

Museveni's support for Islamic SACCOS a new chapter in inclusive economic growth

EDITOR: President Yoweri Museveni's continued support for Islamic savings and credit co-operative societies (SACCOS) marks an important and commendable step in Uganda's pursuit of inclusive, ethical and people-centred economic development.

His openness to Shariah-compliant financial systems reflects responsive leadership that recognises Uganda's diversity and the need for development models that leave no community behind.

For decades, a significant number of Ugandans – particularly within Muslim communities – have remained outside the formal financial system due to the interest-based structure of conventional banking. The President's engagement with Islamic SACCOS, therefore, represents more than policy attention; it is a practical acknowledgement of a long-standing gap that has limited participation in the national economy. This gesture has been met with gratitude by communities that have long advocated for financial solutions aligned with their faith.

Islamic SACCOS operate on principles such as interest-free benevolent loans, profit-and-loss sharing, asset-backed financing and ethical investment. These models promote productive economic activity, savings discipline and responsible wealth creation while discouraging speculation and unsustainable debt. By supporting Islamic SACCOS, the President is strengthening grassroots entrepreneurship and promoting self-reliance.

At the heart of this initiative is the shared objective of moving communities from informal and subsistence livelihoods into a structured monetary economy. Islamic SACCOS encourage a culture of saving, financial responsibility and collective ownership without reliance on *ribah* (interest). Through pooled member contributions, these co-operatives provide accessible capital for agriculture, micro-enterprises, trade and service delivery sectors that employ the majority of Ugandans.

Presidential encouragement plays a vital role in building public confidence and expanding participation in co-operative finance. It reinforces the importance of community-owned financial institutions that promote long-term economic resilience rather than short-term relief. When properly governed, Islamic SACCOS become sustainable vehicles for local development.

Although guided by the Shariah principles, Islamic SACCOS are inclusive by design. Their emphasis on fairness, transparency, shared risk and connection to real economic activity resonates across religious and social lines. Globally, Islamic finance has gained recognition for these universal values, and Uganda stands to benefit from this finance movement.

The support for Islamic SACCOS, therefore, extends beyond Muslim communities. Women, youth, rural farmers and informal traders' groups, often excluded from traditional banking, are to gain significantly. This approach aligns closely with Uganda's national priorities of financial inclusion, poverty alleviation and equitable growth. The recent sh2b government intervention to support Islamic SACCOS, channelled through the Office of the Chairperson of the National Muslim Women Council, has been widely welcomed as a strong foundation.

For Muslim women, in particular, it represents a confidence-building measure and a clear demonstration of the government commitment to ethical co-operative financing.

The involvement of the National Muslim Women Council underscores the critical role of women's leadership and community institutions in economic development. Continued collaboration with government agencies is strengthening co-ordination, accountability and outreach at the grassroots level.

There is a growing optimism that lessons from this initial support will inform the expanded financing, stronger institutional capacity and clearer legal recognition for Islamic SACCOS nationwide. The sh2b support is, therefore, valued not only for its monetary contribution, but also for the message it sends: Islamic finance is increasingly recognised as a legitimate and valuable component of Uganda's financial system.

President Museveni's openness to Islamic financing mechanisms reflects forward-looking and consultative leadership.



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