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The Role of Savings and Credit Co-operative Organisations in enhancing the Prosperity for All Programme (Bonna-Bagaggawale): A Case Study of Rubaga Division in Kampala City

Savings and Credit Cooperative Organisations (SACCOs) are tools for development in Uganda. It is on this basis that the government of Uganda has chosen SACCOs to provide access to financial services implemented through a development programme – the “Prosperity for All” commonly known as Bonna Bagaggawale, geared towards improvement of household incomes and people’s livelihoods. The study was, therefore, an assessment of the role of SACCOs in enhancing the Prosperity for All (PFA) programme. The specific objectives were: to analyse the success of SACCOs in enhancing Prosperity for all and to identify the challenges faced by SACCOs in enhancing Prosperity for All. The study, which was of a case study design, was conducted in three SACCOs, namely: Namungona Cooperative Savings and Credit Society, Born Again Pentecostal Savings and Credit Society and Rubaga North Development Association and Credit Society, all located in Rubaga division in Kampala City. Using individual interviews and self-administered semi-structured questionnaires, information was collected from 120 clients who have accessed financial services from the SACCOs. Other respondents were members of SACCO management who included Loans Officers and Managers. The key findings indicated that clients have benefited more from savings and loan services but less in business tutorials and advice that would enhance knowledge in enterprise development. Regarding interest charges on loans, it was found out that interest charged was fair and, therefore, would not be a limitation to accessing loan services. The findings further revealed that though SACCOs have done a lot in extending financial and business support, less has been felt in improved standards of living and saving culture promotion. More findings reveal that SACCOS have contributed more in terms of employment and improved economic status of the community than in infrastructural development. On recommendations, with regard to the roles of SACCOs in enhancing the PFA programme, it is recommended that SACCOs improve on their proficiency in extending financial services, namely, mobilisation of savings and advancing loans for enterprise development. It is also recommended that SACCOs should consider reducing interest rates since the cost of loans has a high incidence on the demand for loans and loan repayment. SACCOs should provide non-financial services that include conducting sensitisation programmes for clients. To protect against loan delays, managers should develop loan products that suit the clients’ needs; the delivery process should be convenient and the clients should be made to feel that SACCO staff members respect and care about them. Reviewing of the loan policies and procedures should be accompanied by building the capacity of management, staff and board members that are in charge of loan management. As regards the perception that SACCO management is corrupt, it is recommended that the SACCO Board should institute internal and external auditing of their SACCOs in order to establish efficiency and effectiveness of SACCO operations. With regard to misconceptions by clients and politicians about Bonna Bagaggawale funds, it is recommended that a sensitisation programme be intensified to furnish clients with the right information. Managers of SACCOs are also advised to adhere to lending policies and desist from political interference. It is recommended that for SACCOs to reduce on their operational costs, they should put in place internal controls that ensure prudent management of SACCO operational costs and ensure that operational self-sufficiency is attained. In this way, SACCOs will be in position to confidently execute sustainably the PFA programme. The Boards and Management of SACCOs are advised to enter into collaborative arrangements with other

institutions such as RFSP, UCSCU, MSC and AMFIU put in place by government to execute the PFA programme.

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