Cooperative Society. On realising that as an individual farmer he could not go far, in 2007, Matovu joined the Community Empowerment for Sustainable Livelihoods (CESL) Project.

"What motivated me to join Cooperatives is the realisation that working alone, I would not attain my bigger dream. Before forming our cooperative we used to grow and sell our produce at low price but when we came together, we have better bargaining power when selling our produce, Matovu says with pride.

“Before joining CIDI’s farmers’ empowerment project, I had 2.5 acres of land, where I had a banana garden, an acre and half of coffee garden and a few passion fruits plant. My farm harvest never used to go beyond eight bags of coffee annually, 50 bunches of banana (monthly basis) and five tins of passion fruits for domestic consumption (monthly) and my average annual income from agriculture produce would not go beyond five million shillings.”

Matovu vividly remembers the initial stages of the CESL Project which entailed a number of capacity building sessions ranging from group dynamics, governance and better farming methods. “...CIDI in partnership with CAPCA taught us that for people to come out of poverty, we had to come together in groups to maximise opportunities of collective learning, bargaining and marketing. In the initial stages of the project we formed framers’ groups and I’m a member of the Atakolatalya Farmers Group, and CIDI taught us how to use advocacy to lobby for services, taught us better farming methods with special focus on coffee and passion fruit growing. In addition, CIDI organised for us a number of learning visits to different model farmers

for inspiration, sharing practical experiences and advice about farm management, post-harvest handling and marketing.

After like four years into the project, farmers’ groups in our sub county came together to form an association (Kasasa farmer Association), this helped us to even get a bigger voice, bargaining power and this opened for us more opportunities to tap into government and other development partner resources and support.

From associations we formed cooperatives in 2015 because; when we are in cooperatives government and other development partners look at us as a big entity with many members coming together for a common cause.

**“What motivated me to join Cooperatives is the realisation that working alone, I would not attain my bigger dream.”**





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## Hard workpays

Using skills acquired from CIDI Matovu was armed with relentless determination in pursuing his dream of making poverty history. He has since worked tirelessly to increase his farm size from 2.5 acres to 13 acres of farmland, mainly producing coffee, banana and passion fruit. “...After trainings by CIDI, I started growing coffee on large scale, before I had 300 coffee tree plantations now I have over 2000 coffee tree plants. Previously, I used to harvest between 12 -13 bags of coffee annually but these days I harvest more than 80bags of dry coffee...”.

One of the best parts of the CESL Project is empowering one person like Matovu to become a model farmer in his community, he acts as an example and articulates to transformation of many people’s lives in his community. “Before CESL project was implemented in my village, we were only three people growing passion fruits, today; seven out of every ten households are growing passion fruits as a cash crop. Passion growing is now one of the main cash crops in the entire sub county. After exposure visits we learnt growing passion using ropes which are cheaper instead of barbed wires...,” Matovu says.

“ I have expanded my passion fruit garden, during harvest time, on average I get a sack full of passion fruits every day from an acre and two sacks from an acre on daily if it is bumper period. At the current price I sell a sack of passion fruits at 200,000 shillings. In a year I harvest not less than 70 bags of passion fruits and 100 bunches of banana (monthly). As a result my annual income has increased from mere five million shillings to more than 20 million shillings from agriculture. I have modernised my farming and my plantation has been transformed into a model farm! I was supported by CIDI to set up a micro irrigation scheme (underlined water pipes with stationed out lets within

the coffee plantation where the rain gun is connected to supply water the garden drying dry spells.

The benefits of CELS project go beyond increasing agricultural productivity, touching other aspects of life. Matovu is very grateful not only for the knowledge he acquired but also for the many friends he has got since getting involved in the project. He is happy that he is now a recognised member in his community able to share his knowledge with others thereby helping them to run out of poverty.

“I have constructed two commercial buildings where I collect rent on monthly basis, I have been able to buy a motor cycle which i use to transport my farm produce and farm inputs. I have become a model farmer and a trainer to the rest of the cooperative members and the youths especially, those involved in passion fruit and coffee farming,” he says. “Due to increased incomes from agriculture I have managed to educate my children in good schools, two of them have graduated from Makerere University, I have one child at Kyambogo university, the last born is in a good secondary school in Kampala.

I’m very grateful to CIDI for enabling me to become who I’m to today in my community, providing me with a platform to share experience with the rest of the farmers. This is now motivating many members of the community towards sustainable integration of coffee, passion fruits, bananas, and irrigation practices in order to maximize production on the limited piece of land.” Matovu is not alone, there are many farmers, members of cooperative societies in both Rakai and Kyotera districts whose lives have been transformed by CESL project.

## Lwanda Farmers Cooperative Society is counting 2020 a year of success in bulking and collective marketing of coffee courtesy of ACDP funding



Lwanda farmers Coop and Rakai District Leadership in June 2021 during the official handover ceremony for the Structures constructed using ACDP funding.

**M**y name is Nakumanyanga Fred, the marketing officer for Lwanda Cooperative Society Ltd, located at Lwanda Lc1, Lwanda trading centre, Kiyovu parish, Lwanda s/c, Rakai district. Lwanda Cooperative Society Ltd has total membership base of 318 people who have already paid membership fees. These members are organized in 14 Farmer Group based at village level (RPOs-Rural Producer Organizations) that are registered with the cooperative.

Our major role as Lwanda Farmer's Cooperative is to train our members in good agronomic practices, better harvesting practices with support from (Community Integrated Development Initiatives (CIDI) and other government agencies. Our major business and enterprise is coffee, this means, we need large volumes of coffee so that we are able to look for collective markets with better prices and other benefits like annual premium payments. When the season is about to start we keep reminding our members about better harvesting practices; picking only ripe coffee, better drying practices using tarpaulins; so that they are dried properly. We help farmers

to transport their coffee to the factory using our tricycle. When the members' coffee is bought to the factory, we label/mark their bags with their respective names. We then weigh and record the number of kilograms per member. In case the member's coffee does not meet the required moisture content (above 14 degrees), we first dry that particular coffee on the tarpaulin so that we are able to have the required moisture content of 13-14 degrees as one of the required coffee quality standards.

We then embark on hulling members' coffee into FAQ (Fairly Average Quality), record the out turn /FAQ kilograms against each member's record/ inventory book including the moisture content after hulling. Thereafter, we bulk together all the hulled coffee, this helps the leaders of the cooperative; the Cooperative Marketing Officer, chairperson and treasurer to search for better markets. We normally collectively sell our coffee to exporters companies in Kampala like; Ideal, Kyagalanyi, NUCAFE, UGACOF, Bulamu coffee buyers; we normally sell to the exporter company with the best price and other benefits. Currently,

we do not have a guaranteed buyer because, we normally have no selling restrictions from such companies because we have no money advance agreements yet that would restrict us from selling to other buyer. However, we are trying to advance contract coffee business with coffee exporters. When the coffee payments are made for the delivered coffee on our cooperative bank account in centenary bank, we therefore, start to pay our members using bank transfer services for those with accounts in Centenary bank; other members receive their money on mobile phones using mobile money services. Some members collect their money in cash at the cooperative however, we have tried to sensitize them to open up bank accounts to limit or avoid transporting hard cash this is risky sometimes we may be robbed along the process of transporting that money from the bank .We have continued to those without bank accounts to open up bank accounts so that the cooperative just make bank transfers

instead of moving with hand cash from the bank to the Cooperative Coffee factory. .

As Lwanda Farmers Cooperative Society, 2020 was a special year in terms of coffee bulking and collective marketing. Based on the marketing records, in 2019 we hulled and collectively sold 70000kgs (70tons) of FAQ yet in 2020 we hulled 180000kgs (180 tons) of FAQ against 100000kgs (100 tons) target. This shows that; the quantity of coffee (FAQ) we hulled and sold in 2020 is almost triple the quantity in 2019. Further still, basing on the trend of quantities that we have hulled and sold since 2010 it confirms further how the year 2020 was a special year, we had never had such an achievement before 2020. In 2010 we had 22,025kgs, in 2011(14750kgs), in 2012 (26,424kgs), 2013 (7,286kgs), in 2014 (6,543kgs), in 2015 (27,657), in 2016 (47,080kgs), in 2017 (50,320kgs), in 2018 (100,000kgs) in 2019 (70,000kgs) then the special year 2020 when we hulled 180,000kgs.



Cooperative farmers Bulking their coffee for collective marketing (photo taken in June 2020)

Our 2020 achievement is mostly attributed to the access to Agriculture Cluster Development Project (ACDP) fund which was given to Lwanda Farmers Cooperative through the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) supported by the World Bank. MAAIF/world bank gave us 77% of the business plan proposal and the cooperative co-fund 33% contribution. .Therefore, government /World Bank and the ACDP-project gave us 191300000UGX, and Lwanda Farmers Cooperative Society contributed 93,000,000UGX.

This fund according to the submitted business plan, had to undertake the following construction works for the cooperative; construction of a coffee produce store, completing and up grading the coffee huller shelter, construction of a kiosk, askari's shelter, an improved pit latrine , fencing the cooperative premises, construction of a husk chamber, and construction of cooperative office. We did not have all those structures which were relevant to meet the required standards

by Uganda Coffee Development Authority (UCDA) for any licensed coffee factories in Uganda. We were supposed to get that money in January or February 2020 however; due to technical issues at the Ministry of Agriculture and Ministry of Finance the release of the funds delayed. Our bank accounts were only credited in June 2020 when the coffee harvesting season had started. At this point in time, if the construction works on the coffee huller shelter had been under taken, it would disorganize the coffee hulling process at the factory. We requested the concerned district official to halt the coffee huller shelter construction so that we would first complete the coffee hulling and harvesting season. We requested them to rather concentrate on the construction of other structures like the; store, office and the pit latrine which the district officials accepted. We therefore; had an opportunity to request the same district officials to allow us use the ACDP funds which were already on our bank account as capital to buy members coffee through advance payment. This was because; at that moment our members had very many financial demands yet, their businesses were at a stand still due to the covid 19 total local down. The district officials allowed us to withdraw 80,000,000ugx and we advanced it to our members but also directly bought coffee from other members of the community. This is how we were able to achieve the 180000kgs of coffee FAQ bulked and sold collectively in 2020.

This has been a good learning to us the leaders and ordinary members of Lwanda Cooperative Society that; if the cooperative is able to access capitalization fund from various sources in sizable amount, they would be able to do meaningful coffee bulking and collective marketing business. This would ably sustain all our farmers cooperative under UGOPAP. With the experience of the 20,000,000ugx from CIDI in 2016 as revolving seed capital fund against

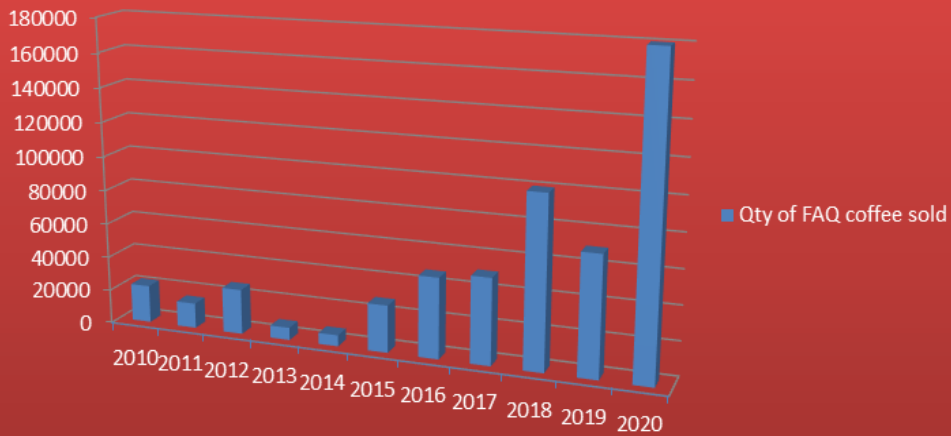


The current Lwanda farmers Coffee Factory structures which include; coffee husk chamber, an office block, a produce store, Askri shelter, kiosk, an improved pit latrine, and a huller shelter.

the 80,000,000ugx, the amount seems small to satisfy the members' needs so that they would fully be motivated to sell all their coffee through the bulking and collective marketing arrangement. The 20,000,000ugx revolving seed capital fund, we would only advanced about 10 members a season worse still, the advanced members would settle a few financial demands for example, we have members in the cooperative who have 3,000,000ugx school fees bill and with 80,000,000ugx seed capital courtesy of ACDP in 2020, we were able at least to meet 70% of that financial demand. This motivated members to sell all their coffee through the cooperative and reduced "side selling" practices, that's why we count 2020 as a special year.

As leaders, we have used this learning to strategize on how to access capitalization fund from various senses to boost our coffee bulking and collective marketing business. We have already engaged our members on accessing a bank loan. We have already invited and had meetings with Stanbic bank manager Kyotera branch. He has accepted to extend credit services to us

## Bar Graph showing trend of FAQ coffee qty sold by Lwanda Farmers Coop since 2010



with relaxed requirements at an interest of 1% per month in case we submitted our loan application. We are still doing more analysis for the business feasibility using the loan so that we are able to use it effectively. This because, we have an obligation of paying an interest of 1% unlike the ACDP which was interest free, that money was already ours only that it was meant to do other assignment of construction which we had postponed to September 2020, at the moment (June 2021) they have been accomplished.

As leaders we have also learnt that, the practice of keeping cooperative records is very important because, during the process of asking for ACDP funds from MAAIF, many documents were requested for and verified including; the audited financial reports, the Minutes records, the Business plans, the strategic plans, the various cooperative policies and guidelines, the valid certificate of registration, among others. When we invited the Bank Manager, he first verified the existence of the same documents before he would make any promise in regards to the possibility of accessing credit facilities from the Bank.

As we still audit the year 2020 and how it was special for the cooperative in terms of bulking and collective marketing, after accessing the 80,000,000ugx fund from ACDP and used it as business capital for a period of about 3 months as follows; 18,000,000ugx from milling charges, we also got 1, 200, 0000 from the sale of coffee husks, 7,000,000 from Commission and 420,000 from Moisture meter. We therefore, generated a total income during 2020 of approximately 26,000,000ugx. This money has helped us to accomplish some of the cooperatives tasks that we had failed; electricity wiring in the new buildings constructed under ACDP; in our cooperative office, Askari, shelter, Kiosk. We bought metallic pipes at a cost of 3,600,000ugx to support out coffee factory hulling box, previously we had installed wooden poles, paid cost for surveying and accessing a legal land title at a cost of 3,800,000ugx at Kayayumbe village, in Lwanda Sub County which was donated to the cooperative by the former Minister of Cooperatives in Buganda Kingdom Mr. Taban to be used by the youth for coffee farming .



Cooperative leaders during an executive meeting at the Lwanda Coffee factory premises before its was up graded with better structures. (Picture was taken in June 2017)

Basing how we used the ACDP funds in 2020 to do coffee business and how we benefited, we have clearly realized that; all our cooperatives need reasonable financial boosts as capitalization fund. As leaders we are not seating back we are strategizing;

encouraging our members to buy more shares so that we get more capitals, we are also approaching more development partners to access financial credit facilities like banks so that we can financially sustain our cooperatives.

Esther Lujumwa in her Irish potato garden, being a member of the Lwanda farmers Cooperative Society where we have our common goal as coffee business, we are also still concerned about food production for household consumption. I encourage my fellow co-operators, as they prioritise commercial farming, they should not forget about food security for our homes.



## Household transformation as a result of agricultural capacity building of rural farmers by CIDI in Rakai District.



An intern student from Ndejje University Ms Nanyonjo Vinnie Stacey interacting with Mr. Nakumanya in his garden in SAPs. (Photo taken in June 2021)

**M**r. Nakumanyanga Fred a member of Lwanda farmers' cooperative society after attending several trainings in agricultural production since 2012 when he joined the CESL project. He attended trainings organized by CIDI where he learnt about the best agronomic practices of coffee, harvesting techniques and post harvest handling of coffee. He realized that harvesting red beans of coffee and drying them on a tarpaulin gives more weight, better FAQ out turn and income. He managed to use this knowledge and skills he learnt, which improved on his production and productivity

through value addition and collective marketing. From his 2 acres of coffee garden, he used to get 800kgs of FAQ, now he is able to harvest 2000 tones of FAQ from the same acreage.

He has managed to purchase more 2 acres of land worthy 4,000,000shs, pay school fees for his 5 Children of 2,500,000shs per term. One of his children has graduated with a diploma in nursing, bought a new motorcycle at 2,800,000shs and constructed a better permanent house.



Mr. Nakumanyanga on his new motorcycle

# PHOTO GALLERY



Some of the Kitasiba cooperative members taking a group photo after AGM in March 2021



CIDI staff with IITA team from Nigeria during their visit in Rakai District August 2021



The District Commercial Officer Rakai handing over value addition equipment for Wine production to youths in Dec 2020



Mr. Ssempijja Richard from UCA supervising trainings at Lwanda Cooperative. May 2021



Farmer leaders receive bicycles for field movements. Dec. 2020





Bukenya Moses in his Banana Plantation



CIDI extension staff during field monitoring



CIDI staff monitoring the tree plantations supported to cooperative farmers in Lwanda S/C Rakai District



Tree plantation host sharing her experiences in tree management practices



Records practices of Kitaiski farmers cooperative in Kakuuto S/C - Kyotera District





Farmer leaders receive bicycles for field movements. Dec. 2020



Current Kasasa Cooperative Factory, with equipped offices, Produce store, Coffee huller shelter, Askari shelter and Kiosk (Picture taken in June 2021)



The Vice Chairperson LCV Kyotera District Mrs. Gyavira Namustitwa Agnes making her presentation during the Youth Open day event organized by CIDI and IITA in Kasasa Sub County, Kyotera District (2021)



Former RDC Kyotera Rtd. Major Matovu Handing over bicycles to CBTs in Kakuuto Sub County (Sept 2019)



Current Structure of Kitasiba cooperative factory



A memory for Kasasa cooperative store before upgrade using ACDP funding



Kitasiba cooperative maize store in 2017 before upgrade using ACDP funding



Land rights advocacy by CIDI



The District Agricultural Officer Rakai Mr. Kanyike Meddie handing over Bee hives to cooperative Leaders in Dec 2020



Mr. Kintu Kisekulo, LCV Kyotera District attending a CIDI stakeholders review and sharing meeting in April 2019 at Kasaali Town Council Hall.



Kyotera District Stake Holders (CSO representative and Local government Officials) during a Joint field monitoring visit to Kitasiba Cooperative Factory Constriction works in June 2020.



Farmers bulking their coffee for collective marketing of Kitasiba Cooperative. June 2021



The District Agricultural Officer Kyotera Mr. Lubinga Geoffery handing over a Water tank for Lwanda Coffee Factory.



Mr. Ssempijja supervising training of Kitasiba Cooperative. May 2021



Ms. Nakawojjwa Susan the district Community Development officer Kyotera during a project review meeting. Dec. 2020



CAO - Rakai District and the Executive Director CIDI hand over bicycles to farmer Leaders. Dec. 2020

For More Information Contact



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