



# Credit Unions Create a Better Future in Uganda

by Caryn Vesperman

Ugandans have lived in a tumultuous political environment and struggling economy since the years leading up to their independence from the United Kingdom in 1962. While most of the country lives in relative peace today, 20 years of fighting between the Lord's Resistance Army and the Ugandan government make daily life dangerous in the northern part of the country. Nevertheless, most Ugandans are determined to make a better future for their families, and ongoing peace talks give hope that the situation will improve.

Until 2001, going to a financial institution in northern Uganda meant traveling 40 miles or more, losing time away from work and family, and taking the risk of being robbed or even killed. Today in northern Uganda, Agaru Savings & Credit Co-operative (or SACCO as credit unions are known in Uganda) has two branches and plans to open two more over the next three years. Despite the surrounding conflict, Agaru has enjoyed steady growth in membership and savings since it opened. Building trust has been critical.

"Initially members would bring their money in the evening and then come back the next day to withdraw it—to test if they could get their money," said Moses Opio Ogal, chairman of Uganda Co-operative Savings & Credit Unions Ltd. (UCSCU), the national association of SACCOs in the country. He helped start Agaru SACCO in 2001. "For about three months, we maintained liquidity at 100%. It took that time until members were satisfied that their money was safe."

It is not just in northern Uganda that people look to their SACCOs for financial services. The more than 1,500 SACCOs, ranging in size from 30 to 35,000 members, serve Uganda's working poor and small middle class throughout the country.

Fred G. Mwesigye, Ugandan Commissioner for Co-operatives, has seen where SACCOs have made a

difference in communities. "I know of one area where a trading center had almost collapsed because of the lack of financial services when the traditional bank moved out. Now with the SACCO, you can see the change. SACCOs have helped bring back economic activity to the rural areas."

One of the biggest challenges facing Ugandan SACCOs today is the lack of a legal framework and supervisory system that can help protect member savings and generate confidence. World Council of Credit Unions and the Canadian Co-operative Association are working together to strengthen the system.

The three-year SACCO Voluntary Supervision Project, initiated in October 2006, works with the national association. The program focuses on strengthening the capacity of UCSCU to supervise ten select SACCOs with the long-term goal of preparing all Ugandan SACCOs for government supervision. The SACCOs that voluntarily agree to supervision and meet financial standards of safety and soundness will receive assistance in marketing and branding to differentiate them from unsupervised SACCOs. At the same time, the program will assist the Ugandan government in the development of credit union legislation and regulation.

Sophie Ndagire, a mother of four and a member of Naddangira SACCO, would agree that SACCOs are the answer to creating a better future in Uganda. She started with a loan from the credit union to buy chickens. Now she sells the eggs in the local market and has even been able to hire a "handyman." When asked how her credit union has helped, she proudly summed up her situation and that of other SACCO members like her when she said proudly, "Now I am the boss, and I am not poor." ■

*Caryn Vesperman is WOCCU's former marketing manager.*



**William Acaye stands by the construction site of the new branch in northern Uganda where, despite the surrounding conflict, the credit union has enjoyed steady growth in membership since opening.**



**Sophie Ndagire, a member of Naddangira SACCO, took out a loan to buy 500 chickens. She tells her friends and neighbors that they should join Naddangira SACCO because it has helped her improve her quality of life.**