

Strategies to Further Reduce Poverty Among the SACCO Members: A Case Study of Selected Districts in Greater Bushenyi

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Abstract

The study examined the role of SACCOs in poverty reduction. The aim of the study was categorically to; establish the strategies of reducing poverty among the Sacco members in selected districts of Greater Bushenyi, Uganda. A cross-sectional design was used. Qualitative research approach was employed. The Key informants were selected from SACCOs Management and leadership resource persons who provided the qualitative data. Purposive sampling was used to select the 19 Key Informants from 250 SACCOs Management and leadership. A key informant interview guide was used to obtain the data from the SACCO members and the Key Informants respectively. The findings revealed that both financial and non-financial services reduce poverty. The findings also indicated that the key strategy to reduce poverty among the Sacco members is through enhancing the provision of SACCO financial and non-financial services to their members and government revisiting the fiscal policy to provide an enabling environment in which SACCOs operate.

1. INTRODUCTION

With a gross domestic product annual growth rate of 6.5% on average over the previous three decades, Uganda's economic growth is deemed to have improved. (The World Bank Group, 2021). Due to this, the nation has gradually recovered from the economic downturn endured between the 1970s and the 1980s as a result of political unrest and poor administration (Mbeki, 2005). Uganda's people's living conditions have significantly increased, and the locked economy is on the road to recovery (The World Bank, 2021). Action Aid Uganda has seen an increase in the number of SACCOs during the past ten years, with the bulk of the population living in rural areas (Action Aid Uganda, 2013; Dieter & Gloria, 2019; Emmanuel, 2018). This has significantly improved the quality of life for Uganda's rural residents. However, there is conflicting empirical evidence about SACCOs ability to reduce poverty (Wichterich, 2017; Nuwagaba, 2012; Kizza & Ssekibaamu, 2019) due to their continued vulnerability to shocks, as shown by the increase in poverty in 2016–2017 (Uganda Bureau of Statistics 2017; Waeyenberge & Bargawi, 2018). This chapter focuses on background to the study, problem statement, purpose of the study, study objectives, research questions and hypotheses, justification of the study, the study significance and scope.

2. THEORETICAL FRAMEWORK

Theories of poverty

This study was guided by Political theory of poverty (Brady, 2009) and the Financial Theory of Intermediation (Gurley, 1960).

Political theory

The political theory of poverty was developed by Brady in 2009. According to Political theory governance and governmental policies are to blame for poverty. This viewpoint contends that institutions and power both exacerbate poverty. It also contends that political outcomes like poverty are the result of power dynamics and group decisions about resource allocation (Brady, 2009). Its foundation is the notion that group political actors assemble the less fortunate classes in support of their own individual goals. It emphasizes the importance of a country's institutional rules, regulations, and policies and the fact that, if they are ineffectual, they may be a factor in some national regions' poverty.

The political theory also raises the idea that weak government policies undermine plans for potentially stronger countries, like SACCOs, by creating inefficient and unproductive economies through economic instability. Since all societies that support change require people and families to have equitable access to economic resources that may be used to produce goods and services, this is relevant to the study of SACCOs and poverty reduction. Ineffective and unproductive government policies are the main contributors to poverty among individuals, households, and economies. There is a system of ineffective laws, rules, and regulations. It's crucial to note that the precise function of productive initiatives like SACCOs in a nation is not expressly described by the political theory of poverty. Additionally, neither the political theory of poverty as a whole provide insight for increasing a nation's productive initiatives, such as SACCOs, making it challenging to interpret the feedback from poverty in a constructive way (Han & Max, 2019; Ghaliba, 2014). As a result, the theory of financial intermediation was used to fill in the gaps left by the constraints of political theory in order to explain SACCOs poverty reduction.

The Theory of Financial Intermediation (Gurley 1960)

The financial intermediation theory was propounded by Gurley (1960). Gurley (1960) asserted that during economic expansion, a country's financial system grows more swiftly than its total wealth. The fundamental tenet of financial theory of intermediation is that the financial system mediates and facilitates the movement of funds from savings to people and organizations wishing to invest in capital goods as well as those looking to finance investment projects. Financial intermediation is required for the distribution of funds for investments, liquidity, and consumption. Financial intermediation contributes to economic growth and improved public welfare. According to financial theory of intermediation, owners of savings provide borrowers money, who then invest it in the most profitable economic activities.

The four functions of the theory that this study determines to be its strongest aspects are the bridging pool of financial resources, reduction of transaction costs, the decrease of liquidity risk, the accessibility of information, and debt renegotiation. Even while this isn't always required to promote the nation's economic development, a nation's financial system should be set up as a web that encourages interactions between financial institutions, financial and poverty reduction in this study because of the bridging pool of financial resources, the reduction of transaction costs, the reduction of liquidity risk, and the provision of information. This theory was in addition used because it explained very well the needed details for reducing poverty markets, and financial products. The two theories, the political theory and the theory of financial intermediation reinforced one another and aided in overcoming any shortcomings that might arise from relying just on one of them. This theory is relevant to the investigation of SACCOs.

3. STATEMENT OF THE PROBLEM

SACCOs does provide access to services, which are utilized to reduce poverty among their members (Kyamulesire, 1988; Financial Sector Deepening Uganda, 2022). The general consensus is that by offering

these services, members may grow their own micro businesses, save money, raise their income, control their consumption, take calculated risks, and ultimately lessen their poverty (Kyamulesire, 1988; Uganda Investment Authority, 2014).

Bushenyi, Mitooma, and Sheema are well known for having the majority of well-developed SACCOs (80%) in Uganda (UBOS, 2018; Ministry of Finance, Planning, and Economic Development, 2021; UBOS, 2020). Nevertheless, a sizable portion of SACCO members from these districts have remained susceptible to disease and poor health, illiteracy, a lack of proper housing, water, clothing, and food, restricted access to education, and appalling living conditions (UBOS, 2018; Musiita *et al.*, 2023; GBDSR, 2020; UBOS 2020; UNHS, 2019/2020; Greater Bushenyi District Community Development Report, 2018). In addition, 40% of SACCO members live in poverty, which is higher than the 32% national average (Bushenyi District, 2020; UNHS, 2019/2020). Despite its significance, no conclusive connection has been made between the reduction of poverty among SACCO members in Mitooma, Bushenyi, Sheema and the financial or non-financial services provided by SACCOs (Mitooma District SACCO Report, 2020; Byabashaija *et al.*, 2017; Bushenyi District Abstract, 2019; Sheema District Abstract, 2020; UNHS, 2019/2020).

More so, according to the literature accessible little is known on the role of SACCOs in poverty reduction among SACCO members in Mitooma, Bushenyi and Sheema districts (Greater Bushenyi District Commercial Development Officer Report, 2021; Greater Bushenyi District SACCO Report, 2020). Even the few studies that have been conducted in Uganda have been conducted in areas far from Sheema, Mitooma, Bushenyi and have contradictory results. For instance, studies by Emmanuel (2018), Benon (2020) and Mwosi (2020) found out that SACCOs did not reduce member's poverty and instead created long-term indebtedness, while Mpubani (2019) and Kizza (2019) found a somewhat positive role of SACCOs in reducing poverty. The information above indicates that there is ongoing disagreement on whether SACCOs genuinely assists its members in Bushenyi, Mitooma, Sheema and throughout Uganda in reducing poverty.

In order to fill the gaps described above and provide pertinent advice for reducing poverty among SACCO members, the researcher undertook a study to examine the role of SACCOs in poverty reduction: A case study of selected districts in Greater Bushenyi, Uganda.

4. SACCO financial services contribution to poverty reduction.

Credit services and poverty reduction

Izah (2014) conducted a study utilizing regression analysis to assess the efficacy and output of Cambodian microfinance institutions' (SACCOs) lending services from 2008 to 2011. He determined that SACCOs credit services were 92 percent successful between 2008 and 2011, which indicates an input abuse of 8 percent. The responses also indicated that the productivity growth for the SACCOs (MFIs) credit services in Cambodia during 2008 and 2009 was 1.7%. It was highlighted that the effective application of policy for microfinance lending services can be partly blamed for the success of SACCOs (MFIs) in Cambodia. In complete agreement with the findings of Izah's study, Boss (2014) pointed out that there is a recognized microfinance association in Cambodia that is in charge of providing assistance to members by providing training, disseminating SACCO information, and standing in for members during negotiation meetings. These findings suggest that SACCOs lending services are efficient and productive in altering the economy to promote growth and reduce poverty.

Furthermore, a study by Mazunder and Wencong (2013) using a regression model in Bangladesh demonstrates that SACCO's loans have a positive coefficient equal to 0.055, proving that SACCO's loans made by SACCOs have a hopeful or advantageous impact on reducing poverty (Ghaliba, 2014; Bateman, 2017; Mahmood, 2011). But according to a study by Bateman (2017), people who take out numerous loans from both formal and informal sources to pay off their existing or previous debt become severely indebted or reach over-indebtedness. Study findings from Cambodia and Bangladesh cannot be used to generalize the findings on SACCO members in selected districts of Greater Bushenyi, South Western Uganda; hence, there is a geographical gap that this study intends to fill.

In Sri Lanka, the effects of SACCOs (MFI's) credit services on low-income households are varied, according to Kumari & Khalidah (2019). They demonstrated how SACCOs credit services have helped very poor households improve their consumption expenditures while also increasing the assets and income levels of middle-class households. According to the study's findings, the Samurrdhi microfinance program significantly influenced the poor's rising consumption, income, and level of education in order to achieve household wellbeing.

More specifically, Herath (2015) investigated how microfinance credit services affected poverty, women's socioeconomic vulnerability, and people's capacity to build social capital through group-based microloans. Herath (2015) examined four factors—access, decision-making, the development of private resources, and socioeconomic activities—to determine how microfinance affects poverty. After taking out loans from microfinance organizations, disaggregated and overall women's empowerment indices (WEIs) clearly show significant progress, according to the analysis of the research (MFIs). Additionally, a few scholars highlighted a few flaws in the microfinance program's approach to Sri Lankan poverty.

More still, a study by Hossen and Ruhi (2019) revealed that SACCO credit services have developed into a very well-liked and acknowledged tool used to combat poverty in developing nations like Bangladesh. Hossen and Ruhi (2019) note that the public currently views SACCOs credit services in many respects as a tool for eradicating poverty. He expressed caution, however, by stating that not all parties and individuals concur that Sacco's credit services have significantly impacted the reduction of poverty. Ishfaq & Jamil (2015) also looked at the relationship between SACCO credit services and poverty reduction, and they noted that the Malaysian SACCO experience showed that credit services had a positive impact on household income of women borrowers who had participated in SACCOs for at least three years. This is in line with the findings of Herath, 2015; Patel *et al.*, 2018; and Sinha *et al.*, 2019, who discovered that the credit services provided by SACCOs improved the income of women and the welfare of their families as a whole. Similar studies showed that in Bangladesh, borrowers' income increase always exceeds that of the control group (Mia, 2017; Boateng *et al.*, 2017 ; Hassan & Saleem, 2017; Malinga, 2009; Omonona *et al.*, 2010 ; UNDP Thailand, 2012).

Stewart *et al.*, (2012) conducted a methodical or systematic review of the effects of micro-credit, micro-savings, and micro-leasing on client engagement with economic opportunities or chances and the subsequent outcome on clients' savings, income, and accumulation of non-financial assets and spending. Starting with approximately 14000 citations, research was prohibited or omitted based on certain inclusion criteria, including not being based on savings, credit, or leases, having no focus on outcomes related to the economy, and lacking a comparison group, among others. Additionally, the inclusion criteria were met by all 17 studies with sufficient quality. Similarly, because micro leasing's effects have not been thoroughly demonstrated, their studies have focused on credit and savings. They discovered that micro-savings have no effect on customers' participation in economic opportunities, but they have a mixed effect

on the other four economic outcomes. Additionally, it was discovered that micro-credit had a mixed effect on all economic outcomes examined; this was true even when combined with micro-savings. They came to the conclusion that: "it is crucial to assess if there is potential for harm in delivering either of these services, or indeed in not doing so. Micro-savings may represent a safer intervention." While the lack of financial services may limit the capability of the poor to endure shocks or to increase their wealth, Microcredit also exposes borrowers to the danger of rising debt levels and collateral loss (Stewart *et al.*, 2012). The conflicting results indicate that the conclusions of the aforementioned scholar cannot be extended to the study findings in various parts of Greater Bushenyi in South Western Uganda. This study will help determine whether SACCO services have a positive or negative impact.

According to Suri (2012), a sound financial and monetary system is a requirement for modern economic progress. According to Suri (2012), access to finance is a crucial component of the conventional wisdom on economic development based on a country's plan. Furthermore, Omoro and Omwange (2013) note that using SACCOs loans raises household spending, improves standard of life, generates additional revenue, and lowers unemployment. In addition, Alio *et al.*, (2017) note that the government should invest more in SACCOs since they serve up to enhance the wellbeing of people especially rural households and better their income. This is in an agreement with Yunus, 2001; Owolabi, 2015; Gomina & Ngari, 2015; Alshami *et al.*, 2014; Kasali *et al.*, 2015 who out found that, accessibility of credit from SACCOs prevented some borrowers from having to sell their produce at below market rates to the merchants and land owners so as to get an advance in the lean season thus rising their incomes

Additionally, the impact of having access to microloans from Pakistan's first and largest microfinance institution, the Khushhali Bank, was also assessed by Montgomery and Weiss in 2011. The study included a sample of 3000 borrower and non-borrower households, and the results showed that food spending and several social variables were positively impacted in rural areas. Furthermore, Mahmood (2011) found that in Pakistan, 62% of women utilized loans to start new businesses, while the remaining 38% were used for non-productive activities, despite the fact that savings and loans help reduce poverty by raising income. Mahmood (2011) ascribed this to a lack of education regarding the benefits of borrowing, which results in the use of borrowed money for non-productive purposes, decreasing the possibility of poverty reduction. This is in line with Yunus's (2001) observation that MFIs (SACCOs) play a key role in empowering the poor, particularly women, through the provision of microloans, savings opportunities, insurance products, money transfer services, and skill-training programs. The study findings from Pakistan, Nepal, Sri Lanka, India, and Bangladesh cannot be used for generalization on SACCO members in selected districts of Greater Bushenyi in South Western Uganda, hence the geographical gap.

The influence of Microfinance (SACCO) on outcome variables, such as revenues, consumption, asset acquisition, employment, business profits and revenues, and empowerment, was assessed by Banerjee *et al.* in his 2009 study. 15–18 months after the baseline, data for the end line survey was collected. While microcredit "succeeds in influencing family spending and creating and growing enterprises, it seems to have no evident short-term effect on health, women's empowerment, or education," he found (p30). Thus, the analysis draws the conclusion that SACCOs MFIs might not be the "miracle" that is commonly asserted. The endline survey for Zinman & Karlan (2009) was conducted 22 months following the baseline. 1601 loan applicants made up the sample, 1272 of whom were randomly assigned to the treatment group and 329 to the control. They discovered that the group receiving treatment did borrow more. The study found that male borrowers frequently undergo business downsizing with amplified or enhanced profit, decrease employment outside the home, and increase informal credit utilization in order

to "absorb shocks." No evidence of further welfare rises was discovered, but ZInman & Karlan (2009) did find evidence of "a modest fall in self-reported well-being" (p18).

Adekola & Chidinma (2017) also discussed how SACCOs operating in Nigeria were doing in terms of reducing poverty by offering credit services to their members. A stratified random sampling strategy was used by Adekoka and Chidinma (2017) with a sample size of 1,103, or 50% of the SACCO population. They discovered that SACCOs in the study area had empowered its members through their efforts to combat poverty and that the SACCOs had assisted in increasing members' incomes by offering credit facilities. However, research by Adebisi *et al.*, (2020) in Nigeria indicates that SACCO credit services have not significantly reduced poverty, and as a result, the poverty status is concerning. In addition, Adebisi *et al.*, 2020 assert that despite the SACCOs provision of credit facilities, poverty remains ubiquitous, high, and common in Nigeria, affecting a substantial section of the nation's enormous population. Even more Kumaha and Boachieb (2016) conducted a critical assessment of the discussion surrounding the efficiency and effectiveness of SACCOs credit services in Ghana as a general tool for reducing poverty. They found that SACCOs credit services increase income levels of their members by allowing them to use credit to buy basic necessities like tools, materials, and equipment, which creates jobs and raises their standard of living.

In addition, Gomina & Ngari (2015) examined Nigerian farmers' participation in SACCOs and found that poverty was worse among the non-beneficiaries. He continued by stating that SACCOs are crucial for providing low- and middle-income people with financial services and that they are a major factor in income growth and financial inclusion (Elem EO. 2019; The World Bank Group, 2018). Despite SACCOs apparent recognition or popularity and success with their credit services, there is no conclusive proof of the benefits of credit services on reducing poverty through raising income. Furthermore, Bateman *et al.*, 2012; Harper, 2011; Arunachalam, 2011; Duvendack *et al.*, 2011; Klas, 2011; Stewart *et al.*, 2010; and Sinclair, 2012 noted that SACCO's credit services in Nigeria were characterized by rapidly rising member defaults, and studies revealed that SACCOs credit services left their members with astronomical debts and significantly decreased incomes. In conclusion, Stewart *et al.*, 2010 and Duvendack *et al.*, 2011 found no conclusive evidence linking SACCO credit services with decreased poverty in terms of higher income.

According to Chowa (2012), SACCOs improved Sub-Saharan African farmer productivity. He proved that credit enabled farmers to purchase inputs and boost their output. The study showed that microcredit encouraged and enhanced agricultural yield with more equity or exposed farmers to the small-enterprise sector. The study also revealed a rapid increase in rice farmers, with increases in different communities ranging from 50% to 200%. In addition, Stewart *et al.* (2010:6) reviewed 35 studies that compared the effects of having micro-savings or microcredit with not having either in a systematic review of the experiential or empirical evidence on the impact of SACCOs (micro-credit and micro-savings) on the poor in sub-Saharan Africa. 15 of these studies—4 RCTs, 2 non-RCTs, and 9 case-control studies—were deemed to be of high quality and included in the in-depth review. These 15 studies included 4 RCTs, 2 non-RCTs, and 9 case-control studies. Two of the 11 treatments examined focused on micro savings, while the other two combined credit and savings. These researches proved that SACCOs credit services had a beneficial effect on members' incomes. Although both micro savings and microcredit have the potential to increase the incomes of the poor, the research shows that there is also conflicting evidence that "microcredit, in particular, also has the potential for damage or harm." They claimed that this was especially true for microcredit users who spend their credit cards on things like unnecessary purchases, long-term investments, or ventures that don't make enough money to pay their interest rates.

Mcebo (2016) also investigated the function of SACCOs in facilitating SACCO members' access to financial services, notably credit services, in Swaziland. Face-to-face interviews with survey participants and information from the cooperative data analysis system were used to collect the data from a survey of 38 Sacco's in Swaziland (CODAS). The SPSS version 22 data analysis tool was employed for this investigation. With an average membership of 631 members, 46% of whom are women, and one physical accessible point, SACCOs in Swaziland have a high level of coverage, the study's findings show. In addition, they were able to accumulate assets of E17 333051, mobilize E13 501341, and issue E11 154433 in loans in 2014. These encouraging results are consistent with a study by Bengajo (2018) on the impact of Savings and Credit Cooperatives on enhancing rural microfinance in the Bench Maji, Kaffa, and Shaka Zones. The study was undertaken in Swaziland and was qualitative in nature. This study adopted both qualitative and quantitative approaches, hence the methodological gap that this study intends to fill.

A study on the SACCOs services terms and members' economic progress in Rwanda was conducted by Tumwine *et al.*, (2015). Savings facility terms and loan service periods were the self-governing or independent factors examined. Loan service conditions were viewed in terms of credit time, loan amount, and interest on credit, whereas savings facility terms were well-defined in terms of opening and operating interest and accounts on investments and saves. The dependent variable, which was described in terms of beginning a new business, raising household income, and growing current firms, was recorded as members' or clients' economic progress. Savings culture, member sensitization, member participation, and macroeconomic effects were found to be the mediating variables. The study found that increasing farm output, particularly in terms of labor and land, requires finance. Credit enables people in poverty to overcome their cash-flow constraints, raise their family's income, and make some investments, particularly in better farm inputs and technology that boost agricultural productivity.

Additionally, Okibo and Makanga (2014) studied the impact of SACCOs on reducing poverty in Kenya using PAWDEP in the Kiambu district as a case study. Its primary goal was to discuss the SACCOs credit services and members' perceptions of income improvement and/or poverty reduction. A descriptive survey design was employed. The target group consisted of 9 employees and 46 PAWDEP clients. The employees and members from the chosen SACCOs were chosen for the study using a stratified sampling technique. Methods for analyzing both quantitative and qualitative data were employed. The study discovered that SACCOs is a tool for reducing poverty and a means by which credit can reach the underprivileged. A study on the effect of SACCOs lending facilities on reducing poverty was also undertaken by Obwanga (2012). The results demonstrated that SACCOs credit services had a beneficial effect on reducing poverty in Kisumu County since 95% of the clients spend more than Ksh 100 per day and are not considered to be in poverty.

As well, Kihwele and Gwahula (2015) conducted a study on the effects of SACCOs credit services on Tanzanian poverty reduction. Poverty reduction was the dependent variable in the study, whereas entrepreneurship abilities and microfinance services were the independent factors. 40 SACCO beneficiaries were selected as a sample by Kihwele and Gwahula (2015). Their findings demonstrated that, as long as loans were used to fund income-generating activities (IGAs) or productive activities, SACCOs credit services helped to reduce poverty by 50%. Additionally, they found that SACCO recipients enjoyed higher earnings, superior social services, and self-employment. More still, they discovered that SACCOs offered entrepreneurial skills, however at a low rate because the majority of the training provided by SACCOs is intended to raise members' awareness of the terms and conditions of loans and savings accounts rather than to develop business abilities.

Additionally, Mbagga (2013) conducted research on the contribution of SACCOs to the fight against poverty. 200 participants in a cross-sectional study from the same district provide evidence that the SACCOs credit services enhanced member productivity. A study by Obadia (2014), however, refutes the relationship's positive nature. In Mbozi and Ukerewe, Obadia (2014) interviewed 222 farmers participating in agricultural development programs. The study found that the majority of borrowers were hampered by the interest rates levied. Poor performance was caused by the overly bureaucratic processes that were employed to obtain loans. In addition, Obadia (2014) demonstrated that people in rural locations incur significant operating costs as a result of the need to travel to urban areas in order to use SACCOs credit services. This study found that SACCOs underperformed and fell short of their goal of raising farmers' living standards through offering credit facilities.

Furthermore, Churk (2015) studied how SACCOs loan services helped to improve rural livelihoods in Tanzania's Makungu ward of Iringa. A 100-household survey, four group talks, and 20 key informant interviews were used in the study's mixed method approach. According to Churk (2015), SACCOs loan services have done very little to advance rural livelihoods. As a result of their heavy reliance on weather-dependent agriculture, many SACCO members failed to repay their loans. Additionally, some of the informants claimed that their financial situation had gotten worse since joining the SACCOs because they frequently needed to borrow money from other sources in order to repay the loans; they had taken from the SACCO in order to prevent the freezing of their assets.

Omona (2021) carried a research on the role and difficulties of savings and credit cooperatives (SACCOs) in Uganda in the fight against poverty and the creation of wealth. According to the survey, cooperatives have a significant influence on the healthcare and education industries in addition to financial services. In addition to advantageous insurance plans and health camps guaranteeing accessible and reasonably priced healthcare for communities, members have easy access to loans for educational reasons.

Emmanuel Ahurira (2018) carried out a study on Savings and Credit Cooperative Societies and members poverty reduction. The study used a correlational descriptive design and employed both quantitative and qualitative methods for data gathering and analysis. According to the report, there is a direct link between financial access and the decline in poverty. Additionally, Emmanuel Ahurira (2018) pointed out that the members of SACCOs were able to take advantage of their credit services in order to meet their basic, medical, and other social needs. This, however, conflicts with some academics who said that SACCOs credit services did not enhance the revenues of its members instead increased their long-term debt, rendering them helpless (William Nyanja, 2017; Makoba & Wakoko-Studstill, 2016; Dieter & Gloria, 2019). In addition, Nuwagaba (2012) findings through his study on SACCOs as a source of financing agriculture show that SACCO's credit services do not increase productivity in Agriculture because the SACCOs are more unwilling to offer credit services to agricultural activities.

5. Savings services and poverty reduction

According to Karen Ellis (2010), SACCO savings accounts provide interest based on the account balance, which motivates members to save and gives them peace of mind regarding their financial stability. Karen Ellis (2010) asserts that accounts accrue compound interest, which quickens the growth of the balance remaining in the account and raises the marginal tendency to save rather than spend. This ultimately leads to significant investment, which boosts business. Varghese (2012), who contends that elevated or high marginal rates of savings lead to higher investments, which in turn foretell enterprise economic progress and development, supports this position. Varghese (2012) also pointed out that integrating SACCO saving

services into the operations of members' entities instills financial order or discipline and ensures access to finances, facilitating continuous availability and accessibility of working capital to meet business operational needs, ultimately resulting in the expansion of members' businesses. The study findings from London cannot be used for generalization of the findings of the selected districts of Greater Bushenyi in south-western Uganda, hence the geographical gap.

Additionally, SACCOs have implemented strict procedures to facilitate the mobilization and growth of members' funds, including providing low-income microbusiness owners (entrepreneurs) with loans at low market interest rates to help them accelerate the growth of their businesses (Wrethlon, 2013). Many low-income families have plans to create their own jobs by opening small enterprises, but few have access to the resources needed to get started. Being impoverished prevents them from receiving financial assistance from profitable or commercial banks since they lack the necessary collateral or credit ratings, which SACCOs do provide to members to encourage the expansion of their businesses. Small loans actually spur small business productivity to achieve expansion (Whethrel, 2014).

Pande *et al.*, (2012) explored in a systematic review of studies the effect of formal banking services (credit, savings, and transfers) on the earnings or incomes of the poor in low- and middle-income countries. The impact on assets, household income and spending, small and microenterprise investment, income and output, and other poverty indicators are the main areas of focus for Pande (2012). Four quasi-experimental studies, three RCTs, and five observational studies were among the 12 papers examined that examined the effect of formal finance or financial technology on low-income people's income. Pande (2012) provided convincing proof that access to formal banking can help the poor elevate or increase their income. The mechanisms by which this occurs include: new savings products that raise savings and permit asset accumulation; and new savings products that break down traditional obstacles and address behavioral and physical constraints.

According to Nyarondia (2017), SACCOs have given the poor a financial safety net by enabling them to save and borrow money to finance the expansion of their businesses. According to Nyarondia (2017), many businesses have seasonal sales cycles, and some industries—like manufacturing and agriculture—experience sharp swings in demand between high and low seasons. He continued by saying that the more frequent and significant the downtimes, the more savings the company should have, and that even for businesses that experience minimal or no downtime, it is still a good idea to prepare for unforeseen circumstances by making savings that ensure the companies of SACCO members will have access to sufficient crisis funds to cover working capital requirements. Additionally, SACCOs have increased incentives for investors to engage in hazardous or dangerous investments under the implicit assumption that SACCOs will share part of the losses with investment account holders (Farook, Hassan, and Clinch, 2012). The SACCOs financial services are impacted by the way risk is distributed among its clients, which also helps members' businesses expand.

Similarly, Hamza & Saadaoui (2013) contend that conserving services has a favorable effect on the development and growth of the members' businesses. The growth of members' businesses is thought to be favourably impacted by SACCO saving programs. Savings interest increases the deposit balances in the savings account, ensuring funding of business expansion strategies for members' companies. Furthermore, SACCOs provide a variety of ways for businesses to quickly access their assets when a need occurs that goes beyond their regular savings (Hamza & Saadaoui, 2013). Certificates of deposit (CDs), for instance, might provide the possibility to earn higher interest on money that can be locked up for extended periods of time thanks to the establishment of credit. Different maturity dates, on the other hand, allow the funds

become more liquid while generating greater interest revenue. Another option to mechanically or automatically moving money from low-interest accounts to those that can earn higher rates is to use investment sweeps.

Additionally, Farooq (2012) says that offering members savings services on purpose encourages them to save their own money in SACCO accounts, which gives them the confidence and ability to take advantage of any opportunity that favorably affects the expansion and development of their enterprises. Additionally, he said that saving makes it easier for a business to accumulate cash for itself, earning bank interest for free if the owner chooses to invest it, and even making it simpler for the business to acquire an overdraft, which promotes expansion. Babatz (2013) goes on to say that clients can build up or amass funds to make major purchases because saving in SACCOs attracts interest. This claim is supported by the premise that giving members access to Sacco's low-interest credit encourages them to grow their businesses or other operations. Businesses of members are able to save money aside or save for a major or key purchase, such as acquiring equipment, by making quick and simple cash payment that has no additional interest costs. This can sometimes lead to quick reimbursements or discounts that encourage business growth (Aker, 2013). The ability of the company to meet additional short-term obligations like loan payments or salaries is negatively impacted by cost savings. Aker (2013) said that the balanced savings plan to replace assets, which is essential for the long-term growth of the company, is favourably impacted by this financial sanity. As well, Owolobi (2015) pointed out that the mandatory saving approach strengthens and expands the savings culture, which is essential in raising funds for low-cost lending. However, it requires teaching members about the terms and benefits of saving, saving for retirement, awarding prizes to the top savers, making saving mandatory, insurance, and the payment of interest above the rate of price increases.

Adekola (2019) asserts that encouraging customers to save with SACCOs has a positive impact on the expansion of customers' businesses. However, when provided with adaptable and welcoming saving amenities, the ability and willingness of the poor to save can lead to the mobilization of significant amounts of resources. Greater net savings per member or customer per year (and consequently more resources for SACCOs) can be generated through voluntary, open-access savings plans than by being coerced into such plans.

As Cook and McKay (2015) highlighted, interest on savings stimulates SACCO clients to save because it has a favorable relationship with the expansion of members' enterprises, it is important to understand that interest on savings induces the members' desire to save. Savings come from high profits from good performance, demonstrating expansion and growth because a limited firm is unable to save much money. Due to the alluring savings interest, encouraging businesses to save ultimately inspires customers to put in extra effort, which leads to the growth of their firms. This concurs with Kumah & Boachie's (2016) analysis into the effect of SACCOs on poverty reduction in less developed nations, namely a case study of Ghana, which found a positive correlation between SACCOs and poverty reduction.

Ssengendo (2016) focused on the impact of SACCOs services on customers' saving habits in the Wakiso neighborhood. The goals of the study were to define the services provided by SACCOs, identify the difficulties members encounter when saving with SACCOs, determine how SACCOs affect their clients' saving habits, and identify the methods SACCOs employ to help clients develop better saving habits. The results of the study showed that SAACOs had a noticeable impact on clients' saving habits in terms of financial mobilization, business management, improved standard of living, business skills, and advising services. SACCOs used information sharing, loan committees, credit history examination, and frequent visits as ways to encourage clients to save more money. According to the report, it is important to prioritize

client mobilization and sensitization. Given the inclusive debate on the relationship between SACCO financial services and poverty reduction, it is hypothesized that;

6. SACCO non-financial services contribution to poverty reduction

Entrepreneurial and skill development and poverty reduction

Firstly, there seems to be a growing consensus that entrepreneurship is necessary for wealth accumulation or building in order to reduce poverty (Nguyen, Swain, and VO, 2009). While non-productive loans just encourage consumers to consume more, loans to micro entrepreneurs help them accumulate assets (Bruton, Ketchen, and Ireland, 2013; Usman *et al.*, 2015; Banerjee *et al.*, 2015). We choose this agenda since research frequently focuses on micro-entrepreneurs (Khavul, Bruton & Chavez, 2011). Additionally, both official and informal microfinance are essential for microbusiness owners in underdeveloped areas (Banerjee *et al.*, 2015). For instance, more than 67% of farming households in China (Turvey & Kong, 2010) borrow from family and friends since they may contact them "at no cost" (Gine, 2011) other than maintaining a social network (Banerjee *et al.*, 2015). Trade credit, moneylenders, and rotating credit and savings associations (ROSCAs) are further forms of informal credit (Tsai, 2004). For instance, ROSCAs are thought to increase business chances, especially for women, even in less impoverished areas like urban Malaysia (Ghazali, 2012).

Additionally, according to Bwana and Mwakujonga (2013) SACCOS contribute to the GDPS leaving the majority of people to depend on cooperative movements for their means of subsistence. An improved strategy would be the establishment of SACCOs focused on economic development and growth programs aimed at reducing poverty by enabling low-income earners, micro entrepreneurs, and poor citizens who cannot access similar services from formal banking institutions to access financial services (Edeme & Nkalu, 2019).

Furthermore, Urassa and Kwai (2015) shown that SACCOS had a significant impact in reducing poverty. Microfinance (SACCO) programs can efficiently or successfully address material poverty, the physical deprivation of services and goods, and the income to achieve them (Urassa and Kwai, 2015; Micro Finance Africa, 2018). Microfinance, also referred to as microcredit with a low interest rate, is a possible tool for promoting both current and future business prospects, which can subsequently produce more income, employment, and personal monthly income for all people, not just the poor (Townsend & Kaboski, 2012). Additionally, the poor requires accessibility to a variety of fiscal services such as credit, and microfinance and payment/transfer accounts and deposits accounts. It is noted that these products or services can give households with consumption smoothing and avert income fluctuation (Akpanjar *et al.*, 2013). Most notably SACCO borrowers often take enterprise loans and use it for other reasons but not limited to school fees, burial expenses, medical cost, Land purchase, burial and others, which makes them venerable (Chan & Lin, 2013).

Akonyi and Ilemona (2013) also conducted a study to evaluate the effect of entrepreneurship skill development on poverty in Nigeria's Kogi State. Akonyi & Ilemona (2013) used primary data that was acquired via a well-structured questionnaire that was given to recipients of entrepreneurship acquisition skills who were chosen at random from six local government areas in the state. The method of descriptive analysis was employed. According to the study's findings, 65% of the participants agreed that young people's lack of entrepreneurial abilities is to blame for Nigeria's high percentage of poverty.

Additionally, Boitumilo (1995) demonstrated how important entrepreneurial skills are for increased productivity and, ultimately, poverty reduction. According to Boitumilo (1995) borrowers who possess

these talents may be able to use the loans for more profitable investments than those who do not. This is inline with Akonyi & Ilemona (2013) who noted that at least 60% of those who benefited from the skill development program are now able to take care of their basic needs. These studies however were conducted in Nigeria and were quantitative in nature; this study adopted both qualitative and quantitative approaches, hence the geographical and methodological gap that this study intends to fill.

Furthermore, SACCOs are more reachable and accessible than profitable or commercial banks, according to Zott & Amit (2013). This is because most SACCOs are established in rural areas where banks cannot, bringing financial services closer to the public and fostering the expansion of members' businesses. Furthermore, according to Rheload (2011), SACCOs are less complicated because they are created by the members themselves and are more flexible because they employ passbooks to manage cash deposits and withdrawals that are combined in the computer system. Additionally, SACCO members establish more lenient byelaws to accommodate everyone, particularly the extremely poor and economically marginalized who lack an enterprise plan or a thorough justification of their businesses and are still unable to access loans despite being given guidance and direction. Additionally, this boosts the confidence and motivation of entrepreneurs, which encourages the expansion of firms.

In addition, Ali (2013) investigated the connection between enterprise growth and poverty reduction in the Somalian province of Benadir. 80 participants from micro and small companies in the Benadir region were included in Ali's (2013) correlation research design. The study found out that the P-value, or level of significance, was low enough to indicate that there is only a tenuous positive association between the growth of entrepreneurship and the reduction of poverty. The results go against the conclusions of a study by Akonyi and Ilemona (2013), who found that having entrepreneurial abilities helps to reduce poverty. Additionally, Ogundele *et al.* (2012) found that youth social welfare services and empowerment were significantly correlated with entrepreneurial education and training using a simple linear regression model. It was proposed that in order for entrepreneurial skills to help reduce poverty, members must be empowered to develop their financial literacy and concentrate on investment objectives. The above study used a correlational research design, while this study adopted a cross-sectional research design, resulting in a methodological gap.

According to a study by Noah (2016), both urban and rural communities' official banking institutions have failed to support MSEs. Information asymmetry, poor financial management, and bank loan rationing all contribute to the financial issues that most MSEs face (Noah 2016). Kebede (2019) also made the point that banks are not required to lend to MSEs because the loans sought are too modest or small, and those banks find it more expensive to grant such loans.

Additionally, SACCOs ensure that the distribution of microfinance services expands to include a large number of clients and are required to provide business training to all members in order to effectively reduce poverty (Momanyi and Njiru, 2016). Additionally, SACCOs offer a wide range of financial services and goods to the populace, including loans, credit facilities, welfare funds, and risk management funds (Momanyi, Njiru & Mo, 2016). According to World Bank survey (2013), people are aware of the availability and accessibility of the many financial services and products provided by numerous financial institutions to satisfy consumer needs. Additionally, according to Pearlman (2012), extra income or sources produced by microcredit programs can be used for spending, saving, and educating people to reduce their financial susceptibility.

In a similar vein, Kihwele & Gwahula (2015) investigated how SACCOs affect the reduction of poverty in Tanzania. The dependent variable of the study was poverty reduction, whereas the independent

variables were entrepreneurship skills and microfinance services. 40 SACCO beneficiaries were utilized as a sample by Kihwele and Gwahula. According to their findings, SACCO services helped to reduce poverty by 50% as long as credits are capitalized or spent in profitable or productive endeavors. Furthermore, SACCO beneficiaries reported better social services, income, and self-employment (Kihwele & Gwahula, 2015). They highlighted that SACCOs were also found to give entrepreneurship training, but at a low rate, as the majority of the training is focused on increasing members' awareness of saving/loan conditions and terms rather than building entrepreneurial abilities.

Financial literacy training and poverty reduction

Han (2019) & World Bank Group (2020) claim that microfinance institutions (SACCOs) have shown the ability to provide dependable facilities or services to underprivileged consumers, which ultimately helps to reduce poverty. However, Mia, 2017 showed that Bangladesh now has the largest microfinance operations in the entire world. It has been noted that SACCOs have helped people in Bangladesh develop not only their material resources but also their human resources by ensuring improved access to education, health care, system, and general awareness among the people about their skill acquisition, rights, and responsibilities, health services, education, social capital, management, and financial education, all of which are argued to be crucial components of microfinance (World Bank Group, 2020).

According to Alicia (2013) study on SACCOs and poverty alleviation, SACCOs did not make a significant impact on the fight against poverty. The findings showed that 12% of members attended entrepreneurial training, 28% attended training on managing loans and savings, and 60% of members did not attend any training sessions. This demonstrates that the majority of members did not attend any training sessions; as a result, the members spent their credits in unsuccessful projects because they lacked the skills and knowledge necessary for effective loan management and project initiation.

Pimhidzai (2019) asserts that training can lower the high unemployment rate by giving participants the abilities and information required to successfully launch and operate small companies. However, training helps members develop entrepreneurial or problem-solving abilities they may employ to address business issues, so it's not just about pursuing financial goals. In addition to assisting in overcoming desperation and reliance, training that proactively prepares participants for an unpredictable world can also encourage the creation of an enterprising ethos that values independence, adaptability, self-efficacy, inventiveness, and self-sufficiency (Pimhidzai, 2019). Pimhidzai (2019) emphasizes that training must be relevant on many levels, including to advance the culture and mission, improve client relationship management, foster innovative thinking, impart communication skills, guide employees in using technology, and develop future leaders.

Additionally, members perform better when training is consistent because it provides them control over their work and enables them to take advantage of possibilities (Kim, 2018). Kebede (2019) further said that training participants frequently develop their professional abilities and have a deeper comprehension of how businesses function. Kim & Kebede (2019) contend that it takes years for members to develop through education and training. According to Kim and Kebede (2019), ongoing training is necessary to equip members with the abilities they need to adapt to changes in the workplace.

More so, the SAACOs provide their members with training in financial management as one of their services (Adebisi, 2020). This is consistent with the cooperative movement's fifth norm or principle, which emphasizes the need for cooperatives to provide their members with training, education, and training (Adebisi, 2020). Due to the fact that the defaulting danger tends to increase when the number of borrowers and bosses with poor educational levels rise, SACCOs must keep track of their members' past-

due loans in order to control the defaulting risk (Magali, 2013). In addition, Obadia (2014) lends his voice to the call for SACCO members to receive business skills training so they may use the gained credits they receive from SACCOs. Churk (2015) emphasizes the need for advising services and notes that the effect of financial services on welfare depends on the accessibility of complementary inputs including market services, irrigation, and education. Additionally, it is claimed by Bendig *et al.*, (2009); Patel, 2018; Sinha, 2019) that a lack of education, isolation from time-consuming banking procedures, and low-income levels make it difficult for people to access formal financial services. Financial education programs can help SACCO members make better borrowing, saving, and financial decisions (Owolobi, 2015; Msuya, 2018; Elem, 2018).

As well, Urassa & Kwai (2015) investigated the role of SACCOs in the reduction of income poverty in Tanzania. Urassa & Kwai (2015) used multiple linear regression and the descriptive method to get their conclusions. The study used the multiple regression technique to compare family income as the dependent variable to independent variables like the habit of saving, education level, family size, and whether or not clients had any business training. The findings indicated that SACCOs had a significant impact on reducing income poverty, indicating that SACCOs is instrumental in reducing income poverty. Any extra training to members, the more they acquire skills of operating projects resourcefully. Whereas the studies that were carried out by Kwai & Urassa (2015) and Kihwele & Gwahula (2015) in Mbozi and Dodoma districts correspondingly concluded that SACCOs had constructive impact on family income, those that were carried out by Goey (2012) and Churk (2015) in Dares Salaam and Iringa respectively show that SACCO services had no impact on household income. A study by Judy (2016) on the role of SACCOs in the eradication of poverty among farmers in Muranga county in Kenya pointed out that SACCOs assisted in increasing farmers' incomes.

Magali (2013) evaluated the viability of rural SACCOs in Tanzania using a sample of 37 SACCOs from the Morogoro, Dodoma, and Kilimanjaro areas using multivariate regression analysis. The study found that huge quantities of non-performing credits rendered 46% of rural Tanzanian SACCOs, notably those in the Central and Eastern Zones, unmaintainable or unsustainable. Additionally, it was determined that SACCOs positive sustainability refers to their capacity to continue generating financial flow for their members in an effort to combat poverty. While Singh *et al.*, (2013) used input and output orientation, Kipesha (2013) used an input-oriented approach. These studies were carried out, respectively, in Tanzanian and Indian MFIs. According to Kipesha (2013), Tanzanian SACCOs are more efficient at allocating input capital to the production of products than they are at acting as middlemen. The study refuted earlier research that shown ineptitude in manufacturing and intermediation methods and discovered that non-banks possess less competency than commercial banks and pure MFIs.

In his study on the Impact of Microfinance Institutions on Growth and Development of SMEs in Machakos County, Kyale (2013) sought to determine the real-world application of purported solutions provided by Microfinance organizations and how this impacts the expansion of small enterprises. To examine the information gathered, SPSS was employed. According to the study's findings and the responses of 36.4% of the participants, small-scale enterprise credits are the primary service offered by microfinance firms. According to the survey, MFIs should schedule workshops and seminars to teach small businesses about financial literacy, management techniques, and ICT usage. Arising from the above, it is hypothesized that;

7. Synthesis of the Review

SACCOs are member-based cooperative financial organizations founded with two goals in mind: economic and social goals (Kleanthous, 2017). Being financially self-sufficient is part of an economic goal, but a social mission entail offering both financial and non-financial services to improve the social and economic circumstances of its constituents. SACCOs social mission often focuses on reducing member's poverty (Pateloh, 2013; Railien & Sineviien, 2015). Researchers are deeply concerned about whether SACCOs and other Microfinance Institutions (MFIs) fulfill their social objective of reducing poverty for their clients or members based on the literature mentioned above (Adebisi *et al.*, 2020; Patel, 2018; Kleanthous, 2017; Wang & Ran, 2019; Khan *et al.*, 2017; Bateman, 2017; Kumari & Khalidah, 2019). The key question raised in the literature about the assessment of SACCOs social goal is whether they actually help their members escape or reduce poverty (Kleanthous, 2017; Wang & Ran, 2019; Khan *et al.*, 2017; Bateman, 2017; Kumari & Khalidah, 2019) The promotion of the SACCOs model, especially in Greater Bushenyi, where there are 80% of SACCOs and 40% of the population is considered to be poor, depends on the answer to this issue (URT, 2018; UBOS, 2018, Uganda Poverty Assessment Report, 2014).

The research in the aforementioned literature also shows conflicting outcomes regarding how SACCOs services contribute to poverty reduction. For instance, research by Mahmood (2011), Bateman (2017), Stewart *et al.*, (2012), Ghaliba (2014), Banerjee *et al.*, (2009), Adebisi *et al.*, 2020; Churk (2015); Makoba & Wakoko-Studstill (2016); Alicia Peter Mbagga (2013); and Patel (2018) all found that the services provided by SACCOs had no effect on reducing poverty among their members/clients. SACCOs, on the other hand, were found to have a beneficial effect on reducing poverty, according to studies conducted by Perera and Wijekoon in 2019 as well as Sinha *et al.*, in 2019, Kumaha and Boachieb in 2016, Pimhidzai in 2019, Chowa in 2012, Mia in 2017, Pande *et al.*, in 2012, and Rathnayake *et al.*, in 2019. According to the examination of the aforementioned research, there is still debate over whether SACCOs actually do reduce poverty among their members. Furthermore, the majority were unsure of how these SACCO services would contribute to reducing poverty (Kumari & Khalidah, 2019; Hossen & Ruhi, 2019; Adekola & Chidinma, 2017; Duvendack *et al.*, 2011; Stewart *et al.*, 2010; Sinclair, 2012).

In addition, the literature mentioned above demonstrates that most research on SACCOs and poverty reduction has been done outside of Uganda. For instance, Mazunder & Wencong (2013) conducted research on the relationship between SACCOs and poverty reduction in Bangladesh using a regression model. In Kogi State, Nigeria, Akonyi & Ilemona (2013) conducted a study to evaluate the effect of SACCOs on reducing poverty. Co-operatives and the Eradication of Poverty and Hunger in Rural Communities in South Africa was the topic of a study conducted by Elem EO in 2019. A research on the potential benefits of housing cooperatives in solving the South African housing crisis was done by Jacobs (2011). Noah (2016) did research on how Ethiopian SACCOs affect the performance of small and medium-sized businesses. Shamim (2019) conducted research on the impact of Grameen Bank microcredit on Bangladeshi borrower households' welfare. A study on the effect of savings and credit cooperatives on teachers' welfare in Kenya was done by Marogocho (2012). Han, Wang, and Ma (2019) conducted research on how China's farmers' access to inclusive finance affects their susceptibility to poverty. Kihwele & Gwahula (2015) performed research on the effect of SACCOs on reducing poverty in Kenya. A study on the effects of Saving and Credit Cooperative Societies on poverty alleviation was undertaken. Kihwele and Gwahula (2015). Msuya (2020) did research on the effects of Savings and Credit Cooperative groups on eradicating poverty in rural Tanzania using the case of Zigama SACCO Ltd, Frank Tumwine

(2015) studied the terms of Savings and Credit Cooperatives (SACCOs) services and the economic development of their members in Rwanda.

It is also important to highlight that research on SACCOs role in poverty reduction, both from outside studies and from a few local studies in Uganda, has yielded inconsistent results. Some studies suggest a positive role, while others point to a negative role (Stewart *et al.*, 2012; Izah, 2014; Bateman, 2017; Kumari & Khalidah, 2019; Sameretal, 2018; Gomina & Ngari, 2015; Emmanuel Ahurira, 2018; Makoba, 2016; Nuwagaba, 2012).

Additionally, the majority of studies in the literature focused solely on financial services and neglected to take non-financial services (such as entrepreneurship, skill development, and financial literacy training) into account. For these reasons, this study is crucial for establishing the contribution of SACCO non-financial services to poverty reduction. It is also crucial to re-examine the role of SACCOs in poverty reduction among SACCO members because nearly all of the research in the prior literature omitted government policy (fiscal policy) as a moderating variable, which the current study does.

In conclusion, the study aims to close the research gap by establishing that no known studies have been conducted in Mitooma, Sheema, and Bushenyi on the role of SACCOs in poverty reduction among SACCO members (BDCDR, 2020).

8. METHODOLOGY

A cross-sectional design was used, where a quantitative research approach was employed. Key informants were selected from Sacco's Management and leadership resource persons provided the qualitative data. Simple random sampling technique was used to select 397 from 61634 Sacco members and purposive sampling was used to select the 19 Key Informants from 250 Sacco's Management and leadership. Key informant interview guide was used to obtain the data from the Sacco members and the Key Informants respectively. 19 key informants were proposed for interviews. Data was collected from 17 key informants interview and the overall response rate 98%. This was a perfect response rate, higher than then minimum of 60% recommended by Fincham 2008.

Qualitatively, out of 250, a total of 19 respondents participated in the qualitative interviews. Specifically, these were Board Members, Sacco General Managers, and Credit Officers. This unlike the quantitative methodologies where the sample sizes are predetermined, in this study the sample size was determined purposively majorly on key informants. These were purposefully chosen for the study due to their unique knowledge of Sacco's and poverty reduction in Greater Bushenyi. Therefore, a total number of 17 respondents were considered for this qualitative study.

The qualitative data was analyzed using Atlas.ti version 7. To determine the impact of Sacco financial services (credit and saving services on poverty reduction.

9. RESULTS

The aim of the study was categorically to; establish the strategies of reducing poverty among the Sacco members in selected districts of Greater Bushenyi, Uganda.

STRATEGIES TO FURTHER REDUCE POVERTY AMONG THE SACCO MEMBERS.

Participants were asked as to what should be done to further reduce poverty among the SACCO members.

For financial strategies, the themes that emerged from the views of the Key Informants:

Giving the poor a special treat by SACCOs and government in the development agenda (10 responses).

Just as government has special treatment to the marginalized sections of the society, the poor need kindred treatment. There special treatment government programmes for the youth, Kalamoj, refugees, to mention but few. In like manner, Key Informants have elicited the poor's special treatment, calling for giving the poor a special treat by SACCOs and government in the development agenda (**10 responses**).

Some of the views are:

“There is a need for SACCOs to continue considering the poor and see how these people can be brought on board. There is a need for SACCOs to do enough training, sensitization, and financial literacy training for their members to encourage them to save and to make them love to embrace the services provided by SACCOs. They request the government to pass its programs through SACCOs, for example, especially the one of the parish development model, so that those programs can reach the very poor” – **Key Informant 10, Male aged 39**).

“There is a need to do enough mobilization so that those who have not yet understood the services offered by SACCOs can come to know them” – **Key Informant 3, Female aged 37**).

“SACCOs to be able to reach those very poor people on the ground” – **Key Informant 12, Male aged 56**).

“If there is a bank specifically for farmers, then it would mean that it will be available with rules that favor farmers because this cooperative will know that when you grow tomatoes, they will take three months to be harvested and therefore will not task you to pay before the harvest. The government needs to try to get a market for agricultural products so as to reduce the wastage that is in rural areas and avoid agricultural products being sold at very low prices in periods of plenty” – **Key Informant 5, Male aged 51**).

“There is a need for SACCOs to carry out more trainings with their members for more enlightenment on SACCOs services and how people can be able to get themselves out of poverty” – **Key Informant 6, Female aged 38**).

“There is a need for SACCOs to carry out more sensitization of the members and to do more training of their members concerning the SACCO services offered. SACCO needs to give its members enough time for training. There are many people in the villages who don't know about these services and how they can help them reduce poverty among themselves” – **Key Informant 7, male aged 39**).

“There is a need for the SACCOs to do more training for their members on how to use the acquired services productively, especially credit facilities that can eventually help them get out of poverty” – **Key Informant 8, male aged 46**).

“There is a need for people to get involved in financial organizations like SACCOs and also talked about the need for more sensitization and training of their members on how they can get themselves out of poverty through the various services offered by SACCOs” – **Key Informant 9, male aged 55**).

“They can add in that is lacking and can help in poverty reduction is training of members” – **Key Informant 16, Male aged 44**).

“SACCOs have not yet done much as far as training their members is concerned” **Key Informant 17, Male aged 40**).

“SACCOs should train their clients so that they can know the function of money and what they are supposed to do with it, not just use the credit acquired in non-productive ventures” – **Key Informant 2, male aged 43**).

“For them to be able to gear the process of poverty reduction among their members, they must give an affordable amount of credit to their members” – Key Informant 1).

As such, giving the poor a special treat by SACCOs and government in the development agenda would give the poor, who are target of SACCOs, a development pathway. This in the end will benefit the government and SACCOs—for the SACCOs, it will increase their business in the banking financing service industry, while government, it would see those sections of the poor still living a substance life, transformed to start contributing to the government’s tax base and earning.

SACCOs and the government joining efforts (7 responses)

Profoundly transforming poor benefits the SACCOs need to increase their business share in the market as well as the government, in increasing the tax base. As such, government need to have vested interest in the business of SACCOs so as to join hands as the Key Informants elicited calling for SACCOs and the government join hands **(7 responses)**

“SACCOs and the government to train people and members about SACCOs, the services they offer, and how they can help members get out of poverty. SACCO members strongly agreed that training SACCO members on the services offered and how they can be utilized productively can help the members reduce poverty” – (Key Informant 11, Male aged 62).

“There is a need for the government to support SACCOs in conducting training and also said that there is a need for the government to provide funding to these SACCOs” – (Key Informant 12, Female aged 27).

“There is a need for the government to improve the market” – (Key Informant 5, Male aged 51).

“There is a need for the government to give a hand to the SACCOs and, for example, do the subsidization so that the SACCOs can be able to offer credit services to the poor at an interest rate that is manageable. With government subsidization, the SACCOs that gives a loan at interest of 20% can reduce it to, say, 17 percent, and this can encourage the poor people to acquire loans to get themselves out of poverty” – (Key Informant 8, male aged 46).

“There is a need for the government to support the SACCOs stance by giving them funds so that people can get access to credit facilities at an affordable and manageable interest rate. Sometimes funds available in these SACCOs are limited. Therefore, providing funds by the government to the SACCOs can help solve this problem” – (Key Informant 9, male aged 55).

“There is a need for the government to fund these SACCOs. If the government can fund or give funds to these SACCOs for free or on a subsidized interest rate, then this will make the SACCOs also offer credit to the members at a very low interest rate that can be afforded by poor people, hence helping them to get out of poverty” – (Key Informant 13, Female aged 38).

“There is a need for the government to get concerned with the performance of these SACCOs. There is a need for the government to pass their projects through these SACCOs, and for example, the respondent talked about the parish development model because SACCOs are the ones that reach the ground, it would be better for such programs to be implemented through SACCOs than commercial banks because if the program can pass through SACCOs, the SACCOs can easily identify the poor people as they have a wider coverage. It also comes back to the credit officers. The respondent said that credit officers need to create more loan awareness among the public to avoid waste” – (Key Informant 14, Female aged 32).

“There is a need for the government to support these SACCOs by implementing their programs through them. The Parish Development Model Program should be passed through the SACCOs,

and by doing this, poverty can be reduced because these SACCOs are able to reach the real poor better than commercial banks” – (Key Informant 14, Male aged 41).

It can be concluded that government’s taking vested interests in SACCOs growth and development; and their joining hands will profoundly transform poor, who are the target of the SACCOs services. The government needs to take keen interest in the business of SACCOs, and as such, fund them as well as ensuring that it provides conducive environment by enacting productive policies.

Government should reduce taxes (3 responses)

Good taxes can make a sector grow and develop. On the other hand, bad taxes can kill or stunt a sector. In this regard, following early on decay of high and discouraging taxes, Key Informants called on government to reduce taxes **(3 responses)**.

“There is a need for the government to reduce the taxes that they charge on SACCOs in order to avoid transferring those taxes to their members. When taxes are low, the SACCOs will charge low interest, which will in the end encourage members to acquire loans to develop themselves, hence getting out of poverty” – (Key Informant 6, Female aged 38).

“There is a need for the government to reduce the taxes that are charged on these SACCOs” – (Key Informant 12, Female aged 27).

“There is also a need for the government to reduce the taxes charged on the SACCO and SACCO members, for example, the withholding tax” (Key informant 17 Male aged 40).

Good taxes if levied on SACCOs will encourage growth and development of businesses and income-generating activities financed and supported by SACCOs. It could be strategic for government to reduce taxes on SACCO to encourage the growth and development of businesses and income-generating activities financed and supported by SACCOs from which they can have more wide tax base. In light, it makes economic sense for the government to reduce taxes on SACCOs. Moreover, SACCOs target the poor, who if profoundly transformed as to stop being spectators in the country’s earning, it will in advertently see the government’s tax base widen.

For non-financial strategies, the themes that emerged from the views of the Key Informants:

Need for more concerted training(5 responses)

As already alluded to that SACCOs and the government need to give special treatment to the poor, who targeted by SACCOs, in like manner, there is need for more concerted training of these SACCOs customers. The training needs to be carried out by both SACCOs and government through extension officers. Key Informants have voiced this call for need for more concerted training **(5 responses)**

“There is a need to provide the members with financial literacy training” – (Key Informant 14, Female aged 32).

“There is a need for one-on-one training, not just gathering all of them together so that they can understand how they can be able to reduce their poverty through the services provided by SACCOs, but also to give them financial literacy training so that the acquired funds are utilized in productive activities” – (Key Informant 16, Male aged 44).

“Members should be trained on the services provided by SACCOs and on how they can use the acquired funds productively (financial literacy training) so that they can have financial discipline that can help them get out of poverty” – (Key Informant 17, Male aged 40).

“If they are well trained; they can get out of poverty” – (Key Informant 2, male aged 43).

“SACCOs and the government need to do serious training for the SACCO members” – (Key Informant 1).

Individuals and households can be profoundly changed with concerted training tailored to poor. A leaf can be borrowed from hard and soft skills that are being imparted in the young people to fight youth unemployment.

10. RECOMMENDATIONS

In this study, it was demonstrated that SACCO services to their members geared towards poverty reduction mainly faced “uphill task,” including financial (credit and saving services) and non-financial (entrepreneurship skills development and financial literacy training). Thus, the following recommendations were made according to stakeholders. Recommendations were made based on the study findings in relation to the study objectives and key SACCO services’ stakeholders.

The SACCO members are encouraged to continue coming together and pooling resources through savings, and seeking loan facilities to start businesses and improve the existing ones as well as engaging in agricultural income activities since the backbone of the economy is agricultural. This is what will see the SACCO members making great strides in their poverty reduction endeavours.

The SACCOs are equally encouraged to continue engaging in furthering of the offering of their financial services to their members to start more businesses and improve the existing ones as well as agricultural income activities since the backbone of the economy is agricultural. Their services will contribute a great deal to poverty reduction.

The Government of Uganda, as voiced by the Key Informants, to are encouraged to consider SACCOs as partners in progress in fight against poverty and be open to fund SACCOs; reduce taxes on SACCOs, take interest in their higher performance; Uganda Microfinance Regulatory Authority (UMRA) to train and empower SACCOs; and in general, the government policy (fiscal policy) to provide an enabling rather than voiced out disabling environment.

The SACCOs are encouraged to continue and increase offering the non-financial services and financial literacy training, to the members. This would strengthen chance of reaping higher profits from the loan facilities that SACCO members seek and get from SACCOs - that has seen SACCO members construct good dwellings for their households, acquire solar lighting - encouraging for green economy and accumulate individual and house assets and properties, be able to send their children to school, and like, which all factor a great deal in poverty reduction.

Coming together and pooling resources through saving, and seeking loan facilities to start businesses and improve the existing ones as well as engaging in agricultural income activities since the backbone of the economy is agricultural. This is what will see the SACCO members making great strides in their poverty reduction endeavours.

The SACCOs are equally encouraged to continue and increase offering non-financial services to their members. They steadily and firmly grow SACCO members through attracting new members, which will see even poorer section of the communities come and board the SACCO ship cruising as a poverty reduction vehicle.

The Government is recommended to support SACCOs non-financial services, including entrepreneurship skills development and financial literacy training as they have steadied youths’ self-employment both in farm and off-farm business and income generating activities, thereby furthering Uganda Government’s stance and call to the youth to start their own jobs for self-employment. The SACCO services of financial literacy training contribute and will enhance greatly the healthiness of youths’ businesses and their sustainability.

The SACCO members are encouraged to continue voicing out impoverishing government policies as they did with indicating that the taxes levied on SACCOs are a “thorn in the rib” of SACCOs, and they have categorically called on Government of Uganda to consider reducing them. In that way, the specific indirect effects of SACCO Services through moderation of: fiscal policy on Poverty Reduction and total indirect effect of SACCO Services on Poverty Reduction would be significant. This would see the moderating contribution of government policy (fiscal) in the relationship between SACCO services and poverty reduction among the SACCO members becoming positive and significant.

Akin to the recommendations to the SACCO members, the SACCOs themselves as institutions need to voice out impoverishing policies, and engage with the Government through Uganda Microfinance Regulatory Authority (UMRA) to enact productive policies, and revisit taxes that weigh down SACCOs, as such, are loathed. In like manner, this would turn the moderating contribution of government policy (fiscal policy) in the relationship between SACCO services and poverty reduction among the SACCO members positive and significant.

The Government needs to welcome, and treat as feedback, the voices of SACCOs and their members about government policy being considered to be more of disabling than an enabling environment to SACCOs services in their endeavour of poverty reduction among their members. The SACCOs and their members called for reduction of taxes, which they consider as being very high, and as such, loathed. Taxes must not be paid being considered as burden, but as Development Avenue downstream in form of social service provision by the Government. Only that way can entities, including SACCOs and their members, pay taxes with cheerful hearts. SACCOs also called to be considered as partners in progress with government, as such, SACCOs and SACCO members would appreciate the Government as one of the funding avenues for SACCOs, which the Key informants clearly voiced.

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