

**CONTRIBUTION OF SAVING AND CREDIT COOPERATIVES ON HOUSEHOLD
POVERTY REDUCTION IN KONGUNGA TOWN COUNCIL BUKEDDEA DISTRICT
LOCAL GOVERNMENT**

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J23/MUC/BPAM/006

**A DISSERTATION SUBMITTED TO THE SCHOOL OF SOCIAL SCIENCES IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELOR
OF PUBLIC ADMINISTRATION AND MANAGEMENT OF UGANDA CHRISTIAN UNIVERSITY**

October, 2024



**UGANDA CHRISTIAN
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DECLARATION

I OCHEKA PAUL, declares that this research report was my own work and it has never been submitted for any academic award in any institution or University.

Signature.....

Date..22/07/2024.....

APPROVAL

This research report was carried out under my supervision on the topic “contribution of saving and credit cooperatives on household poverty reduction in Kongunga Town Council, Bukedea District Local Government” and is now ready for submission to the academic board of Uganda Christian University in the department of Social Sciences.

Signature  Date 22 August 2024

Name: Mr. ODONGO JOSEPH

Supervisor

DEDICATION

I dedicate this report to my beloved family members who have laid for me an academic foundation that has led to this level.

ACKNOWLEDGEMENT

I thank the Almighty God, whose blessings allowed me the privilege of completing this study in time it's for His great love and compassion that I have accomplished this research dissertation.

I acknowledge my research supervisor, Mr. Mr. Odongo Joseph for his expert advice, guidance, support and for awakening my enthusiasm towards the completion of this research report.

I acknowledge my beloved family members who have laid for me an academic foundation that has led to this level.

I also acknowledge friends for their constant love and care during my study and writing this research report.

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LIST OF ABBREVIATIONS

CVI	Content Validity index
FDRE	Federal Democratic Republic of Ethiopia
FINCA	Foundation for International Community Assistance
GDP	Gross Domestic Product
PP	Procurement Planning
ROSCA	Rotating Savings and Credit Association
SACCOs	Savings and Credit Cooperatives
U.N	United Nations
UNCDF	United Nation's Capital Development Fund
UNGA	United Nations General Assembly
VSLA	Village Savings Loan Association

ABSTRACT

The study sought to find out the effect of village savings and loan associations on household economic welfare in Kongunga Town Council, Bukedea District. The study was guided by the research objectives which included examining the contribution of loans on Household Poverty Reduction, assessing the contribution of savings on Household Poverty Reduction and establishing the contribution of financial literacy trainings on Household Poverty Reduction. The study used a mixed research approach where descriptive research design was used. A sample size of 109 respondents was used and simple random sampling as well as purposive sampling methods were used to select respondents for the study. The researcher used Questionnaires and interview guide for data collection and data was analyzed using SPSS. The findings revealed that education of the children was made possible through loans acquired, opening up of the business entities is through loan provision and family income has increased and acquisition or hiring of new manpower is realized through provision of loans. Consultancy services are capable of boosting welfare of households as it enables prompt and efficient access to reliable financial data and helps strengthen financial controls, improving the provision of government services, raising the budget process to higher levels of transparency and accountability. The findings reveal that SACCOs educate clients on how and to where to invest loans, SACCOs give loans to clients who have saved more gifts, and SACCOs use measures to communicate and remind clients to pay the loans when they default. In conclusion, the findings show that loans were disbursed when all requirements are met, income levels of customers were considered when giving a loan, and SACCOs provide clients with a loan repayment schedule and that SACCOs teach people on how to open up an account, SACCOs educate the clients on how to use loans obtained, and SACCO have motivating factors that help members to save more.

The researcher recommends that Village savings and loans associations need to continue encouraging clients to save more in order to improve on their household income, and that they need to consider income levels of customers before giving them a loans as this may minimize on loan defaulting. They also need to continue educating clients on how and where to invest loans in profitable ventures.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents: the background of the study, statement of the problem, general objective of the study, specific objectives, research questions of the study, conceptual frame work, justification of the study and key terms.

1.1. Background of the study

According to Thuysbaert (2016), most of the world's poor lack access to formal financial services, and this lack of access to reliable financial services are negatively affecting people's welfare. Limited access to formal financial services differs highly by gender, According to The Global Findex14, "Women are less likely than men to have formal bank accounts. In developing economies women are 20 percent less likely than men to have an account at a formal financial institution and 17 percent less likely to have borrowed formally in the past year. Even if they can gain access to a loan, women often lack access to other financial services, such as savings, digital payment methods, and insurance." To address this challenge, informal saving groups such as village saving and loan are considered as an alternative. In relation to this, a global research carried out by the World Bank found that about 133 million people were involved in VSL activities and had benefitted from small loans from such schemes by the end of 2006.

Mochoge (2016), about 60% of VSL beneficiaries were women earning less than a dollar a day. In addition, (Ibid) stated that the strength of VSL scheme was founded on women's proper utilization of funds, financial discipline and timely repayment of loans. He further mentioned that investing in women had proven to be the most contributive way to increase household expenditure on health, nutrition, food, security, education and protection against emergencies.

In most African countries, population growth, and customary practices of sub-dividing land among children have created land fragmentation. In Uganda, this has created small farms that obtain higher value of crop production and contribute significantly to serious soil erosion and land degradation, especially in the highlands (Pender et al. 2018). There is need for contributive strategies that can increase; land access, sustainable intensification, agricultural production, food security, family planning, and off-farm income of households.

In particular, access to land through market and non-market transfers can reallocate land to land-poor producers, stimulate investment on the land and enhance land productivity by improving the balance of factor ratios. However, efficient land transfers from land-rich to land-poor households can be significantly hampered by the presence of imperfections in the markets for land and credit. Land sales prices become too high and poor households are rationed out of land and credit markets, which further limit better access to land and non-land capital (Melmed-Sanjak & Lastarria-Cornhiel, 2015). It is therefore important to verify, in a robust manner, modes of land access that might be contributive in increasing rural household welfare.

According to latest World Bank estimates (2016), the share of Africans who are poor fell from 56% in 1990 to 43% in 2016. Empirical literature and statistics show that the distribution of poverty is not specific to a given region or country. The Sub Saharan African scenario is severe compared to other parts of the world. Ethiopia, as part of Sub-Saharan Africa, is one of the world's poorest countries by any standard. Though the proportion of the population living below the poverty line in Ethiopia declined from an estimated level of 48 percent in 1990/1 to an estimated level of 38.7 percent in 2018/5 and further decreased to 33.5% in 2010, poverty remains widespread in the country (World Bank Group, 2016). It can be seen from the above facts that poverty is a pervasive problem in our society. Spanning across the world, poverty exists in different levels and various forms. As the World Bank broadly defines it, poverty is a “pronounced deprivation in wellbeing,” (Haughton & Khandker, 2015).

Due to the profound impact that poverty has on the poor’s well-being, efforts have been made by various governments, international governmental and nongovernmental organizations to combat extreme poverty. As a result of coordinated efforts, since 1985 extreme poverty has been reduced in every region of the globe. This reduction has been the result of many factors and developmental policies implemented over the past 30 years. Among many factors, the most unique developmental policy pioneered by Mohammed Yunus is prominent. This policy is called microfinance. Microfinance often provide micro loans to the group of 5 poor people without collateral and used to start and expand small businesses which ultimately aimed to help the poor break the vicious cycle of poverty (Yunus, 2015).

In a study carried by Brannen (2010) in Zanzibar -Tanzania it was found out that there is a significant positive impact on member participation in VSLAs and community empowerment. The

implication is that, this increases their socio economic empowerment and hence, must be reinforced. Further the study found out that participation in VSLA programmes has an overall positive impact on various indicators of house hold and individual welfare, for example Asset expenditure levels , the development of income generating activities (IGAs), education expenses , access to health services, nutritional levels and quality of housing, (Otley, 2018).

Access of the poor to basic services such as electricity, water, sewage or gas is often viewed as very important to the well-being of households. Access of a household to such services should not only be viewed as a reflection of the household's welfare standing, but also as a determinant of the latter. Basic services will in many instances be inputs into economic activities or will support them indirectly. For example, informal home-based businesses often rely on domestic power connections; time freed from fetching water or gathering fuel-wood can be diverted to income-generating activities; and potable water and sewage help to protect household members from diarrhoea and other diseases, (Kariuki, 2016).

In Uganda, poverty alleviation has been one of the major development challenges over several years and the key problem constraining the rural poor has been identified as lack of access to formal sector credit to enable them to take advantage of economic opportunities to increase their level of output, hence move out of poverty (Anderson, 2017). This fact has informed most of the financial policies that have been enacted since independence. The state-owned banks like the former Uganda Commercial Bank Limited (UCB) were formed to address these problems that were identified as obstacles to the successful alleviation of poverty. Among the responsibilities of UCB was the provision of credit to the rural sector including agricultural credit, cognizant of the fact that more than 80% of the rural population is engaged in some form of agriculture, mainly subsistence (David, 2019). To ensure that the cost of borrowing was not prohibitive, interest rates were controlled and administratively fixed by the Central Bank (Muwanga, 2017). Under the UCB's Rural Farmers Scheme, credit to the poor engaged in agriculture was extended mainly in kind through the supply of productive inputs like fertilizers, high yielding seeds and tractor hire services. However, credit schemes like the Rural Farmers' Scheme collapsed due mainly to poor recovery of loans advanced to farmers many of whom looked at the loans as government grants and also because there was lack of linkage between production and marketing. Actually, there were concerns that this directed credit was not reaching the poorest of the poor as it was the non-poor

with good political connections who mainly accessed this credit. The co-operative movement that later emerged to provide financial services to the agricultural rural sector to boost their productivity also collapsed in the 1990s due to mismanagement. The reforms of the financial sector which included liberalization of interest rates, removal of all forms of credit allocation, and the privatization of state-owned banks led to the closure of some distressed banks, the closure of loss-making rural branches of the UCB so a financial services gap was created especially in the rural areas (Bategeka, 2015).

The traditional status that Acholi women occupy in their society also reinforces their vulnerability to poverty. First and foremost, largely they do not participate in making decisions that impact on their welfare. Consequently, most of them do not own assets like land, and are therefore not economically empowered. The 2015 Uganda Participatory Poverty Assessment Project (UPPAP) Report states that because of the patriarchal system of inheritance, women are greatly disadvantaged and cannot easily lift themselves out of poverty and this lack of access to physical and financial capital enhanced by their lack of influence over household income is a major reason for their continued vulnerability to poverty (MoFPED, 2015).

Kongunga Town Council, Bukedea District Local Government, Microfinance institutions have been established to provide women with financial services in form of loans, credit services, training services on which ventures to invest in money and quick generating activities to enable them socially and economically to take care of their families inform of paying fees, shelter, food, and other basic necessities of life. However in Kongunga Town Council, Bukedea District Local Government, women have limited access to funds due to lack of proper projects to invest in, limited starter-up capital, lack of collateral security, and honest people thus prompting the researcher to carry out research to establish the contribution of Village Savings Loan Association on household economic welfare in Kongunga Town Council, Bukedea District Local Government (Kirya 2019).

1.2 Statement of the Problem

Provision of financial services, microfinance has been applied as a poverty eradication strategy. It has been used to provide low-income people with small grants, micro-credits and other microfinance services as an impetus to exploit their productivity and develop their business to help them improve their livelihoods, (Kirya, 2019). Microfinance has had strong links with women in development for some time. This means that for a long time, microfinance was used as an intervention strategy to address the marginalized situation of women with the hope that when the women accessed credit facilities, they would achieve socio-economic development and thereby contribute to the development of their communities.

Despite, the efforts made by the government, policy makers, NGOs and financial institutions in extending financial services to micro enterprises (of which the participation of women is greatest), majority of women are still faced with enormous challenges in trying to access funds for their enterprises. Anderson, (2017) noted that constraints to microfinance by women in small and micro enterprises can be attributed to a number of reasons such as low return activities undertaken by women coupled with heavy domestic workloads, channeling their low incomes or returns to support the up-keep of the home, high rate of illiteracy among women, their limited roles in household decision-making among others. Otley (2018) said that moreover, the formal financial institutions consider lending to small businesses as a very time consuming and a costly venture since microenterprises lack proper accounting procedures and owners frequently mix their business and personal finances, so their financial statements are often unreliable. Without access to formal financial service, most microenterprises are compelled to raise greater percentage of their start-up capital through their own internal savings and from family members but these are always inadequate. This study therefore intends to establish the contribution of saving and Credit Cooperatives on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

1.3. General objective

The objective of the research is to find out the contribution of saving and Credit Cooperatives on Household Poverty Reduction in KALELI SACCO in Kongunga Town Council, Bukedea District Local Government.

1.3.1. Specific objectives of the study

- i. To examine the contribution of loans on Household Poverty Reduction in KALELI SACCO in Kongunga Town Council, Bukedea District Local Government.
- ii. To assess the contribution of savings on Household Poverty Reduction in KALELI SACCO in Kongunga Town Council, Bukedea District Local Government.
- iii. To establish the contribution of financial literacy trainings on Household Poverty Reduction in KALELI SACCO in Kongunga Town Council, Bukedea District Local Government.

1.4. The research Questions

- i. What is the contribution of loans on Household Poverty Reduction in KALELI SACCO in Kongunga Town Council, Bukedea District Local Government?
- ii. What is the contribution of savings on Household Poverty Reduction in KALELI SACCO in Kongunga Town Council, Bukedea District Local Government?
- iii. What is the contribution of financial literacy trainings on Household Poverty Reduction in KALELI SACCO in Kongunga Town Council, Bukedea District Local Government?

1.5 Scope of the study

1.5.1. Geographical scope

The area under study will be carried out in Bukedea District bordered by Kumi District to the west and north, Bulambuli District to the east, Sironko District and Bukedea District to the south-east, and Butebo District to the south. The district headquarters at Bukedea are approximately 79 kilometres (49 mi), by road, south-east of Soroti, the largest city in the Teso sub-region. With Sub-Counties such as Bukedea, Kolir, Kachumbala, Kidongole, Malera, Kongunga Town Council, Bukedea Town Council. Parishes like Bukedea, Kongonya Ward, Kaputiputi Ward, Airogo Ward, Timonga and cells like Anyamatapa, Komolo, Koena, and Chodong.

1.5.2. Content scope

The study will focus on the contribution of village savings and loans associations on Household Poverty Reduction. The researcher will collect information concerning SACCOs, poverty, savings, financial literacy, microfinance services, and savings. This will be because of their knowledge and experience about the topic under study.

1.5.3 Time scope

The research covered information about the topic under study for a period of 3 years between 2020-2023 and the current trend that most households seem to have experienced the problem of poor welfare. The researcher will also interact with information from the district SACCOs covering 2020-2023.

1.6. Significance of the study

The findings may be useful to advocates for women empowerment who make a case for more credit facilities for women to improve their businesses.

Furthermore, the study may help other stakeholders particularly microfinance institutions in reviewing their lending policies towards women in order to achieve greater efficiency and offer value added financial services to their clients especially the women

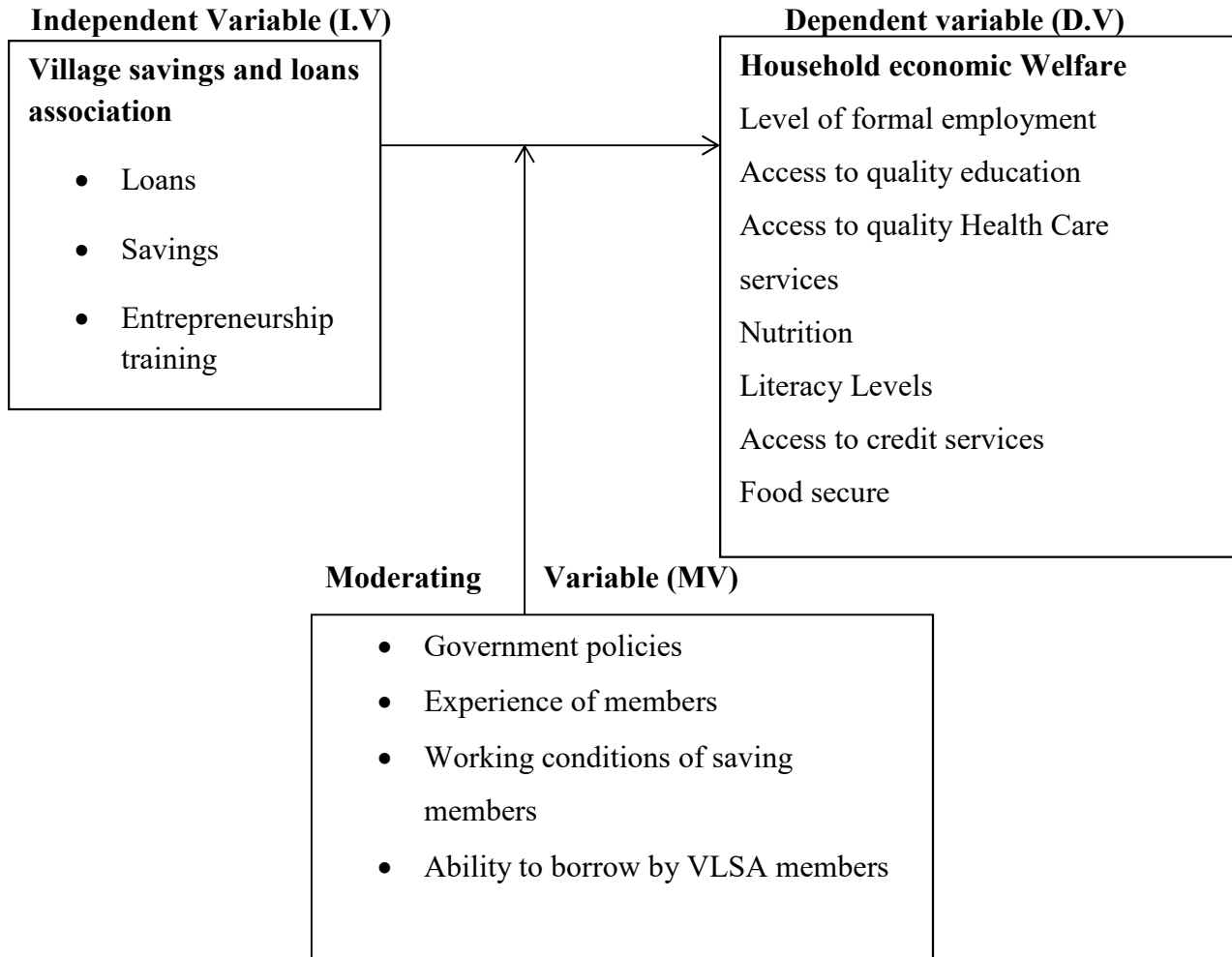
The study will help women beneficiaries in getting better services which will improve their household economic welfare in the community.

The study will be important to the academicians and researchers which will undertake similar studies. This research study will act as a point of reference for them.

The information will also be used in the information and resource centers of higher institutions of learning like universities that have microfinance as a course for their students as well as the resource centers in microfinance institutions and their umbrella organizations.

1.7. Conceptual framework

Figure 1: Conceptual framework



Source: Adopted from National population and Housing Census (2014) and Modified by the researcher (2024)

From the above conceptual frame work, the independent variable (Village savings and loans association) in terms of loans, savings and entrepreneurship training, which affect the dependent variable (household welfare) leading to Level of formal employment, Access to quality education, Access to quality Health Care services, Nutrition, Literacy Levels, Access to credit services and Food secure. For the rural poor and their households, access to financial services is interlinked with security, opportunity and power. Village Savings and Loan Associations (VSLAs) help

reduce poverty in three ways: assisting members to save so that they are able to accumulate a significant amount of money at the end of the cycle, providing members with an opportunity to request loans of small amounts and members earning income from interest paid by members who borrowed. However, the independent and dependent variable is affected by moderating variables that is to say government policies, experience of members, working conditions of saving members and ability to borrow by VLSA members

CHAPTER TWO

LITERATURE REVIEW

2.0 Introductions

This chapter presented the literature reviewed by the researcher on the topic of study in line with the specific objective.

2.1. Definition of Key terms

Saving is income not spent, or deferred consumption. Methods of saving include putting money aside in a bank or pension plan (Random House Unabridged Dictionary, 2006). Saving also includes reducing expenditures, such as recurring costs. In terms of personal finance, saving specifies low-risk preservation of money, as in a deposit account, versus investment, wherein risk is higher.

Loan; this refers to written or oral agreement for a temporary transfer of a property (usually cash) from its owner (the lender) to a borrower who promises to return it according to the terms of the agreement, usually with interest for its use. If the loan is repayable on the demand of the lender, it is called a demand loan. If repayable in equal monthly payments, it is an installment loan. If repayable in lump sum on the loan's maturity (expiration) date, it is a time loan. Skarlatos, (2018),

Saving and loan association refers to a type of financial institution that was originally created to accept savings from private investors and to provide home mortgage services for the public. It can also be looked at as a group of people who save together and take small loan from those savings. The primary purpose of a VSLA is to provide simple savings and loan facilities, in a community which does not have access to formal financial services (vsla, 2006).

Poverty reduction: a sustained decrease in the number of poor and the extent of their deprivation. Poverty reduction places focus on people's capabilities to avoid, or limit, their deprivation; improving the social, economic and environmental conditions of the poor and their access to decision making, (Canadian International Development Agency, (CIDA) 2016).

2.2. The contribution of loans on Household Poverty Reduction

Savings and loan associations are called different names in different regions. In Africa, they are called Accumulative savings and credit associations (ASCA) or just savings groups. And while in South Asia, they have been often referred to as Self-help groups, (SHG). However, within savings and loan associations approach, different school of thought and practice have existed. That is; VSLA and SHG. The critical differences in practice are that, VSLAs are a “Minimalist approach, which mainly focus on the financial tools. This approach can be and is often combined with other components” while SHG is an “integrated approach, that combines financial tools with other tools such as literacy, organizational management and rights based training empowerment. Focusing on general empowerment with financial tools as the base”, Pors, K.(2015).

Skarlatos, (2015), stated that micro credit delivery has improved the economic position of households, however, he found out a number of issues in three ways. First the size of the loans is too small which does not enable the women to make long-term income change for the house hold. Secondly, the increased access to credit in the same geographic area could contribute to market dispersion of products provided by the women because poor women usually engage in similar businesses. Thirdly, the women’s successful business might have a negative impact on the girl-child who might be required to help her mother leaving the school.

The impact of micro credit on income has been observed to be variable and it shows that the majorities of borrowers’ income increases are small and in some cases negative due to the fact that most women invest in existing activities which are low profit and insecure. In addition, women’s choices and ability to increase income is constrained by gender inequalities in access to other resources for investment in household responsibility and lack of mobility (Mayoux, 2020).

Dejene, (2019) revealed that micro and small enterprises provide employment to the poor who have no other means of income. However women’s Micro and Small Enterprises are not reaching their growth potential due to various factors such as labour burden, lack of adequate skill, lack of financial resources, weak infrastructure, limited access to markets, weak business organizations and limited enabling environment.

Fasoranti (2016) concluded from his findings that poverty was high among the economically active age group and it was revealed that all respondents possessed formal education. Further, the micro

credit scheme has positive influence on major economic variables of income, savings, consumption expenditures and asset acquisition. However, 75.8% has the opinion that the majority of target population has not actually benefited from the program due to the major limitation of political influence which over-involved easy access to the scheme.

Arora, (2019), revealed that good saving habit among females as maximum number of the respondents was having savings but still there are so many barriers in the way of financial inclusion of women such as lack of awareness regarding micro financing services being provided by the banks.

Ayadurai, (2015) summarized the constraints that have been found to be similar in the North East of Sri Lanka and the other Asian and African countries have been: i) lack of financing and funding; ii) balancing time between the entrepreneurial venture and family; iii) poor access to education and training program to help women improve their entrepreneurship, managerial and technical skills; and iv) inefficient production systems and weak infrastructure. Their biggest constraint was lack of international aid which was however not seen as a major problem in many of the other Asian and African countries.

The study of Premaratne, (2019), found that impact of micro finance on women is substantial in building confidence, courage, skill development and empowerment but there is no positive in sustainable rural development especially reduction of poverty, creation of employment opportunities and creation of assets in rural areas. According to his study on Accessibility and Affordability of Rural Microfinance Services in Sri Lanka revealed that the accessibility of Microfinance depends on factors such as the level of household income, distance to MFI, availability of information technology, interest rate, level of education, vocational training, and collateral availability.

Rogaly (2019, p.103) argues that such a focus is flawed because respondents may give false information. It is also very difficult to ascertain all the sources of income of a client, so a causal effect is difficult to establish, and it is also difficult to establish what would have happened if the loan was not given. Therefore a broader analysis is needed that takes more than economic impact into consideration.

Ogato, (2017) have had a most fundamental influence on the development of empowerment concept and use. As a result when the former emphasized is as a method of social work with oppressed Afro-Americans the middle proposed it as a way of improving the welfare services by means of mediating social institutions while the latter author developed the concept theoretically and presented it as a world-view that includes a social policy and an approach to the solution of social problems stemming from powerlessness.

According to Kishor (2019) women empowerment means if women capability to control their lives, bodies and environment is increased and if her participation in decision making process enhanced mainly during her role delineation, economic self-reliance and legal rights benefits exercise (equal treatment, inheritance, protection against discrimination and to protect women from any form of barriers to access resources).

According to Longueu (2020) women empowerment has five dimensions such as (a) *welfare* meeting women's resource need, (b) *access* giving equal opportunity for women to access resources based on the social, political and economic context of the society and it is important dimension for empowerment process, (c) conscientization women should consider and believe as gender role is not a natural order rather it is constructed socially and as gender equality is possible, (d) participation women capacity to establish and join women organizations and networks as well as they have equal right to participate in decision making process of any form; as a result even if she come across with any discrimination and oppression she can design a strategy to overcome her encountered challenges, and (e) *control* - refer a balanced power relation between women and men without anyone's domination; as a result both have equal right on balancing benefits (equal contribution on required production factors and equal right to claim the benefits).

Mutesasira and Mule (2016) in their study in Uganda concluded that most VSLAs were comprised of very low-income people. The average savings per member and the average loan size provided some evidence of the depth of outreach. The loans ranged from Ush.5, 000–50,000 (\$2.50–25.00) and savings per member ranged from Ush.200–1,000 (\$0.10–0.50) weekly. The project reached very low-income households.

The original objective of the JCBCP was to conserve the unique biodiversity of the forest reserves and associated buffer zone known as the Jozani-Chwaka Bay Conservation Area (JCBCA), while

enhancing the livelihoods of the surrounding communities. The savings and loans component was added as a separate activity to augment the livelihood component, but it was not tied to the conservation objectives. The savings and loans component that is the subject of this study was reviewed by Hartley and Rijali (2016) as part of the project final review.

In terms of impact their study found that the VSLA had significantly supported households' development of income-generating opportunities. The Income Generating Activities (IGA) promoted helped to improve livelihoods and, according to workshop participants, increased community awareness and understanding of how to work more effectively with financial capital. The study concluded that this was a significant step forward in a generally poor society unused to working with financial assets. "The S&L scheme was one of the most talked about aspects of the project: where it had been tried the communities wanted to expand its scope and where it had not been tried the people were eager to be exposed to it." (Hartley and Rijali, 2016)

Allen and Hobane (2015) concluded that the VSLA have contributed to increased household productive and non-productive asset levels among the great majority of Kupfuma Ishungu (KI) members in Zimbabwe and some improvement in the quality of housing. The study further noted that there has been a significant reduction in the use of formal-sector and traditional savings instruments, in favour of KI group membership. This is particularly marked by a steep reduction in post office savings schemes. The number of income-generating activities per household increased and IGA became more stable, while household labour allocated to IGAs increased. Eighty-one percent of respondents felt that their status in the community had improved as a result of their association with KI.

Anyango (2018) reached similar conclusions. The findings showed that the VSLA programme had helped to improve the livelihoods of its members and alleviate poverty, particularly for women who constitute the majority in the VSLA groups. The number of economic activities that members of VSLA were engaged in at the baseline had increased, as had the magnitude of other activities. However, members had divested away from certain economic activities that require greater capital. The VSLA had led to increased accumulation of assets for its members as compared with the baseline and the control groups. This study had a control group and a baseline, but the baseline was taken at community level and therefore there was a potential that the impact assessment did not cover the same households as the baseline.

Mutesasira and Mule (2016) in their study in Uganda concluded that most VSLAs were comprised of very low-income people. The average savings per member and the average loan size provided some evidence of the depth of outreach. The loans ranged from Ush.5,000–50,000 (\$2.50–25.00) and savings per member ranged from Ush.200–1,000 (\$0.10–0.50) weekly. The project reached very low-income households.

Allen and Hobane (2015), using recall data for a period of four years, may not yield accurate information as people tend to forget what their status was four years ago. Third, none of the studies had any testing of the significance of the changes noted. Together with other environmental factors, such as hyperinflation, it is difficult to use the results of these studies as conclusive evidence of impact.

Allen (2020) in his study in Niger argues that at the present time there is hardly any group that is directly trained by CARE/MMD. This system arose when MMD programmers noticed that informal training was taking place between groups. Rather than suppress this activity, MMD decided to use it as the basis for auto-replication in the future. A similar copycat phenomenon has been noticed in other programmes, but MMD has taken it further in terms of incorporating informal training into its systems. Its basic attitude has been that if spontaneous and informal training is going to happen, it might as well be done right. The main activity of existing field staff at the present time is to maintain quality control.

Safe Save was founded by Stuart Rutherford in Dhaka, Bangladesh in 2019, offering one basic product: a passbook savings account, which allows maximum flexibility on deposits and withdrawals (any amount at any time). If clients wish, they may take out a loan, the amount of which is linked to the client's savings balance and increases with good repayment history. Loans are repaid flexibly with no fixed duration (the minimum monthly payment is the interest).

Loan repayment and savings deposits are enforced through three main mechanisms. Firstly, client must provide financial collateral (savings balance should be at least one third of loan outstanding). Secondly, the loan ceiling increases with good credit history, which is progressive lending. Thirdly, the MFI's staff visits clients once or twice a day at their home or workplace for collecting savings deposits and loan repayment.

Susu collectors are a traditional form of finance practiced in western Africa for over three centuries. It is particularly diffused in Ghana, where there are more than 4 000 susu collectors, each of whom have between 400 and 2 000 clients. Susu collectors act as mobile mini-bankers, collecting a predetermined amount of money from each client on a daily or weekly basis over an agreed period, typically one month. At the end of this period, the accumulated savings are returned to the depositor, less a small commission for services (usually equivalent to one day's deposit). Some susu collectors combine deposit-taking with provision of small loans to their clients.

Safaricom, the mobile network operator behind M-Pesa in Kenya, allows its 13 million customers to transfer money via their mobile phones and through the countrywide network of more than 23 000 agents (Safaricom, 2016). Today, Safaricom in partnership with a variety of operators (e.g., banks, non-profit organizations, insurance companies, health-service providers, etc.), is piloting innovative m-banking products. Among those, we selected two innovative services for their relevance to the focus of this paper: M-Kesho, a savings account provided by Equity Bank that also gives flexible access to loan and insurance facilities (Equity Bank, 2019).

Mamakiba is a flexible savings plan designed to help pregnant women to pay for their maternal health needs. Flexible features include: the possibility to decide the amount and periodicity of payments and the savings target; it permits to take into account the woman's cash availability and health needs; moreover, payments are actually not compulsory, since they can be skipped without any penalty. Thus, what distinguishes Mamakiba from a usual flexible savings account? Three disciplining mechanisms encourage savings. Firstly, women receive support in planning their financial resources. Secondly, small message service (SMS) reminds women to save, confirms deposits, and provides updates of total savings. Thirdly, savings are blocked for a specific use, which should be a further encouragement for savings. The program was launched in 2019 and is still in its pilot stage. It targets approximately 25-50 women per month, from low to low-medium income levels (Center for Health Market Innovation, 2019).

BAAC provides smallholder farmers with short-term loans (6–18 months) for seasonal needs and medium- and long-term loans for financing investment (up to 20 years in the case of purchase of land and machinery) (Saila,2016). BAAC allows clients to reschedule their loans if they face major repayment difficulties due to flood, drought, etc. (Townsend and Yaron, 2020). To limit moral

hazard, credit officers in the field monitor clients' circumstances and punitive interest rates are applied to cheaters.

Nourse (2001) reviews the context and rise of microfinance products and argues there is a need for savings and insurance services for the poor and not just credit products. He goes on to argue that MFIs need to provide tailored lending services for the poor instead of rigid loan products.

Concern, (2016) aims for a holistic analysis and understanding of the root causes of poverty and how people cope with poverty. They identify livelihood shocks such as natural disasters and drought, the social, political and economic context, and people's livelihood resources such as education and local infrastructure as factors affecting people's livelihood security.

2.3. The contribution of savings on Household Poverty Reduction

In savings and credit cooperative members are encouraged to save regularly in society even if the savings are small in amount. This leads each member to accumulate savings for the expected and unexpected demand. The deposits may be withdrawn according to the terms and conditions under which the accounts were contracted and classified. The regular savings contributions to the Sacco are deposited with an end date in mind for distribution of all or part of the total funds (including interest earnings) to the individual members, usually on the basis of a formula that links payout to the amount saved by each member

The members also may save not only for precautionary motives but also for investment, speculation, and convenience. The members who are able to save more/borrow (more as the amount borrowed depends directly on the amount of savings one has) thus can engage in production and thus wealth creation hence improving household income. The members' savings form a good pool of money, from which loans are made to members with fair lending interest and the interest rate is decided by members USAID (2017). This is usually done in the context of costs management and risk management so as to ensure the growth and sustainability of the Sacco is taken care of when deciding the interest rates. The savings accounts are locked in for specific amount of time. They provide lowest liquidity to the member but highest return in form of interest. They are stable sources of funding for a Sacco which pays the highest rate of return to months or years. Fixed term deposits range from one month to several years

According to the Grameen Bank model (2015), there is emphasis on savings as a prerequisite to access loans where clients should access the savings at any time. However, these savings always act as security and clients cannot access it at any time they wish to do so.

According to neoclassical growth theory by Harrod-Dommar and Robert Solow's Savings are not an end in them however, they play an important role in sustaining growth and development. Through savings there will be capital accumulation leading to investments hence economic growth and ultimately development. Coupled with the above, a high saving economy accumulates assets faster, and thus grows faster, than does a low saving economy Lipsey and Chrystal, (1995).

Given that savings may be considered less of a necessity when credit is available, Japelli T and Pagano M, (1994) argue that alleviating credit constraints on households reduces the savings rate, with negative repercussions for economic growth, and they provide empirical evidence to support this argument, based on a sample of middle and high income countries. Beck, (2008) also provide empirical evidence showing that while access to credit for households does not have a positive impact on growth

Evidence show that people are looking for opportunities to save their surplus income in case of emergencies or to be able to undertake larger investments in the future without having to take a loan CGPA, (2017). There is high potential to mobilize savings among low income people used to mostly rely on informal- often insecure- ways of savings, such as saving circles or hiding money under the mattress Wright, (2015). Providing people with secure opportunities to save can mobilize the losses, which arise from the insecure ways of savings and therefore empower them financially. Furthermore, savings can help to access loans from financial institutions are more likely to give loans to customers that have a history of saving within their institutions. However, small savings have been neglected by the MFLs in the past, as other funding sources were preferred CGPA, (2017).

The government of Uganda has subsidized the founding of new SACCOS all over the country. Newly established SACCOS can apply for a startup grant from the government owned apex-institution micro finance support center (MSC). MSC also gives out interest free loans to the SACCOS or other subsidized loans. In addition to grants and loans, SACCOS can also receive operational support from the government. The government pays salaries and rent for the first two

years after the start up. These support schemes are important elements of the government's "one SACCO per Sub County" initiative, which is part of the wider program "prosperity for all" state house, (2019).

The theoretical relationship between access to financial services and growth is not straightforward. According to related literature, there are several mechanisms through which the two may be related- and this also varies depending on which financial services we are talking about. According to growth theory e.g. Solow, (1956), and Romer, (2019), growth depends on the stock of human and physical capital in the economy, as well as technological progress. Investment at the level of the firm or the individual can contribute to all of these things, and thus plays an important role in facilitating long run economic growth

Worth nothing is that, although micro-credit is useful in poverty alleviation, it is only useful in certain situations. Some poor people since they are voiceless and property less exclude themselves from borrowing small loans, as they do not have stable income, and view access to credit as further pushing them into debts and poverty since they cannot sufficiently service the loan. This presents a paradox where the poor are in dire need for credit to exit poverty, but at the same time have a fear of not being able to repay in time, and this drawn the poor in more poverty as they have to sell off some assets they possess(if any) to service the loan. For example, a study of the impact of microfinance on rural household in the Philippines indicated that the impact is regressive, that it is negative or insignificant for the poorer households and positive for the richer household (Kondo, 1992).

According to Thomas K.Shaw, (2019), SACCOs require that members open savings account as a condition for joining but others do not. The account is maintained by the client for the purpose of accumulating funds over a period of time. Funds deposited in the savings account may be withdrawn only by the account owner or by his formally designated representative. The account may be owned by one or more persons, some accounts require funds to be kept on deposit for a minimum length of time while others permit unlimited access to the funds. Demand savings accounts can be accessed on demand that is to say at any point in time and for any amount up to the required minimum account balance.

Demand savings accounts, especially the current savings accounts use the largest percentage of the SACCO resources that is stationary, staff time, office security, cash requirements and have the lowest investment coefficient of any savings products as sources of capital for the SACCO loan products. Commitment saving account, unlike demand saving which has a built in illiquidity component that deters withdraws, commitment saving account allows ease in the making of deposits but limit the number and size of withdraws that an account holder may make within a specified period of time. In developed countries, commitment saving account products includes pension plans, education savings accounts, medical savings accounts and direct debits from salaries to all forms of savings commitment.

Interest on Savings Interest is a percentage return paid to savings based upon the stated period and minimum amounts Thomas K.Shaw (2019) ordinary savings pays small interest return while fixed deposit interest rate variable (higher than other accounts). Minor savings account pays no interest and Current savings pays no interest and the lack of interest is attributed to more of inability to calculate the cost than a lack of desire for the SACCO to remunerate savings. Therefore, there is no direct incentive for members to maintain higher average balances. He also noted that, although some SACCOs do not offer minor accounts, school fees accounts, in most cases the interest rate paid on these saving accounts is higher than for ordinary savings account but there is still no differentiation by term or amount. Thus there is little or no incentive for members to place larger amount and for longer terms. SACCOs use their member's deposits to fund loans. In return, the society pays some interest on savings for the use of their money.

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interest on savings for the use of their money. For example one of the tenets that MTS believe in is the ability of an empowered teacher in order to plant a savings culture in the members, each teacher saves at least 10,000/= every month and withdraw of the saved money is allowed.

2.4. The contribution of financial literacy trainings on Household Poverty Reduction

Ahimbisibwe (2019), on strategies to improve savings culture mentioned that it is necessary to train people on the terms and importance of savings, give prizes to the best savers, make savings compulsory, and save for old age insurance and payment of interest above inflation rate. It is assumed that households with more educated labor force have the ability to generate more income. In addition of taking the education level of household head, we also take the education level of other members in labor age which may affect household production.

Wright et al, (2016) also argued that the desire and capability of the people to save, when met with flexible and responsive saving facilities can result in large-scale savings mobilization. Indeed voluntary, open-access savings schemes can generate more net savings per client per year (and thus greater capital for the institutions) than compulsory locked in savings schemes. And provide a useful and well-used facility for clients while doing so introducing a secure, liquid convenient savings facility that offers a positive rate of return can result in startling increases in client base and capital mobilization for the SACCO.

SACCOs should provide services with favorable terms namely interest rates on savings, interest rates on loans, loan period, repayment schedule and loan size among other financial services to the existing small enterprises which are not start ups so that they can grow and add value to their owners and employees, create a savings culture and improve the national economy in general Mutesasira,(2016)

Mwakajumilo, (2015) in his study has stressed the need of members to be trained to equip them with entrepreneurial skills to enable them utilize well loans they receive from SACCOs. Members are expected to borrow funds for intended projects these are mainly financing of microeconomic activities such as trade, agricultural, small scale manufacturing industries, service sector such as saloon and non-economic activities such as payment of school fees and medical expenses. For these economic activities to be run properly and deliver enough money to repay back loans entrepreneurial training to members is of paramount importance.

Matu et al (2017) insist on microfinance providers and supporters to continue promoting the importance of improving access to financial services amongst micro and small business owners, and also they need to augment their microfinance services with promoting basic entrepreneurial training. To address these issues, the microfinance sector needs to first commit themselves to the original missions of complementing financial services with non-financial services such as basic entrepreneurial training.

2.5. The conclusion

In all the available literature, the studies found out that the intervention of VSLA has greatly improved the live of the members. However, the study is to establish the whether this is also the case in Kongunga Town Council Bukedea District and no empirical research has been carried out on the same Kongunga Town Council Bukedea District. It is against this background that the researcher would like to carry out a research on the effect of VSLA on household economic welfare in Kongunga Town Council Bukedea District.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the background against which data was gathered. It discusses the research design, study population, sampling, and study variables, sources of data collection method and instruments data processing; analysis and presentation and limitations of study.

3.1 Research Design

The researcher used descriptive design basing and also used qualitative and quantitative approaches William, et.al (2015). Qualitative research approaches are employed across many academic disciplines, focusing particularly on the human elements of the social and natural sciences; in less academic contexts, areas of application include qualitative market research, business, service demonstrations by non-profits, and journalism. While the quantitative research is to develop and employ mathematical models, theories, and hypotheses pertaining to phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships.

3.2. Population of the study

The study involved a population of 150 people who comprised of loans officer (3), manager (1), accountant (1), committee members (15), cashier (2), VLSA members (32), households (95) because these are the beneficiaries from the VLSA support and chairperson board (1). This was because of their knowledge and experience about the topic under study.

3.3. Sample size

The study involved a sample of 109 respondents who consisted of loans officer (2), manager (1), accountant (1), committee members (13), cashier (2), VLSA members (92), and households (69) because these are the beneficiaries from the VLSA support and chairperson board (1).

Using Slovene formula $n=N/1+ne^2$

N is the number of respondents

e^2 error in sampling

$$n= 150/1+150*0.05^2$$

$$n= 150/1+0.375 \quad n= 150/1.1375 \quad n= 109 \text{ respondents}$$

Table 3.1: Showing the sample size

Respondents	Population	Sample size	Sampling Technique
Loans officers	3	2	Purposive sampling
Accountant	1	1	Purposive sampling
Committee Members	15	10	Simple Random sampling
Manager	1	1	Purposive sampling
VLSA members	32	23	Simple random sampling
Cashier	2	2	Purposive sampling
Households	95	69	Simple random sampling
Chairperson board	1	1	Purposive sampling
Total	150	109	

Source: Researcher, (2024)

3.4. Sampling Techniques

A sampling technique is an identification of the specific process by which entities of the sample have been selected.

3.4.1. Purposive sampling

Purpose sampling is non-probability sample that is selected based on characteristics of a population and the objective of the study. The study was purposive sampling technique in selecting a sample of Loans officers, Accountant, Manager, Cashier and Chairperson Board. These because the respondents are well informed about the topic under study “credit control and performance of microfinance institutions”. This was done through interview guide to enable the researcher get in-depth information. This method was applied because it was convenient since it allowed respondents time to be interviewed at their convenient time since most of these respondents were always busy this method was better.

3.4.2. Simple random sampling

This technique was used while selecting a sample of Committee Members, households, and VLSA members. This because the technique ensured that all respondents had equal chances of being selected, it minimized biasness in sample selection and time saving. In simple random sampling, the researcher used lottery method where numbers were assigned to committee members, households, and VLSA members after which they were folded and picked randomly until when the required number was reached.

3.5. Data collection technique

The following research methods were used in data collection for the study.

3.5.1 Interview

Seidman, (2011), states that an interview is a conversation between two or more people where questions are asked by interviewer to get facts or statements from the interviewee. This method gave the researcher the freedom to probe the interviewee to elaborate or to follow a new line of inquiry introduced by what the interviewee was saying. The interview was structured with open-ended questions and they were administered to the loans officer, VLSA members, and cashier. They were chosen because they are involved directly in with the local members.

3.5.2. Questionnaire

Foddy, (2019) defined a questionnaire as a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Questionnaire was used because it managed to collect information from a large number of people in a short period of time and in a relatively cost-effective way. This tool allowed room and freedom of expression to the respondents that they expecting to get more information to capture important themes of the study on the contribution of saving and credit cooperatives on household poverty reduction in Bukedea District Local Government. The questionnaire was used to collect data from manager, accountant, chairperson and committee members. This research instrument was used to gather information about preferences and interests so that I could generate a personalized response. The questionnaire helped me understand the likes and dislikes, and allowed me to tailor my response to better match respondent's interests and provide a more enjoyable experience from the key

respondents such as opinion leaders, committee members, and local leaders. This was self-administered by the respondents, since, they know how to read and write. These were suitable to large population and saves time and also convenient to the respondents however there was likelihood of not getting the entire questionnaire.

3.6. Data Collection Tools

A data collection instrument is a tool or method used to gather data from a target population or sample in a systematic and standardized manner. It serves as a means to collect, record, and organize information for analysis and research purposes

3.6.1. Interview guide

This was used to obtain information from the respondents like feeling, opinions, response, historical data and related information about the topic under study and the research objectives.

3.6.2. Questionnaire

The questions were closed ended to allow respondents in put their own opinion without any influence from the research which led to fruitful proposal and report writing. The respondents responded to questions in form of strongly agree, agree, undecided, disagree, and strongly disagree at their own will without due influence.

3.6.3. Documentary Review

A documentary review is a critical evaluation and analysis of a documentary film or series. It involves examining various aspects of the documentary, such as its content, style, structure, and impact, and providing an informed opinion about its effectiveness and significance.

3.7. Data presentation and Analysis

The process begun by analyzing and editing interview guides and questionnaires. This was done to ensure uniformity, accuracy, and consistency of the questions raised. This was followed by tabulation and data was presented in text, graphs and tables form; done using Microsoft Word and statistical package of social sciences, thus involving the arrangement of data in tables in order to fit a particular statistical test and analysis. The researcher thoroughly checked data collected for

comprehensiveness, completeness, accuracy, and uniformity. Tables were then drawn according to record frequency, distribution, and percentages while graphs represent data for easy comparison. Furthermore, the collected data was edited, coded, and analyzed manually. Editing means process of examining the collected raw data to enable dictating of errors and omission and correcting mistakes. The basic purpose of editing was to secure a quality standard on the data and it involve inspection and if necessary checking of the retained questionnaire or interview schedules.

Coding the data means the data collected was assigned by numerical or classes (Kothari 2010). Alphanumerical code was used to sign letters or symbols and numeric code was used in assign number during presentation of the data.

Classification was conducted by arranging collected data in groups and classes in the basis of their common characteristics. Data having common traits were put in one class and classified according to attributes or class interval.

3.8. Data quality control

Data quality control entailed ensuring acceptable level of reliability and validity of the research instruments. To control data quality, the researcher endeavoured to attain validity and reliability coefficients of at least 70%

3.8.1 Validity

For testing the validity of research instrument like the questionnaire was given to the research supervisor who validated the instruments calculation for occurrences to determine whether research questions were valid enough to be used for gathering the information. The formula below was used to calculate the validity of research questions.

$$CV = \frac{VR}{\text{No. of questions}}$$

Where VR is very relevant

3.8.2 Reliability of Instruments

For the questionnaire, the researcher carried out a Test-Retest method where a respondent who completed the questionnaire were asked to complete it again after two weeks and his/her choices were compared for consistence. According to Amin (2018), test -retest provided evidence that scores obtained on a test at one time (test) were the same or close to the same when the test was re- administered some other time (re-tested).

3.9. Research procedure

The researcher received an introductory letter from the Department of social sciences, which was used to introduce the researcher to the respective respondents and authorities at the, Sub-County and village levels.

For purposes of successful research, the researcher obtained an introduction letter from the head of department then presented it to authorities of KALELI SACCO in Bukedea District to be accepted to carry out research in their organization who in turn issued an acceptance or confirmation letter to the researcher allowing him to carry out research in their organization. Then he made arrangement with the concerned respondents about the date and time when to distribution questionnaires and arrangement for interviews as he assigned the guide or helper by the officer in charge for easy data collection and convenience.

3.10. Ethical Considerations

To carry out this research, ethical clearance was requested and granted from the University. A letter was issued allowing the researcher to carry out the study. Once this was obtained the research study was then proceeded.

Permission was obtained from each business entity from the administration office. Then permission from the participants was sought using the permission letter from the head of department at the university.

In addition, respondents were informed about the procedures of the study including privacy and confidentiality issues. Confidentiality of information was promised to protect and enable respondents to trust the researcher with the information from the sensitive questions. Sensitive

information/issues were not explored anyhow unless the respondents consent to provide such information, e.g. comparing home conditions in terms of feeding and availability of home necessities in present and years before joining VSLA. Finally at the end of each process, respondents were thanked for their participation in the study.

CHAPTER FOUR
PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0. Introduction

The chapter highlighted the background information of the respondents of KALELI SACCO in Kongunga Town Council. Discussion and analysis of the different responses to some key questions was also done in this chapter following the research objectives as seen below;

Table 4.1 response rate

Respondents	Sample size	Response	Response rate
Loans officers	2	2	100
Accountant	1	1	100
Committee Members	10	10	100
Manager	1	1	100
VLSA members	23	23	100
Cashier	2	2	100
Households	69	69	100
Chairperson board	1	1	100
Total	109	109	100

Source: Primary Data (2018)

From the above Table 4.1 above, indicate that Loans officers were distributed with 2 questionnaires and were all successfully filled, accountant 1 received one questionnaire and it was successfully collected, committee members had 1 questionnaire and also successfully filled, manager 1 questionnaire was distributed then filled, VLSA members 23 questionnaires were distributed and all were successfully filled, cashier 2 questionnaires were distributed and all were

filled, households received 69 questionnaires were distributed were successfully filled and chairperson board 1 was successfully collected and this counted for 100% response rate. This was a good response rate and the data provided was taken to be a true representation of the respondent's views.

4.1. Back ground information of respondents

This section shows the gender of the respondents, marital status, age bracket, highest level of education attained, and the duration spent in service at KALELI SACCO in Kongunga Town Council Bukedea District as explained below;

Table 4.2: Showing the gender of the respondents

Response	Frequency	Percent
Male	54	49.5
Female	55	50.5
Total	109	100

Source: Primary Data, (2024)

From the table 4.2, above showed that 50.5% of the respondents were female as being the highest and 49.5% respondents as male came least. Therefore, KALELI SACCO in Kongunga Town Council Bukedea should exercise gender equality while employing its staff as this brings harmony at work place.

Table 4.3: Showing the age of the respondents

Response	Frequency	Percent
18- 24 years	10	9.2%
25–34 years	54	49.5%
35-44 years	24	22.0%
45-54 years	9	8.3%
Above 54 years	12	11.0%
Total	109	100%

Source: Primary Data, (2024)

From the field research in table 4.3., 49.5% of the respondents ranked highest as being between the age of 25-34 years, 22.0% respondents as second were between 35-44 years, 11.0% of the respondents were between above 58 years, 9.2% of the respondents were between 18-24 years and 8.3% of the respondents were between 45-54 years. Therefore majority of the respondents were between the age of 25-34 years who are still strong and had love for work in order to achieve better results.

Table 4.4: Showing the marital status of the respondents

Response	Frequency	Percent
Single	30	27.5
Married	59	54.1
Divorced	11	10.1
Separated	9	8.3
Total	109	100.0

Source: Primary Data, (2024)

In the above table 4.4, 54.1% of the respondents being the majority were married, 27.5% of the respondents were single as second, and 10.1% of the respondents ranked third as divorced and 8.3% respondents came least as being separated. This shows that the majority of respondents was married and preferred work in order to meet the family demands.

Table 4.5: Showing the academic qualifications of the respondents

Response	Frequency	Percent
Certificate	23	21.1
Diploma	60	55.0
Degree	26	23.9
Masters	0	0
Total	109	100%

Source: Primary Data, (2024)

From the table 4.5, 55.0% of the respondents were diploma holders, 23.9% respondent were degree holders, 21.1% of the respondents were certificate holders and masters had no response. This indicated that employees who work with Kongunga Town Council value education as an important factor which has led to better service delivery and quality out-put like timely reports, and effective accountability.

Table 4.6: Showing the work experience of the respondents

Response	Frequency	Percent
less than one year	4	3.7
1-2 years	25	22.9
3-4 years	55	50.5
5-10 years	25	22.9
Total	109	100

Source: Primary Data, (2024)

From the field research in table 4.6, 50.5% of the respondents as the majority had worked for a period between 3-4 years, 22.9% of the respondents worked for the period of between 1-2 years, 22.9% respondents had worked for a period of between 5-10 years, and 3.7% of the respondents had worked for a period of 5-10 years. This was an indication that most respondents had worked for a period of between 3-4 years.

4.2. The contribution of loans on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

Under this objective the responses obtained are explained below;

Table 4.7: The contribution of loans on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

STATEMENT	SA	A	U	D	SD
You always have seminars and workshops on how to run your business	50.0	38.3	8.3	0	3.3
Village servicing management train you on the best business ventures	28.3	51.7	10.0	0	10.0
Innovations in business have been attained through business ideas generated	13.3	23.3	13.3	16.7	33.3
Business ideas given have enabled you to improve on your business	20.0	8.3	11.7	40.0	20.0
Customer base has increased through the business idea offered	15.0	26	28	7	23

Source: Primary Data, (2024)

From the table 4.7 above, indicate that 50.0% of the respondents strongly agreed, 38.3% agreed, 8.3% were undecided with the statement, and 3.3% strongly disagreed. This implied that majority of the respondents strongly agreed that they always have seminars and workshops on how to run their business. In agreement with Nourse (2001) reviews the context and rise of microfinance products and argues there is a need for savings and insurance services for the poor and not just credit products. He goes on to argue that MFIs need to provide tailored lending services for the poor instead of rigid loan products.

In an interview with Mutonyi (not real name) pointed out that the SACCOs has enabled them to save money which is used to boost their business, getting a loan, paying school fees for their children, they are encouraged to save in different business, and members have regular savings accounts. However it was also found out that there are challenges facing the SACCO such as corruption, low savings

from members, non-payment of borrowed money from members, and also poor attitude towards the SACCO from some members

On the other hand 28.3% of the respondents strongly agreed, 51.7% agreed, 10.0% strongly disagreed as well as undecided, and disagree had no response. This indicates that village servicing management train respondents on the best business ventures. The study is in line with Premaratne, (2019), found that impact of micro finance on women is substantial in building confidence, courage, skill development and empowerment but there is no positive in sustainable rural development especially reduction of poverty, creation of employment opportunities and creation of assets in rural areas. According to his study on Accessibility and Affordability of Rural Microfinance Services in Sri Lanka revealed that the accessibility of Microfinance depends on factors such as the level of household income, distance to MFI, availability of information technology, interest rate, level of education, vocational training, and collateral availability.

During a discussion with Joan (not real name) one of the councilors in the Sub-County said that the VSLA has greatly improved the socio-economic wellbeing of women in the Sub-County as they have been able to set-up enterprises which have made them self-reliant.

Furthermore, 13.3% of the respondents strongly agreed, 23.3% agreed, 13.3% were undecided, 16.7% disagreed and 33.3% strongly disagreed. This implied that innovations in business have been attained through business ideas generated. In terms of impact their study found that the VSLA had significantly supported households' development of income-generating opportunities. The Income Generating Activities (IGA) promoted helped to improve livelihoods and, according to workshop participants, increased community awareness and understanding of how to work more effectively with financial capital. The study concluded that this was a significant step forward in a generally poor society unused to working with financial assets. "The S&L scheme was one of the most talked about aspects of the project: where it had been tried the communities wanted to expand its scope and where it had not been tried the people were eager to be exposed to it." (Hartley and Rijali, 2016).

During the discussion with Sarah (not real name) reasoned that there are some men who refuse their wives from participating in businesses which is a big

challenge to the program as some women are left out. “To me this kind of behavior increases poverty levels and retenders development of the area”

In addition, 20.0% of the respondents strongly agreed, 8.3% agreed, 11.7% were undecided, 40.0% disagreed, and 20.0% strongly disagreed. This implied that majority of the respondents disagreed that business ideas given did not enable them to improve on their business. This is in line with Concern, (2018) aims for a holistic analysis and understanding of the root causes of poverty and how people cope with poverty. They identify livelihood shocks such as natural disasters and drought, the social, political and economic context, and people’s livelihood resources such as education and local infrastructure as factors affecting people’s livelihood security.

Immaculate (Pseudo name) a 36 year old female resident said that they have been trained on how to manage business, monitor daily incomes and expenditures. She further said “They have equipped us with business skills, ideas and viable business ventures which has enabled us to remain competitive and successful in the market”

15% of the respondents strongly agreed, 26% agreed, 28% were undecided, 7% disagreed, and 23% strongly disagreed. This implied that customer base was increased through the business idea offered. In contrary according to Allen (2020) in his study in Niger argues that at the present time there is hardly any group that is directly trained by CARE/MMD. This system arose when MMD programmers noticed that informal training was taking place between groups. Rather than suppress this activity, MMD decided to use it as the basis for auto-replication in the future.

4.3. The contribution of savings on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

This was the second objective under study and response obtained is explained

Table 4.8: The contribution of savings on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government

STATEMENT	SA	A	U	D	SD
Are loans disbursed when all requirements are met	20.0	50.0	22.5	7.5	0
Income levels of customers are considered when giving a loan	32.5	45.0	0	12.5	10.0
Do you think the Sacco provides clients with a loan repayment Schedule	25.0	32.5	22.5	20.0	0.0
Does the Sacco charge an interest in case you have borrowed the loan	52.5	32.5	2.5	0.0	12.5
Does the Sacco borrow a loan from external sources like commercial banks' or other financial institutions	30.0	55.0	7.5	7.5	0
Average mean					

Source: Primary Data, (2024)

The findings in table 4.8 below, 20.0% of the respondents strongly agreed, 50% agreed, 22.5% were undecided, 7.5% disagreed, and strongly disagree had no response. This implied that loans are disbursed when all requirements are met. In line with USAID (2017) the members also may save not only for precautionary motives but also for investment, speculation, and convenience.

The members who are able to save more/borrow (more as the amount borrowed depends directly on the amount of savings one has) thus can engage in production and thus wealth creation hence improving household income. The members' savings form a good pool of money, from which loans are made to members with fair lending interest and the interest rate is decided by members.

During interaction with George (not real name) said that savings had enabled them to expand on their business, saved money also enables them to lend to other members which makes them to earn interest, invest in their stationary which improve on their standard of living.

32.5% of the respondents strongly agreed, 45.0% agreed, 0% were undecided, 12.5% disagreed, and 10.0% strongly disagreed. This implied that income levels of customers are considered when giving a loan. According to the Grameen Bank model (2015), there is emphasis on savings as a prerequisite to access loans where clients should access the savings at any time. However, these savings always act as security and clients cannot access it at any time they wish to do so.

During discussions with Jane (not real name) a 40 year old female resident said that savings has enabled them to sustain their families in terms of paying school fees, payment of rent, food, medical care, and other basic necessities through the business enterprise that we started.

25.0% strongly agreed, 32.5% agreed, 22.5% were undecided, 20.0% disagreed and strongly disagreed had no response. This implied that the Sacco provides clients with a loan repayment schedule being represented by the majority who agreed with 32.5%. According to Lipsey and Chrystal, (2019) noted that savings are not an end in them however, they play an important role in sustaining growth and development. Through savings there will be capital accumulation leading to investments hence economic growth and ultimately development. Coupled with the above, a high saving economy accumulates assets faster, and thus grows faster, than does a low saving economy.

During interactions with Grace (not real name) resident said VSLA gives its beneficiaries funds to start-up income generating activities which is

easing access to loans from banking institutions to boost on their business operations thus making them self-reliant.

About does the Sacco charge an interest in case you have borrowed the loan, 52.5% strongly agreed, 32.5% agreed, 2.5% were undecided, disagree had 0% response and 12.5%. This implied that the SACCO charges an interest on the borrowed money as evidenced by 52.5% respondents who strongly agreed. In agreement with Thomas K.Shaw (2019) ordinary savings pays small interest return while fixed deposit interest rate variable (higher than other accounts). Minor savings account pays no interest and Current savings pays no interest and the lack of interest is attributed to more of inability to calculate the cost than a lack of desire for the SACCO to remunerate savings. Therefore, there is no direct incentive for members to maintain higher average balances. He also noted that, although some SACCOs do not offer minor accounts, school fees accounts, in most cases the interest rate paid on these saving accounts is higher than for ordinary savings account but there is still no differentiation by term or amount.

Lastly about, does the Sacco borrow a loan from external sources like commercial banks' or other financial institutions, 30.0% strongly agreed, 55.0% agreed, 7.5% were undecided, 7.5% disagreed, and 0% strongly disagreed. This implied that SACCO borrow a loan from external sources like commercial banks and other financial institution to boost on its operations and accessibility of funds by the members which improves on their house hold incomes.

4.4: The contribution of financial literacy trainings on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

This was the third objective under study

Table 4.9: The contribution of financial literacy trainings on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

STATEMENT	SA %	A %	U %	D %	SD %	Mean	Standard deviation
Does the Sacco educate clients on how and to where to invest loans	50.0	45.0	0.0	5.0	0.0	2.350	1.448
Does the Sacco give to the clients who have saved more gifts	40.0	32.5	7.5	20.0	0.0	2.383	.993
Does the Sacco have motivating factors that help members to save more	22.5	45.0	27.5	0.0	5.0	2.267	1.260
Have you improved since you joined the Sacco	22.5	60.0	2	0.0	25.0	2.667	1.130
The Sacco teaches people on how to open up an account	11.7	55.0	25.0	8.3	0.0	2.367	.823
Does the Sacco educate the clients on how to use loans obtained	30.0	55.0	7.5	7.5	0.0	1.867	.676
Do you think the Sacco uses measures to communicate and remind clients to pay the loans when they default	35.0	47.5	10.5	7.5	0.0	3.133	3.605
Average mean						2.407	1.1308

Source: Primary Data, (2024)

The findings revealed information on does the Sacco educate clients on how and to where to invest loans, the study showed that 50% of the respondents strongly agreed, 45.0% agreed, undecided had no response, 5.0% disagreed, and disagreed had no response. This indicated that the Sacco educate clients on how and where to invest loans.

In relation to the interviews Michael (not real name) pointed out that saving enabled them to expand on their business, saved money also enables them to lend to other members which makes them to earn interest, invest in their stationary which improve on their standard of living

On the other hand, about does the SACCO give to the clients who have saved more gifts, the findings indicated that 40.0% strongly agreed, 32.5% agreed, 7.5% were undecided, 20.0% disagreed, and 0.0% strongly disagreed. This implied that the Sacco give to the clients who have saved more gifts which has encouraged them to continue saving which improves on the household income. In relation to Wright et al, (2016) also argued that the desire and capability of the people to save, when met with flexible and responsive saving facilities can result in large-scale savings mobilization. Indeed voluntary, open-access savings schemes can generate more net savings per client per year (and thus greater capital for the institutions) than compulsory locked in savings schemes. And provide a useful and well-used facility for clients while doing so introducing a secure, liquid convenient savings facility that offers a positive rate of return can result in startling increases in client base and capital mobilization for the SACCO.

During discussion with Rebecca (not real name) a resident said: VSLA offers hands on training to women which equip them with skills like managerial skills, minimizing on expenditures and maximizing revenues, producing quality products, customer care skills, and career development skills.

Furthermore 22.5% respondents strongly agreed, 45.0% agreed, 27.5% were undecided, 0.0% disagreed, and 10.0% disagreed that assets are not safeguarded and transactions are monitored well. This implied that the Sacco have motivating factors that help members to save more. In support with Mwakajumilo, (2015) in his study has stressed the need of members to be trained to equip them with entrepreneurial skills to enable them utilize well loans they receive from SACCOs. Members are expected to borrow funds for intended projects these are mainly financing of microeconomic activities such as trade, agricultural, small scale manufacturing industries, service sector such as saloon and non-economic activities such as payment of school fees and medical expenses. For these economic activities to be run properly and deliver enough money to repay back loans entrepreneurial training to members is of paramount importance.

In an interview with Martine (not real name) business man said the financial advice offered to them has enabled him to expand on his business which has made him meet family needs like school fees, shelter among others.

On the other hand 38.3% strongly agreed, 25.0% strongly disagreed, 20.0% agreed, 16.7% undecided, and disagreed had 0% response. This implied that the Sacco educate the clients on how to use loans obtained. In addition 55.0% agreed, 25.0% were undecided, 11.7% strongly agreed, 8.3% disagreed and strongly disagreed had 0% response. This implied that the Sacco uses measures to communicate and remind clients to pay the loans when they default. In line with Matu et al (2017) insist on microfinance providers and supporters to continue promoting the importance of improving access to financial services amongst micro and small business owners, and also they need to augment their microfinance services with promoting basic entrepreneurial training. To address these issues, the microfinance sector needs to first commit themselves to the original missions of complementing financial services with non-financial services such as basic entrepreneurial training.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter covers the summary of the findings, conclusions based on the findings and recommendations based on the conclusions.

5.1 Summary of Findings

The findings show that loans are disbursed when all requirements are met, income levels of customers were considered when giving a loan, SACCOs provide clients with a loan repayment schedule, SACCOs charge an interest in case they borrowed the loan, SACCOs borrow a loan from external sources like commercial banks or other financial institutions, and clients who receive a loan are monitored adequately to ensure they pay back the loan.

In relation to the interviews carried out members pointed out that saving enabled them to expand on their business, saved money also enables them to lend to other members which makes them to earn interest, invest in their stationary which improve on their standard of living.

The study revealed that SACCOs educate clients on how and to where to invest loans, SACCOs give loans to clients who have saved more gifts, SACCOs use measures to communicate and remind clients to pay the loans when they default, SACCOs teaches people on how to open up an account, SACCOs educate the clients on how to use loans obtained, and SACCO have motivating factors that help members to save more.

In relation to the interviews carried out members pointed out that saving enabled them to expand on their business, saved money also enables them to lend to other members which makes them to earn interest, invest in their stationary which improve on their standard of living.

The findings show that loans are disbursed when all requirements are met, income levels of customers were considered when giving a loan, SACCOs provide clients with a loan repayment schedule, SACCOs charge an interest in case they borrowed the loan, SACCOs borrow a loan from external sources like commercial banks or other financial institutions, and clients who receive a loan are monitored adequately to ensure they pay back the loan.

In relation to the interviews carried out members pointed out that saving enabled them to expand on their business, saved money also enables them to lend to other members which makes them to earn interest, invest in their stationary which improve on their standard of living.

The study revealed that SACCOs educate clients on how and to where to invest loans, SACCOs give loans to clients who have saved more gifts, SACCOs use measures to communicate and remind clients to pay the loans when they default, SACCOs teaches people on how to open up an account, SACCOs educate the clients on how to use loans obtained, and SACCO have motivating factors that help members to save more.

In relation to the interviews carried out members pointed out that saving enabled them to expand on their business, saved money also enables them to lend to other members which makes them to earn interest, invest in their stationary which improve on their standard of living.

5.2. Conclusion

5.1.1. The contribution of loans on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

The findings revealed that education of the children was made possible through loans acquired, opening up of the business entities is through loan provision, stability in marriages is achieved through loans provided, family income has increased and acquisition or hiring of new manpower is realized through provision of loans. In agreement with Skarlatos, (2015), stated that micro credit delivery has improved the economic position of households, however, he found out a number of issues in three ways. First the size of the loans is too small which does not enable the women to make long-term income change for the house hold. Secondly, the increased access to credit in the same geographic area could contribute to market dispersion of products provided by the women because poor women usually engage in similar businesses.

Consultancy services are capable of boosting welfare of household: it enables prompt and efficient access to reliable financial data and helps strengthen financial controls, improving the provision of government services, raising the budget process to higher levels of transparency and accountability, and expediting government operations. In support with Dejene, (2019) revealed that micro and small enterprises provide employment to the poor who have no other means of

income. However women's Micro and Small Enterprises are not reaching their growth potential due to various factors such as labour burden, lack of adequate skill, lack of financial resources, weak infrastructure, limited access to markets, weak business organizations and limited enabling environment.

5.1.2. The contribution of savings on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

In conclusion, the findings show that loans were disbursed when all requirements are met, income levels of customers were considered when giving a loan, and SACCOs provide clients with a loan repayment schedule. In agreement with Thomas K. Shaw, (2019), SACCOs require that members open savings account as a condition for joining but others do not. The account is maintained by the client for the purpose of accumulating funds over a period of time. Funds deposited in the savings account may be withdrawn only by the account owner or by his formally designated representative.

In addition, it can be concluded that SACCOs charge an interest in case they borrowed the loan, SACCOs borrow a loan from external sources like commercial banks or other financial institutions, and clients who receive a loan are monitored adequately to ensure they pay back the loan. In support with Concern, (2016) aims for a holistic analysis and understanding of the root causes of poverty and how people cope with poverty. They identify livelihood shocks such as natural disasters and drought, the social, political and economic context, and people's livelihood resources such as education and local infrastructure as factors affecting people's livelihood security.

5.1.3. The contribution of financial literacy trainings on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

The findings reveal that SACCOs educate clients on how and to where to invest loans, SACCOs give loans to clients who have saved more gifts, and SACCOs use measures to communicate and remind clients to pay the loans when they default. In support according to Wright et al, (2016) also argued that the desire and capability of the people to save, when met with flexible and responsive saving facilities can result in large-scale savings mobilization. Indeed voluntary, open-access

savings schemes can generate more net savings per client per year (and thus greater capital for the institutions) than compulsory locked in savings schemes. And provide a useful and well-used facility for clients while doing so introducing a secure, liquid convenient savings facility that offers a positive rate of return can result in startling increases in client base and capital mobilization for the SACCO.

Besides, it can be concluded that SACCOs teaches people on how to open up an account, SACCOs educate the clients on how to use loans obtained, and SACCO have motivating factors that help members to save more. In agreement with Mwakajumilo, (2015) in his study has stressed the need of members to be trained to equip them with entrepreneurial skills to enable them utilize well loans they receive from SACCOs. Members are expected to borrow funds for intended projects these are mainly financing of microeconomic activities such as trade, agricultural, small scale manufacturing industries, service sector such as saloon and non-economic activities such as payment of school fees and medical expenses.

5.3. Recommendation

The researcher recommends that Village savings and loans association that they should continue to encourage clients to save more money in order to improve on their household income.

The researcher recommends that SACCOs should consider the income levels of customers before giving them a loan as this may minimize on loan default.

The researcher recommends that SACCOs should continue to educate clients on how and where to invest loans in profitable ventures.

The researcher recommends that SACCOs should continue to educate clients on how and where to invest loans in profitable ventures.

5.4. Areas of further research

1. Contribution of macro finance institutions on women empowerment.
2. Role of credit management on performance of small and medium enterprises

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APPENDIX 1: QUESTIONNAIRE

Dear respondent,

My name is **OCHEKA PAUL REG NO. J23/MUC/BPAM/006**, I am a student of Uganda Christian University pursuing a Bachelor’s Degree in Public Administration and Management, I am currently carrying out a study for the purpose of writing a dissertation as a requirement by the university on the topic “**contribution of saving and credit cooperatives on household poverty reduction in KALELI SACCO in Kongunga Town Council, Bukedea District Local Government**”. The importance of your information in the study and the information obtained will be treated with confidentiality.

SECTION A: Demographic Information of Respondents

INSTRUCTIONS:

Please tick where applicable:

Gender of respondents	Male	
	Female	
Age of respondents	18- 24 years	
	25–34 years	
	35-44 years	
	45-54 years	
	Above 54 years	
Marital status of respondents	Single	
	Married	
	Divorced	
	Separated	
	Single	
Level of Academic qualification of the respondents	Certificate	
	Diploma	
	Degree	
	Masters	

SECTION B: To examine the contribution of loans on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

For each of the following statements, please indicate (by ticking) the extent to which you agree with, using the following scale: (Strongly Agree,(SA) Agree,(A)Not sure(NS), Disagree(D) and Strongly disagree(SD).

	Statement	SA	A	NS	D	SD
1	You always have seminars and workshops on how to run your business					
2	Village saving management train you on the best business ventures					
3	Innovations in business have been attained through business ideas generated					
4	Business ideas given have enabled you to improve on your business					
5	Customer base has increased through the business idea offered					

SECTION C: To assess the contribution of savings on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

For each of the following statements, please indicate (by ticking) the extent to which you agree with, using the following scale: (Strongly Agree,(SA) Agree (A), Not sure (NS),Disagree(D) and Strongly disagree(SD).

	Statement	SA	A	UD	D	SD
1	Are loans disbursed when all requirements are met					
2	Income levels of customers are considered when giving a loan					
3	Do you think the Sacco provides clients with a loan repayment Schedule?					
4	Does the Sacco charge an interest in case you have borrowed the loan					
5	Does the Sacco borrow a loan from external sources like commercial banks' or other financial institutions?					
6	Clients who receive a loan are they monitored adequately to ensure they pay back the loan					

SECTION D: To establish the contribution of financial literacy trainings on Household Poverty Reduction in Kongunga Town Council, Bukedea District Local Government.

For each of the following statements, please indicate (by ticking) the extent to which you agree with, using the following scale: (Strongly Agree,(SA) Agree (A), Not sure (NS),Disagree(D) and Strongly disagree(SD).

	Statement	SA	A	NS	D	SD
1	New ideas provided has led to growth of the enterprises					
2	Loans provided by microfinance institutions leads to expansion and growth of the enterprise					
3	Financial literacy provided has led to proper financial planning					
4	Savings culture has been encouraged by village savings and loans					
5	Better investment decisions have been encouraged					

APPENDIX II: INTERVIEW GUIDE

1. To what extent does business ideas and loans offered by village savings and loan association influenced household economic welfare in Kongunga Town Council Bukedea District?
2. Do you think SACCO savings have influence on household economic welfare in Kongunga Town Council Bukedea District?
3. Do SACCO's financial advisory services influence household economic welfare in Kongunga Town Council Bukedea District?
4. Do SACCO's provide investment advice to households on improving economic welfare in Kongunga Town Council?

APPENDIX III: PLACEMENT LETTER



UGANDA CHRISTIAN
UNIVERSITY
A Centre of Excellence in the Heart of Africa
MBALE UNIVERSITY COLLEGE

Office of the Academic Registrar

To MANAGER
KARERI SACCO LTD

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss OCHAKA PAUL
Of Registration Number: 123/muc/BPAM/006 pursuing a Masters'
Degree/Postgraduate Diploma / Bachelor's Degree B.PAM

He/ she is required to carry out an academic research on the topic
Contribution of Savings and Credit Cooperatives on
household poverty reduction.

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate and three (BLACK) copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.

Thank you.

Yours faithfully,

Mr. Akampurira Timothy

Academic Registrar



APPENDIX IV: ACCEPTANCE LETTER

KALELI SAVINGS AND CREDIT COOPERATIVE SOCIETY LTD

P.O KACHUMBALA

REG 4160

Email: kalelisaccos@gmail.com

15/07/2024

Our ref.....

MR OCHEKA PAUL

RE: ACCEPTANCE

I am pleased to inform you that you have been granted permission to carryout your research in KALELI savings and credit co-operative society ltd.

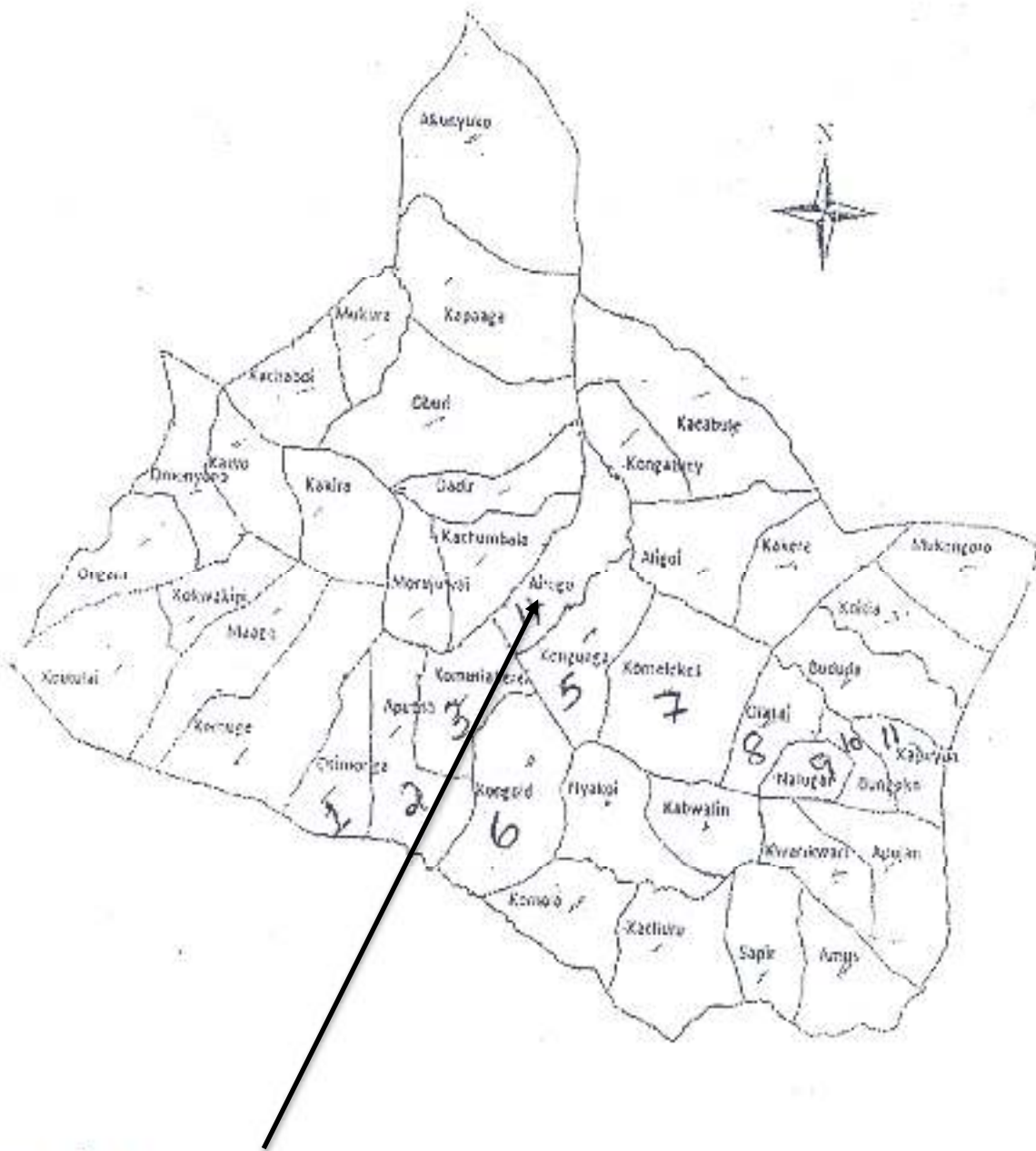
You will therefore be expected to abide by the rules and conduct of the society and cooperative in a professional manner.

We wish you good luck in your study


.....
ON: SPAC PATRICK

MANAGER

APPENDIX V: SKETCH MAP OF KACHUMBALA



Research area