

Women in Trade Project

implemented by

**Uganda Women Entrepreneurs
Association Limited**

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MODULE 1:

WHY FORM A COOPERATIVE



WHAT IS A COOPERATIVE?

Definition of a Cooperative

- According to the International Cooperative Alliance(ICA):

“A cooperative is an **autonomous** association of persons united **voluntarily** to meet their **common** economic, social and cultural needs and aspirations through a **jointly and democratically controlled enterprise**”.



WHY FORM A COOPERATIVE - THE BENEFITS

SCOPE OF THE SESSION

The training session shall cover the following:

- **Benefits of forming cooperatives**
- **Challenges cooperatives face**

Benefits of forming Cooperatives

4 Categories of benefits:

1. The Model is Owner-Member Focused
2. Bulking
3. Owner-Member Gains
4. Community Gains

Benefits of forming Cooperatives

The Model is Owner-Member Focused

- Cooperative ownership is an economic model that can create great benefits for member-owners and communities **provided** member-owner welfare and aspirations are the focus.
- Cooperatives take a long term view over a short term view. They are not driven by quick wins or immediate profits.

Benefits of forming Cooperatives

The Model is Owner-Member Focused

- Member-owners invest in the cooperative. If the business prospers, member-owners receive the benefits.
- **Permanence:** The cooperative is a legal entity that continues to exist and operate, even if members leave.

Benefits of forming Cooperatives

The Model is Owner-Member Focused

- **Limited liability:** Member-owners' liability is limited to the amount of the value of the shares they have paid for or are about to pay for.
- **Surplus/Profit:** If not reinvested in the cooperative, the surplus/profit is allocated proportionally and paid back to member-owners, based on their volume of business.

Benefits of forming Cooperatives

The Model is Owner-Member Focused

- **1 member = 1 vote:** Decisions are made by all members, by democratic vote. Power is equally shared among owner-members. No single person or single group is supposed to dominate .

Benefits of forming Cooperatives

Bulking

- Economies of scale – allow for **bulk buying** and **selling** which reduce costs and increase profits.
- Improved competitiveness for individual members from pooling of resources and collective bargaining.
- Marginalized individuals gain access to markets they would not be able to access alone.

Benefits of forming Cooperatives

Owner-Member Gains

- Like-minded people work together to provide each other with goods and services at a reasonable price.
- Members enjoy direct benefits as a reward for their individual effort.

Benefits of forming Cooperatives

Owner -Member Gains

- Owner-members pay fees / dues and receive something in return e.g. purchase discounts.
- A cooperative environment generates knowledge, skills and training in entrepreneurship and management.
- The cooperative movement provides educational and networking opportunities (local, regional and international).

Benefits of forming Cooperatives

Community Gains

- Cooperatives are inclusive. They bring communities together.
- Cooperatives increasingly offering stability and accountability to more and more hosting communities.

Benefits of forming Cooperatives

Community Gains

- Cooperatives create jobs and increase employment in their communities.
- The income generated remains in the community.

Challenges facing Cooperatives in Uganda

- Lack of awareness of the Cooperative model.
- Lack of appreciation of the model's potential.
- Lack of resources.
- Lack of institutional support.
- Undeveloped networks and lack of cooperation.
- Mismanagement.
- Breakdowns in member relationships.



Questions & Answers

Thank you