



SAVINGS AND CREDIT ACCESS SCHEME TO ENHANCE FARMER ENTREPREUERSHIP



This strategy involves support to small holder farmers to save and access financial services.

Organization for Rural Development (ORUDE) an NGO operating in Eastern Uganda supports rural women and youth to access credit. This is done through capacity building and formation of rural banks using the Sub County Savings and Lending Cooperatives (SUSALECO) approach.

The saving and credit schemes have made a positive contribution to farmer welfare and reduced poverty. This has been achieved by improving access to investable resources and entrepreneurial skills. The schemes can be used as collateral for external funding and to prepare members internally for marketing. The culture of borrowing and saving money has generally improved due to these schemes. They have also empowered women financially thus reducing their dependency on men for survival. This has consequently led to reduction in domestic violence especially in the rural areas.

“My leadership skills and self confidence have been boosted” said Dorothy Oketcho, a widow who testified to having benefited from this approach. Since she joined ORUDE, she has paid school fees for all her children who have now attained diplomas.

Another example is that of Mafumbira Rural Savings and Credit Cooperative (MARUSACCO). Currently, the SACCO has a total of UGX 29,251,500M in shares and savings while at its inception it had UGX 3,600,000M.

Mudoola Aisha is a member of this SACCO whose business has flourished due to support from the credit and saving scheme. She acquired a loan of UGX 100,000 which she invested into her charcoal business. She purchased 14 bags of charcoal at UGX 7,000 each; sold each bag at UGX 25,000 and raised a total of UGX 350,000. She made a profit of UGX 180,000, paid back her loan and re-invested the rest into her business. Presently, Mudoola has requested for a loan UGX 1,500,000 since her business has grown.

However, the approach is not without shortcomings. There are challenges associated with providing credit and savings services especially with the rural population. Low literacy levels of the members hinder them from playing an active role in the SACCOs and there is a tendency for elites to dominate. The allocation of resources is at times based on political and religious affiliation. Another challenge is the fact that there is a high demand for credit from the members than what can be internally generated in the scheme. In some institutions, bureaucracy delays the process of loan acquisition (though this is not characteristic of the ORUDE supported schemes). Members also tend to focus more on quantity as opposed to quality and in some instances the money is embezzled. There is also a high level of risk because the loans are not always insured. Additionally, most of the activities are taken in isolation with less focus on building the capacity of the members to carry out income generating activities.

PELUM and APF Sharing Event. “Making entrepreneurship a reality for small holder farmers”

Despite the challenges, participants noted that the savings and credit access approach is a commercially viable venture because it assists the members to have a longer term focus and to plan their resources and economic activities better. This translates into increased production.

The following means were suggested for up scaling this approach.

- Training group members in project proposal writing skills.
- Making linkages with other service providers.
- Defining priority areas for each community,
- Design financial products in relation to farmer entrepreneurship.
- Ensuring sustainable use of natural resources.