

Savings and Credit Cooperative Societies (Saccos) Activities and Poverty Reduction: A Study of Selected Saccos in Lira City

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2025

Abstract

The study was carried out on Savings and credit cooperative societies (SACCOS) activities and poverty reduction. Despite the establishment of Savings and Credit Cooperative Organizations (SACCOs) and their fundamental role in promoting savings and access to financial services for impoverished households to meet basic needs such as food and shelter, poverty has remained a persistent challenge in Uganda (Magala & Obedgiu, 2024). Mabula (2018) observed that over 65% of Ugandans were either living in extreme poverty or at risk of falling into it. Moreover, household incomes and business growth have remained minimal despite the presence of these financial institutions. In Lira City, several SACCOS have been formed with the aim of promoting savings and extending credit as a strategy to alleviate poverty among low-income households, but their actual contribution to poverty reduction remains uncertain, raising the need to examine how SACCO activities translate into tangible improvements in livelihoods. The purpose of this study was to assess the effect of Sacco's activities on poverty reduction in Lira City. The specific objectives of this study were to establish the effect of financial access from SACCOS on poverty reduction in Lira City, to examine the effect of income generating activities of SACCOS on poverty reduction in Lira City and to assess the effects of Sacco's social cohesion of her members on poverty reduction in Lira city. This study adopted a cross-sectional study utilizing both quantitative and qualitative approaches to evaluate the activities of SACCO on poverty Reduction in Lira City. A sample size of 144 respondents was selected for the study. The study found out that financial access from SACCOS' in Lira City significantly contribute to poverty reduction, SACCOS' income-generating activities in Lira City, have a statistically significant positive effect on poverty reduction and the finally that social cohesion within SACCOS is the strongest and most significant factor in poverty reduction. The study concluded that SACCOS' income-generating activities in Lira City play a key role in reducing poverty by boosting sustainable incomes through business and livelihood projects, reinforcing global insights on their impact in promoting self-employment and improved living conditions, that SACCOS in Lira City significantly reduce poverty by boosting members' ability to earn sustainable incomes through business and livelihood projects, aligning with global evidence of their role in promoting economic empowerment and improved living standards and promoting and investing in social cohesion within SACCOS by fostering trust, collaboration, and peer support ensuring that social capital remains a central pillar in poverty alleviation and community development strategies across Uganda. The study recommended that there is need to strengthen and expand SACCOS' income-generating initiatives in Lira City by supporting business development and livelihood projects, ensuring broader access, capacity- building, and financial literacy to maximize their poverty-reducing impact, that SACCOS in Lira City are effective tools for poverty reduction, empowering members to earn sustainable incomes through business and livelihood projects, reflecting global patterns of their role in economic advancement and improved living standards and that promoting and investing in social cohesion within SACCOS by nurturing trust, encouraging collaboration, and strengthening peer support, ensuring that social capital continues to serve as a key foundation for poverty reduction and sustainable community development across Uganda.