DEVELOPMENT FUND PROGRAMMES AND POVERTY ALLEVIATION AMONG THE POOR RURAL HOUSEHOLDS IN UGANDA:

(THE CASE OF KYENZIGE SUB-COUNTY KIBAALE DISTRICT)

BY

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DEDICATION

This work is dedicated to my Mother Ms.Slyivia, my brother Edward Katongole, plus all other my brothers and sisters whose resources I used to complete this course.

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I am very grateful to my supervisor Moses Kibrai for his guidance and support that have enabled me complete this piece of work.

Special thanks go to my Mother Sylvia, my Step Mother Roza, my Brother Edward Katongole, my Sisters, Birungi, Jane, Asaba, Rose, plus the rest of my brothers and sisters, for their encouraging advice and cooperation during the entire course.

Special thanks goes to Mr. Edward Katongole whose patience, support and understanding have been a source of encouragement through out the course.

To all of you, thanks so much, may God reward you.

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IPSP	Inter Press Service Report
GDP	Gross Domestic Products
IFAD	International Fund for Agricultural Development
UBOS	Uganda Bureau of Statistics
UNHS	Uganda National Household Survey
UNFPA	United Nations Fund for Population Action
UNDAF	United Nations Development Assistance Framework
PPPs	Promote Private Public Partnerships
PEAP	Poverty Eradication Action Plan
NGOs	Non-Governmental Organizations
NAADS	National Agricultural Advisory Services
YES	Youth Entrepreneurship Schemes
MDGs	Millennium Development Goals
MFIs	Micro Finance Institutions
SMEs	Small and Medium Enterprises
PAP	Poverty Alleviation Projects
ADF	Africa Development Fund
PMA	Plan for Modernization of Agriculture
AADP	Africa Agriculture Development Plan
ATAAS	Agricultural Technology and Agribusiness Advisory Services

DLSP	District Livelihood Support Programme
AAMP	Area-Based Agricultural Modernization Programme
SACCOS	Savings and Credit Cooperatives Organizations
UNCDF	United Nations Capital Development Fund

ABSTRACT

The study seeked to establish whether development fund programmes contribute to poverty alleviation among poor people living in rural areas.

A case study research design was used to undertake the study by the help of both qualitative and quantitative research approaches. A sample of 80 respondents were drown from a study population of 164 people which was a half of the entire population (328) directly benefiting from these programme .The data about development funds programmes and poverty was collected and analyzed using the statistical package for social Scientists (SPSS) to generate tables for which analysis and discussion were made.

The findings revealed that development fund loans which fall under fininancial support under the scheme contribute much in poverty alleviation among poor households in rural areas with majority of the beneficiaries being women as compared to men. However, it was also found out that short term projects especially the provision of quality improved seeds varieties such as bananas, maize, cassava among others, quality breads of animals such as pigs, goats, cattle also have some significant role they have played towards poverty alleviation among poor household in rural areas. These programmes have increased peoples savings which influence investment and poverty reduction.

It was recommended that since development fund programmes are the best tools for household’s poverty alleviation especially in rural areas, government should fund them the more to increase their efficiency and effectiveness to reduce poverty among poor rural household in the country. More over, SACCOS should also revise some of their loan terms that are truly unfriendly to their clients and training of the members and regular financial advice will help the loan borrowers put the loans into profitable ventures that can help them earn profits and in the end increase on their disposable incomes and repay back the loans with out difficulties among other recommendations.

CHAPTER ONE

GENERAL INTRODUCTION

This study evaluates the contribution of Development Fund Programmes to words poverty alleviation among poor rural households in Uganda. The dimensions under independent variable (Development fund programmes) included; financial support and projects support. The ones under dependent variable (poverty alleviation) include; incomes, housing, clothing, education and health care.

This study is based extensively on review of literature related to the variables and the main literature include; the Rural Poverty Report, 2011, published by IFAD, more than 350million rural people have lifted themselves out of extreme poverty by 2001 but the new report notes that global poverty remains a massive and predominantly rural phenomenon with 70% of the developing world's-1.4billion extremely poor people living in rural areas. The report reveals that the problem is more severe in sub-Saharan Africa and South Asia (Rural Poverty Annual Report, 2011).

The World Bank Group Analysis, (2013) also shows that low income countries lagging behind in lifting people out of poverty. According to their analysis, the number of people living in extreme poverty around the world has sharply declined over the past three decades, but in 2010, it still included roughly 400million children, or one-third of those living in such a abysmal conditions according to the new world Bank analysis 2013 release. The report found that 712million people lived in extreme poverty in 2010 defined as under $1.25 a day compared to 1981(World Bank,2013).

However, this research is different from previous studies in a sense that previous studies used different IVs to address the same issue and no one had appreciated the role played by development fund programmes in poverty alleviation in his or her study. Therefore, it is on this ground that the study was based.

1.1. Background to the study

The incidence of poverty has raised a lot of concern worldwide. According to the World Bank Group 2011, a person is considered poor if his or her consumption or income level falls below some minimum level necessary to meet basic needs. This minimum level is usually called the poverty line. However, what is necessary to satisfy basic needs varies across time and societies. This means that poverty line varies in time and places and each country uses lines which are appropriate to its level of development, social norms and values (World Bank Report, 2011).

The World Bank again reveals that poverty is pronounced deprivation in well being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. It also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice in society (World Bank, 2001).

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While extreme poverty rate have declined in all regions, the world 35 low income countries- 26 of which are in Africa registering 100million more extremely poor people today than three decades ago. In 2010, 33%of the extreme poor lived in low income countries compared to 13% in 1981 (world Bank Analysis Report, 2010).

Narrowing the problem to Uganda, the problem has raised a lot of concern to the Ugandan government since independence. Since that time, the real Gross Domestic Product (GDP) has grown at an annual rate of 6.8 which makes it one of the fastest growing economies in Africa (Kutessa et al., 2010). This has been accompanied by a dramatic reduction in poverty rates from 56% in early 90s to 24% in 2010.

However, the new vision of Mar 19, 2013 with the title Ugandans vulnerable to poverty, it revealed that about 67% Ugandans are either poor or highly vulnerable to poverty. The 67% present both Ugandans who spend below the poverty line of $1. 20 (about shs 3170) per day and those who are below twice the poverty line, $2.40 (about shs6340) per day (Dr Fred Matovu said). According to the World Bank, even those who are below twice the poverty line are likely to fall back in to poverty. Going by the United Nations Fund for Population Action (UNFPA), Ugandans currently has 34.5million people meaning about23.1million are prone to poverty and about 8.4million of them about 24.5% are trapped in absolute poverty (New Vision Mar 19, 2013).

According to IFAD report on enabling poor rural people to overcome poverty in Uganda, it reveals that Uganda`s poorest people include hundreds of thousands of small holder farmers living in remote areas scattered throughout the country. Remoteness makes people poor in as much as it prevents them from benefitting from Uganda`s steady economic growth and dynamic modernization. The poorest areas in the country are in the north, where poverty incidence is consistently above 40% and exceed 60% in many districts and where outbreaks of civil strife have disrupted farmers` lives and agriculture production (IFAD, 2012).

According to (Zeller,2001), narrowing the gap between the poor and non-poor, requires increasing accessibility and availability of financial services to low income people and increasing their ability to find employment, to participate in markets and to own productive assets such as land.

In Uganda, people living standards have deteriorated greatly. This has been due to heavy cuts in government expenditure in sectors of health and education as a response to structural adjustment reforms. As a result, the poor can no longer afford the social services that were formally provided by the government and yet they cannot access financial services provided by the formal financial institutions to meet their needs (world Bank report, 2002).

According to a study conducted by micro save Africa (2001), there is an explicit connection between financial services availability and accessibility and poverty eradication, lack of accessibility to financial services is one of the outstanding constraints to poor households, because poor people cannot benefit from commercial Banks, as they are not readily available in their neighborhoods and where they exist, they operate on market principles, which the poor people cannot afford. The formal financial institutions requires high initial saving deposits, high minimum balances, have relatively high transaction costs, and charges, inconvenient opening and closing hours, they require tangible security such as land tittles or buildings of which poor households in rural areas do not have hence remaining vulnerable to poverty(Ibid).

Therefore a number of attempts have been made by various researchers to address the same issue. However they did leave out the contribution of development fund programmes by the government and NGOs to words poverty eradication among households in rural areas. Therefore, this research attempts to establish the extent to which these development fund programmes contribute towards poverty alleviation among households in rural areas using a case study of Kyenzige Sub-County Kibaale District.

1.2. Problem statement

Over the past decades, the government of Uganda has implemented policies geared to words eradicating poverty among the people or poor households in rural areas. These policies led to substantial reduction in poverty levels from 56% in 1992 to 24.5%in 2009 (IFAD Rural Poverty Report in Uganda, 2010). However there is still need to diversify household's income sources especially from activities and expand employment opportunities especially for the poor households (World Bank Report, 2009).

This can only be attained through increasing accessibility to financial services to the poor households in rural areas, implementation of development fund projects such as provisions of quality breads of animals such as cows, pigs, goats, quality seeds provision to household farmers to raise their productivity and in turn raise income after selling the surplus of production

However, despite the introduction of all these development fund projects to the poor households in rural areas, poverty still remains in existence among the households in rural areas among many Districts of the country. Therefore, this research seek to explain the contribution of development fund projects on the eradication of poverty , challenges faced by the funding sector in eradicating poverty among poor households in rural areas of kyenzige sub-county kibaale District.

1.3. Broad objective of the study

To examine the extent to which the introduction of development fund programmes contribute to poverty eradication among the poor households in rural areas of Kyenzige sub-county Kibaale District.

1.4. Specific objectives of the study

(i)To assess the relationship between financial support and poverty levels among rural households in Uganda.

(ii)To examine the effect of project support on rural households in Uganda.

1.5. Research questions

Is there a relationship between financial support and rural household poverty alleviation in Uganda?

Does the introduction of projects support have an effect on rural household poverty alleviation in Uganda?

1.6. Research hypothesis

There is a significant relationship between Development fund programmes and poverty alleviation among rural household in Uganda.

1.7. Scope of the study

1.7.1. Content scope

The study seeked to evaluate the contribution of development fund programmes on poor rural household poverty reduction. It considered financial support in form of short term loans or credit schemes and projects support in terms of provision of quality varieties of agricultural products, quality breads of animals such as goats, pigs and cattle among others to be the variables under development fund programmes that were introduced with an aim of reducing poverty among the poor people in rural areas of the country. The researcher however considered these dimensions along side with the ones of the dependent variable in this case poverty which he considered to be income levels, housing, clothing, child education, assets possession of the individuals engaged in the programs services to have clarity whether really theses services reduce poverty in rural areas on the country.

1.7.2. Time scope

The time scope of this study was cross sectional which seeked to collect data, analysis and present at once. The study however covered a period of one year that is to say 2013. However, inferences from previous years were made.

1.7.3. Geographical scope

Geographically, the study was conducted in Kyenzige sub-county Kibaale District. The area was chosen because of a number of development fund programmes or activities such youth entrepreneurship projects, agricultural projects such as NAADS, Poultry projects, YES (youth entrepreneurship schemes) among others geared towards poverty eradication among poor households in rural areas of Kyenzige sub-county Kibaale District.

1.8. Significance of the study

The study will shade light on the contribution of development funds or funding projects towards household poverty eradication.

The study will also contribute to the knowledge about the role of the funding sector to economic development.

The findings will help policy makers to understand the contribution of funding sectors to household poverty eradication.

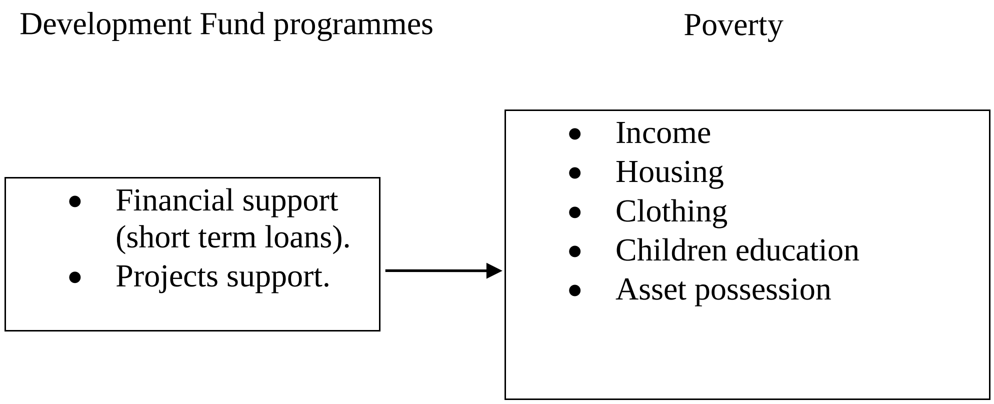
The study will further equip the policy makers with quality data that will enable them to advocate and influence policies governing fund accessibility among the poor households in rural areas.

1.9. Justification of the study

Previous studies were conducted using other variables on how they contribute to poverty eradication among households in different rural areas of the country. However, among these researchers no one did reorganize the contribution of development fund provision towards poverty eradication among poor households in rural where the majority poor people are most concentrated. Therefore this study is intended and directed to assess the contribution of development fund provision towards poverty eradication among poor households in less developed areas were the poor majority are located so as to draw general conclusion of all rural areas in the country.

1.10. Conceptual frame work of the study

The conceptual frame work represents a diagrammatical representation of dimensions under the independent variable (Development fund programmes) and the ones under the dependent variable (poverty) as illustrated below.



Source: (UNHS, 2006-2007; Microfinance literature reviews, 2005).

The table above gives an insight of dimensions under the independent variable (Development fund programmes) and those under the dependant variable (Poverty) that help in measuring poverty among poor households in rural areas worldwide.

The conceptual framework is adopted from the works of Uganda National Household Surveys, 2006-2007 which reflects a general consensus that defines poverty as lack of basic needs and services. These basic needs and services however are said to include; sanitation, education, income, housing health care among others (UNHS, 2006-2007).

1.11. Definitions of key terms

Household income poverty;

It refers to the state when a household does not have access to money or other assets; they lack enough food or medicine and they have poor clothes and houses.

Poverty alleviation;

It refers to an improvement in the economic conditions of the poor households by introducing a reliable source of income hence increasing their ability to demand and own productive assets, freely associated with others, secure a better livelihood and increase their standard of living in the short and long run.

It also refers to steps taken to reduce or remove poverty that results in lack of food, shelter, medical care, education, employment among others. It also manifests in terms of deprivation, injustice and marginalization (Hartmut, 2000).

Household;

It is the family unit with mother, father, children and other relatives who may be within the house eating the same meal under the same roof or who just come for benefits.

Gini coefficient/index; It refers to the most popular measure of assess and evaluate inequality among individuals in the country.

CHAPTER TWO

2.0. LITERATURE REVIEW

2.1. Introduction

This chapter presents related literature from different authors and scalars who have researched on the same study using different IVs to address the same problem. It gives an over view of poverty incidence in Uganda, forms of funds that contribute to poverty alleviation and the challenges faced by the funding sectors in alleviating poverty among households in rural areas. The literature is arranged according to the conceptual framework illustrated in chapter tow of this study.

2.2. Poverty over view

The incidence of poverty has raised a lot of concern worldwide. According to the World Bank Group 2011, a person is considered poor if his or her consumption or income level falls below some minimum level necessary to meet basic needs. This minimum level is usually called the poverty line. However, what is necessary to satisfy basic needs varies across time and societies. This means that poverty line varies in time and places and each country uses lines which are appropriate to its level of development, social norms and values (World Bank, 2011).

According to the United Nations, poverty is the inability of getting choices and opportunities, a violation of human dignity. It means lack of capacity to participate effectively in society. It also means not having enough to feed and clothe a family, not having a school or a clinic to go to, not having land on which to grow one's food or a job to earn one's living, and not having access to credit facilities. It also means insecurity, powerlessness and exclusion of individuals, households and communities.

The government of Uganda offers its definition of poverty as a situation of perpetual need for daily necessities of life such as food, clothing and shelter (Population Census Report, 2003).

The World Bank again reveals that poverty is pronounced deprivation in well being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. It also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice in society.

The United Nations Development Assistance Frame work for Uganda 2010-2014, defines poverty as a state of deprivation of an individual or group of individuals due to a myriad of predisposing conditions surrounding the individual or group.

According to Profe. G. William Domhoff, in the United States, wealth is highly concentrated in a relatively few hands. He says that as of 2007, the top 01%of the households owned 34.6% of all privately owned wealth and next 19%(the managerial, professional and small business stratum) had 50.5%, which means that just 20% of the people owned remarkable 85%, leaving only 15% of the wealth for the bottom 80% (Domhoff, 2010).

According to inter press service, it also summaries an updated report by the US Census Bureau that 1(one) in 7(seven) people in the US are in poverty. In 2009, 43.6million people-14.6% of the population was living in poverty in the US Up from13.2% of the population in 2008. The report reveals that the US has the highest number of people in poverty it has ever had since the government began counting in 1959 (IPSR, 2010).

The World Bank Annual Report, 2013 to end extreme poverty, reveals that the extent of global poverty has declined over the past three decades. The percentage of people living in extreme poverty in 2013 is less than half of what it was in 1990. Based on this trend, it is possible to envision a world in which extreme poverty has efficiently been eliminated with in a generation, yet today more than 1(one) Billion people worldwide are still destitute, inequality and social exclusion seem to be rising in several countries and many urgent and complex challenges must be overcome to maintain the momentum in poverty reduction (world Bank, 2013).

According to Anup Shah, almost half the world over 3(three) Billion people live on less than $2,50 a day. He mentions that the GDP (Gross Domestic Product) of the 41 heavily indebtable poor countries about 567 million people is less than the wealth of the worlds 7 richest people combined. Nearly a billion people entered the 21st century unable to read a book or sign their names, less than 1% of what the world spend every year on weapons was needed to put every child into school by the year 2000 and yet it did not happen. As a result, 1billion children live in poverty (1 in 2 children) in the world. Of these, 640million live without adequate shelter, 400million have no access to health services, 10.6million died in 2003 before they reached the age of 5 or roughly 29000 children per day (Anup, 2013).

According to the Rural Poverty Report, 2011, published by IFAD, more than 350million rural people have lifted themselves out of extreme poverty by 2001 but the new report notes that global poverty remains a massive and predominantly rural phenomenon with 70% of the developing world's-1.4billion extremely poor people living in rural areas. The report reveals that the problem is more severe in sub-Saharan Africa and South Asia (Rural Poverty Annual Report, 2011).

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Kakande (2010) in her analysis of poverty noted that this was one of the largest and fastest reduction in income poverty that was recorded anywhere in the modern time (p 237). She however noted that the improvement in the standard of living was not uniform across the country and that income inequality rose. According to the statistics, the Gini coefficient for Uganda in 2009/2010 was estimated to be 0.426 compared to 0.364 in 1992(UBOS, 2010). Ssewanyana et al, (2011) reported that GDP gains of the 1990s were not evenly distributed with most gains going to the telecommunication and finance sectors. In the earlier report using the UNHS 2005/2006 data, Ssewanyana (2009) examined household welfare and found that an increase in inequality hurts the ultra poor more than the poor. Mukwaya et al (2011) also examined inequality in more recent period between 2005and 2010 using the same UNHS data.

According to Bwekwaso (2012), noted that the reduction in poverty was a fiction. He critiqued the consumption expenditure method to determine income and suggested that ownership of assets should be included in order to assess the standard of living. Kakande (2010), after reporting the rapid decline in poverty rates, acknowledges qualitative finds on poverty trends which suggests that there was a decrease in well-being overall despite the drop in poverty rates. The study movements in and out of poverty alone with chronic poverty during the period from 1992 to 2002 using both qualitative and quantitative approaches revealed that education and assets were associated with welfare growth and that families that were chronically poor were larger and likely to be subsistence farmers without any type of wage employment (Lawson et al.2006). The chronically poor families had mean size of six (6) members compared to four members for families that had never been poor (Okidi and McKay, 2003)

According to the New vision of Mar 19, 2013 with the title Ugandans vulnerable to poverty, it revealed that about 67% Ugandans are either poor or highly vulnerable to poverty. The 67% present both Ugandans who spend below the poverty line of $1. 20 (about shs 3170) per day and those who are below twice the poverty line, $2.40 (about shs6340) per day (Dr Fred Matovu said). According to the World Bank, even those who are below twice the poverty line are likely to fall back in to poverty. Going by the United Nations Fund for Population Action (UNFPA), Ugandans currently has 34.5million people meaning about23.1million are prone to poverty and about 8.4million of them about 24.5% are trapped in absolute poverty (New Vision Mar 19, 2013).

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In 2012, Uganda ranked 161 among 187 countries on the United Nations Development Programs Human Development index in the low human development category.

The government of Uganda addresses rural poverty through its National Development Plan (NDP) a comprehensive policy aimed at guiding development planning. The objectives of the policy include; priotise the agricultural sector for promoting economic growth, promote Private Public Partnerships (PPPs) across a wide range of investment and service sector and promote efficiency gains and improve revenue generation and collection (Uganda rural poverty approach policy and strategies 2008-2013).

Uganda development strategy for poverty eradication is set out in the third revision of the poverty eradication action plan 2004-2008which was approved by the cabinet in November 2004. The overall objective of this strategy is to eradicate massive poverty and transform Uganda to a middle income country by 2015. The PEAP proposes to shift the focus of policy from recovery to sustainable growth and structural transformations. According to Man Fred Zeller (2001), narrowing the gap between the poor and non-poor, requires increasing accessibility and availability of financial services to low income people and increasing their ability to find employment, to participate in markets and to own productive assets such as land.

In Uganda, people living standards have deteriorated greatly. This has been due to heavy cuts in government expenditure in sectors of health and education as a response to structural adjustment reforms. As a result, the poor can no longer afford the social services that were formally provided by the government and yet they cannot access financial services provided by the formal financial institutions to meet their needs (world Bank report, 2002).

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2.3.0. Poverty trend in Uganda:

Uganda had a strong poverty reduction performance in the past tow decades. Monetary poverty halved, with the poverty headcount rate declining from 56.4%in 1992/93 to 24.5% in 2009/10. Both rural and urban poverty declined. The poverty headcount declined from 60.2% to 29.1% in rural areas and from 28.8% to 9.1% in urban areas between 1992/93 and 2009/10. Accordingly, Uganda has met the target of the fist Millennium Development Goal (MDG) of halving poverty by 2015 (Uganda national households survey report 1992/93-2009/10).

The reduction in poverty was driven by sustained economic and consumption growth. Consumption per capita (adjusted for household's demographic consumption) grew at an annual rate of 03% between 1992/93 and 2009/10. This was not a temporary phenomenon as estimated permanent consumption rose too. Trends in estimated permanent consumption show increases for all groups between 2002/03 and 2009/10. This strong household consumption growth was the key ingredient to shared growth hence the high elasticity of poverty reduction of 1.4 to grow in Uganda over this period. (UNHS, 1992/93-2009/10).

By regions, until 2005, the rate of change in poverty was higher in the Central and Western regions, slightly lower in the Eastern region and lowest in the North. Since 2005, the North has been catching up, as roughly half of the recent poverty reduction happened there, even though the region accounts for a fifth (1/5) of Uganda's population. But since the Northern and Eastern regions started with much higher levels of poverty than the Central and Western regions, even the recent poverty improvements left the Northern region much poorer. Poorer regions lagged behind and the richer ones kept accumulating a higher share of the poor through out these past two decades (UNHS, 2009/10).

The number of poor people in the Central region more halved while that of the North marginally increased by 300000 people between 1992/93 to 2009/10. Consequently, the Central region share of the poor declined from 24% in 1992/93 to below 12% in 2009/10, while that of the Northern region increased from 29% to nearly 38% during this period. The Northern region and Eastern regions now accounts for tow thirds (2/3) of the poor in Uganda, a 14% point increase from their combined share in 1992/93 to 2009/10, yet their population share increased by less than 4%point since then. The depth of poverty in the North halved since 1992/93 but its now eight times higher than the depth of poverty in the Central region which had a steeper decline of 87%, thus in addition to having more poor people than the Central and other regions, the North has deeper levels of poverty reported (UNHS report, 1992/93-2009/10).

Table 1: poverty and inequality trends in Uganda, 1992/93 and 2009/10:

Poverty Headcount: Gini Index:

Period	1992/93(%)	2009/10(%)	1992/93	2009/10
National	56.4	24.4	0.37	0.43
Rural	60.3	27.2	0.33	0.37
Urban	28.8	9.1	0.40	0.45

Source: UNHS, 1992/93 and 2009/10.

There fore, the government of Uganda has tried to reduce poverty incidence especially among poor rural households through its development fund programmes as being reviewed bellow;

2.4. Financial support, credit schemes and poverty eradication among households:

Financial support towards poverty alleviation in Uganda has been through micro finance institutions that were either local or foreign non-governmental organizations (NGOs) which to fill the gap created by the closure of Banks. These NGOs with mission statements targeting the poor, provided mainly credit in cash (short term loans) as opposed by previous that provided inputs only. Through the government, also run some credit programmes like "Entandikwa" and Youth Entrepreneurship scheme, the medium term competitive strategies for the private sector (2002).

By definition, micro finance institution refers to institutions that provide abroad range of financial services to low income micro entrepreneurs and poor households that include credit services or loans, savings services, insurance, leasing, money transfers and training in Order to enhance improved economic development (Bakhtiari,2006: Olanya,2007 and Perkins,2008).

These micro finance institutions have been looked at as a device or tool for delivering financial services to rural households as away to increase their productivity and increase their participation in entrepreneurial activities to increase their income which help reduce the incidence of poverty in the country.

Further more, increased financial savings became available for investment in agriculture, related trade and processing and in a host of other enterprises with expected benefits for technological progress and rural employment. In a later stage, when remuneration investment opportunities in rural areas become limited and the volume of saving over takes the volume of credit access capital can be channeled via micro finance institutions and the rational banking system to urban areas where large scale industries and services offer extensive investments opportunities. In this way rural savers will benefit from those investments and the children of the poor might find the urban jobs they are looking for (Dunford, 2000).

Micro finance institutions have been increasingly acknowledged as a significant tool or agate way for poverty reduction and development not only in Uganda but across the whole world. There have been extensive debates on the success of microfinance institutions for women's poverty reduction. A number of literature reviews suggests micro finance institutions as a panacea to poverty reduction. However, the argument from literature review in this study show that although micro finance institutions may have positively impacted on women's poverty reduction, it is unlikely to be an easy solution to poverty reduction (Heley, 2002)

According to the research which was conducted to examine the effect of micro finance institutions on poverty reduction for women entrepreneurs using Tanzania as a case study, the research focused on identifying how micro finance institutions can lead to poverty reduction for women entrepreneurs, the extent to which MFIS give women entrepreneurs access to loans and enhance empowerment and self reliance. In addition, the study also examined the extent to which MFIS lead to greater income levels and sustainability for women's entrepreneurs (Ssendi and Anderson, 2009)

The findings from this study revealed that MFIS have contributed to women's empowerment, increased their income, sustainability and self reliance. Besides such positive effects, some of the women's entrepreneurs have experienced negative impacts through micro finance institutions. Findings also revealed that loan repayments are only possible under very difficult financial circumstances.

The research also shown that entrepreneurial women under the service of MFIS experiencing little profits from income generating activities as a result of higher interest rates, short periods and other set books at operational levels. In addition, the confiscation method mostly applied by MFIS in cases of embezzlement leaves entrepreneurial women with out any valuable assets.

Finally the research concludes that indicators from the study show that women can benefit from micro finance institutions with increased income levels, empowerment, sustainability and self reliance hence overcoming the incidence of poverty in their localities.

Accordingly, literature that was reviewed confirmed that women account for 65 percent of the active savers in the traditional saving mechanisms in Uganda (Nannyonjo and Nsubuga, 2004).

Park and Ren, (2001) noted that micro finance institutions programmes are united to provide financial services to individuals or households traditionally excluded from the banking system especially to women. Most micro finance initiatives explicitly targets the poor by pairing down tradition branch banking structures to reducing transaction costs by using collateral substitutes that harness peer screening and monitoring effort via group lending contacts and by creating dynamic incentives by increasing loan sizes over time conditional on repayment histories.

Micro finance is an economic approach to the delivery of financial services to those that are un reachable at a fee that is affordable and economic to the users of such services. At the same time, funds from the providers of financial services are used to generate adequate returns for the users there by building up their enterprises and creating employment opportunities which helps to reduce poverty levels among rural households in the country. Micro finance institutions there fore is a holistic approach designed to improve the lots of micro, small and medium scale entrepreneurs both in the rural and urban areas as in increasing fund when needed from the conventional banks (Nyor, Adesuyi and Onah, 2013)

According to Shawn and McKinnon, these micro finance institutions focus on the population and offer a limited range of services. Over time, successful micro finance institutions reach a steadily in increasing share of the rural population and mostly expand their welfare hence reducing poverty levels.

However, lack of control over productive resources is one of the most outstanding challenges to Women’s economic empowerment and household welfare according to Kate Young, (cited in Ostergaard, 1987).

According to Kumar and press the publisher (2009), the book contains articles that use evidence and fieldwork to strike at the heart of the debates over microfinance institutions and claims that it is an effective tool in fighting against poverty in the country. Micro finance institutions are usually understood to entail the provisions of financial services mainly short term loans to micro enterprises and small business which lack access to banking and related services due to high transaction costs associated with serving the clients categories.

Micro finance institutions uses tow main mechanisms for delivering financial services to rural entrepreneurs which include; relationship based banking for individual entrepreneurs and small business; and group based models.

In some regions such as southern Africa micro finance institutions are used to describe the tool for the supply of financial services in terms of short term loans to low income employees which is closure to retail finance models prevalent in main stream banking.

For some, micro finance institutions are devices for movements whose objects is a word in which as many poor and near poor have permanent access to appropriate range of high quality financial services including not just credit but also savings insurance and funds transfer.

Many of these micro finance institutions generally believe that access to financial services will help poor rural people to come out of poverty. To others, it is a way to promote economic development in the country, employment and growth through the support of micro entrepreneurs and small business (Littlefield, Morduch and Hashemi, 2003)

These micro finance institutions deliver a broad category of services which includes micro credit. Micro credit is the provision of credit services to poor rural households to enable the come out of poverty. Although micro credit Is one aspects of micro finance, conflation on the two terms is endemic in public disclosure. Critics often attack micro credit while referring to it, indesciminatory as either micro credit or micro finance services. If difficult to assess impact and very few studies have tried to assess its full impacts. Proponents often claim that micro finance institution services lifts poor rural people out of poverty, but the evidence is mixed (Lidgerwood and White, 2006).

Traditionally banks have not provided financial services such as short term loans to poor households with little or no cash income. This is because most of these poor rural people have few assets that can be secured by banks as collaterals. As documented by Hornando Desoto (2003), even if they happen to own land in developing world, they may not have effective titles for it. This means that the bank will have little resources against defaulting borrowers. Seen from a broader perspective, the development of a healthy national financial system has been viewed as a catalyst for the broader goal of the national development for example Alexander Gerashchenko and Paul Rosenstein (Robinson, 2002).

However, the efforts of national planners and experts to develop financial services for most people have often failed in developing countries for reasons summarized well by Adams, Graham, and their classic analysis undermining rural development with cheap credits. Because of these difficulties, when the poor borrow they often rely on relatives or local money lenders whose interests rates can be very high. An analysis of 28 studies of informal money lending rates in 14 countries in Asia, Latin America and Africa concludes that 76% of money lenders rates exceed 10% per month including 22% that exceed 100% per month which do not favor the poor rural people to help them borrow and invest to over come the incidence of poverty (Adams and Graham, 1996).

Robinson (2001) distinguishes two approaches to micro finance institutions as the poverty lending approach and the financial system approach. Different views on approaches have consequences for the policies shaping the environment of micro finance institutions and for the role of micro finance institution services in rural areas.

Here, tow opposing views arise which include; credit for the target groups and pushing the financial frontier. Basing on Robinson poverty lending approach, the first view is defined in a wider view sense, with the poor being replaced by any target group. The phrasing of the second view echoes Von Pischke (1991) who refers to financial frontier as the dividing line between the established formal financial with their large scale business and provide rural poor clients and the majority of the rural population without access to formal finance.

Looking at the credit for the target group, it is one of the oldest views and can be summarized as bellow;

A specific group of people lack the capital to undertake certain enterprises that would lead to poverty reduction and development. The group of people and their enterprises can be specified to a greater or lesser degree. Small farmers, fishers' men, market women or small-scale entrepreneurs with their respective enterprises in agriculture, fishing, trade and industry. The specifications of development too differ. Improved health, food security, poverty reduction or improvement in general welfare. The perspective on the financial environment of specific group is limited. The only way the target groups can access credit is through private money lenders whose interest rates are un acceptably higher and would nullify any positive effect of the credit. It this view which lead many governments provide targeted credit or without support from donors, to enable small farmers to use modern production technologies such as hybrid seeds or imported dairy cows.

This credit helps increase incomes of the rural poor people and provide enough and sufficient diversified food for the domestic markets. The credit for target group view is still widely spread and now days it is generally targeted at the poor in line with the international attention for poverty eradication (Von Pischke (1991).

According to Ondeng, (2000), micro finance institution schemes were initiated to meet different objectives. The most commonly mentioned objectives include; poverty alleviation and stimulate rural development and improve the standards of living, offering financial services to the rural poor people, among others and the development of the business sector as a means of achieving high standards and reducing market failure. Empirical evidences and surveys give mixed results on the performance of these micro finance institutions. In some cases, debacle stories have been reported, yet there have been success stories. In other cases, the reasons for failures or successes have not been well documented Rweyemamu, Kimaro and Urassa, (2003).

However, direct relevance for micro finance institutions in rural areas since providing rural households for the fist time with access to savings and credit through local intermediation is the core of financial deepening. The effects of financial deepening go beyond the individual links between micro finance institutions and households, because a reduction of the capital locked up in poorly productive assets and the availability of capital for new, trustworthy poor rural clients with productive uses fundamentally affects economic relationships in rural areas. Rajan and Zingales (2003), for example states; a healthy financial system can be a powerful anti-monopoly tool providing the lubrication for the emergence of competitors that can undermine the power of incumbent firms and the means for poor households and small-scale producers to escape the tyranny of exploitative middlemen.

However, much these micro finance institutions have tried to calm down poverty incidence in many parts of the country especially rural areas where poor majority leave; it is argued that they do face a number of challenges in executing their tasks. It is worth to mention few micro finance institutions that may successfully expand their business to provide small loans for rural development programmes that have a focus on rural sustainable development.

There fore, no study have been on the long term effect of micro finance institutions, most likely due to the relative growth of many micro finance institutions and the generally still limited coverage with in their areas of operation. However, an exploration of studies on the effect on micro finance institutions on rural households and studies on the role of financial services provided by these institutions at national level provides indications of what the long term effect might be.

Providing small loans at an affordable cost; the global average interest and free rate is estimated at 37% with rates reaching as high as 70% in some markets. The reason for high interest rates is not primarily cost of capital from the on line micro lending plat form rather the main reason for the highest cost of micro finance loans is the high transaction cost of traditional micro finance institution operations of relative to loan size.

Micro finance institutions practitioners have long argued that such high interest rates are unavoidable because the cost of marketing each loan cannot be reduced below a certain level while still allowing the lender to cover costs such as office rent, staff salaries among others. The result is that the traditional approaches to micro finance institutions have made only limited progress in resolving the problems it purports to address the words poorest people pay the worlds highest costs for small business enterprise. The high costs of traditional micro finance loans limit their effectiveness as poverty fighting tool offering loans at interest and free rates of 37% means that borrowers who do not manage to earn at least at 37% rate of return may actually end up poor as a result of accepting the loans.

According to a recent survey of micro finance institutions borrowers in Tanzania published by the center for finance inclusion (2014), revealed that more than one third (1/3) of borrowers surveyed reported struggling to repay back their loans, some resorted to means such as reducing their food intake or taking children out of school in order to repay their loans which had not proven sufficiently profitable. In recent years, the micro finance institution industry has shifted its focus from the objective of increasing the volume of lending capital available to address the challenge of providing micro finance loans more affordably. According to micro finance analyst

David Rodman contends that mature markets, average interest and fees rate charged by micro finance institutions tend to fail over time.

However, global average interest rates for micro finance loans are still well above 30%. The answer of providing microfinance services at the affordable cost may lie in a rethinking of one of the fundamental assumption underlying micro finance institution is that micro finance borrowers need extensive monitoring and interest with loans officers in order to benefit from the repay of their loans.

In 2009, the US based non-profit became the first on line person to person lending platform to link carefully retted computers literate micro finance borrowers with individual lenders directly without any loan officers or local intermediaries to mange the loans.

Zidisha operats on the assumption that micro finance institutions borrowers can be trusted to participate responsibly in an on line lending community and repay loans on their own as do residents of wealthy countries. This approach allows Zidisha to outsource many of the record keeping and communication functions that have traditionally been performed by brick and mortar lending institutions to Zidishas on line community as lenders loge directly with borrowers and track their performance via buy style feedback ratings.

Edward Akin Lade is a managing director of prolifie micro finance Bank in Ogba a suburb of Lagos and also a chair man of Suru group limited an organization that is involved in real estate and construction services. In an interview with Olukwemi Ajani, he spoke on the challenges facing MFIs in the country. He says that they do not have enough funds to enable them carry out their mandate effectively. 'I think the central Bank should assist by giving them funds to enable them carry their operations'. Though they are talking about that but it has not executed.

Generally, if you look at what has happened in MFI in the last six years, it has been a catalogue of poor understanding by promoters of banks because they venture into it to make money yet the focus is to assist people especially small and medium enterprises (SMEs) by giving them loans to do their business. Many MFI failed because their focus was to make money.

Poor institutional viability of micro finance enterprises, poorly constructed business with lack of consideration of demand and costs render the micro venture un sustainable and micro finance institutions may incorrectly get the blame for it. For instance, in case of micro crop farming, farmers often fail to account for their personal consumption between sowing and harvesting periods and realize the face of shortage of money. As a result, they end up using a loan for personal matters. The problem arises when its time to pay back the loan. The farmers are forced to take up a second loan to pay the original loan. This may lead to the vicious cycle where the farmer gets inundated with debts.

More over, lack of knowledge about micro finance institution services by the poor rural households has also been of the challenges faced by funding institution to eradicate poverty among rural households in the country. Many of these micro entrepreneurs live far off rural areas, often remote villages and have little formal education which leads to tow issues;

Lack of knowledge about the existence of financial services for the poor in rural areas (solution for this problem could be financial literacy campaigns in rural areas to create awareness of the available financial services to the poor rural people).

Secondly, little access to micro finance services provided by micro finance institutions as away to fight poverty among the poor rural people in the country. This issue was mentioned as one of the challenges faced by MFIs because a natural consequence of this is that loan providers face difficulties in targeting those potential customers who falls a victim of poverty in rural areas.

It is also believed that shortages of financial capital or misallocation to be among the challenges faced by funding sector to alleviate poverty among poor households in rural areas. Under 10million of the 500million people who run micro finance institutions, have access to financial support for their business. As a result of the earlier mentioned two problems, tow more issues also arises;

Limited funds. Without credit, the micro ventures may not grow or quickly take advantage of opportunities.

More over, since 20% of the world's population accounts for consumption (global issues website) one can deduce that the problem is not related to the shortage but rather misallocation of funds.

Accordingly, much progress has been made though the problem has not been solved completely and over whelming majority of people who earn less than a dollar a day especially in rural areas continues to have no practical access to formal sector finance. Micro finance institutions have been growing rapidly with 25billion dollars currently at work in micro finance loans geared to poverty eradication among poor rural households. It is estimated that the industry needs 25billion dollars to get capital to all the poor people who need it. This industry has been growing rapidly and concerns have been raised that the rate of capital flowing into micro finance institution is a potential risk unless managed well.

As seen in the state of Andhra Pradesh (India), this system can easily fail. Some reasons being lack of use by potential customers, over indebtedness, poor operating procedures, neglect of duties and inadequate regulations.

However, if managed well the programme is more likely to help slash poverty incidence to less than 10% by 2015 as per the millennium development goal states.

2.5.0. **Short term projects and poverty eradication in rural areas:**

Short term projects are mainly improved agricultural products given to rural farmers to increase on their productivity and raise their income which in turn reduces poverty levels among households in rural areas. Poverty among households engaged only in agriculture halved, suggesting that gains in agriculture also play a significant role in poverty eradication. The poverty headcount among households solely depending on family farming incomes declined from 64% in 1992/93 to 33% in 2005/06. This could only be achieved if agriculture labour productivity is increased. But the available evidence is at best indicative. Despite doubts over the comparability of agriculture from the UNHS 1999 and 2006, trends from these data points to significant improvements in agriculture yields which increase exports of agricultural commodities such as maize and relatively lower the regional average food inflation in Uganda, also points to improved agricultural productivity (World Bank, 2011). A number of short term projects and programs have been implemented geared to poverty eradication in rural areas ranging from NAADS programs, quality seeds provision to rural farmers, provision of quality breads of animals such as pigs, cows, goats, to rural farmers to enable them move out of poverty.

Uganda poverty alleviation projects (PAP) was the first of its kind to be financed by the African Development Fund (ADF) in Uganda and also the first of its nature in Bank group separation. It financed projects which heavily relied Non-Governmental Organizations (NGOs) in delivering micro finance services to the poor in projected targeted areas, and used participatory approach which relied on development of beneficiaries in all stages of micro project development. The plan for modernization of agriculture (PMA) which is strategic frame work for eradicating poverty through multi- sectral interventions enabling the poor to improve their livelihoods in a sustainable manner. It is part of the government of Uganda broad strategy of poverty eradication action plan (PEAP, 2004).

Among the projects introduced to fight poverty among the poor households include a number of on going projects and programs which include;

2.5.1. Vegetable oil development project- phase two;

This project is directly supervised by IFAD. This project aims at increasing the domestic production of vegetable oil and its byproducts, thus raising rural incomes for smallholder farmers/ producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers. To that end, the project helps household farmers increase their production of crushing materials (both oil palm and oil seeds) and establish commercial relations to link them directly to processors. The project is in line with governments National Development Plan (NDP) and a comprehensive Africa Agriculture Development Plan (AADP) of 2010-2018.

As regards to IFADs interim evaluation of the projects first phase highlighted its success in introducing oil palm and promoting sunflower production to reduce dependency on imports. The second phase continues the partnership with oil palm Uganda limited to further promote small-scale household farmers. The project activities focus on oil seed development around four hubs of Lira, Eastern Uganda, Gulu and West Nile region, covering 43 Districts. Oil palm activities are curried out on Bugulu Island in Kalangala District (Ssesse Islands) and Buvuma Island in Mukono District.

The project has been said it will cost US$146.2 million approximately 365500million Ug shillings which will directly benefit about 3000 smallholder farmers benefiting directly from oil palm development and around 136000 households from oil seed development (IFAD, 2012).

2.5.2. Agricultural Technology and Agribusiness Advisory Services (ATAAS) programme;

The ATAAS programme was designed to build on the accomplishment of the IFAD co financed National Agricultural Advisory Services programme (NAADS). Its objective was to increase the agricultural productivity and incomes of participating households by providing the performance of agricultural research and advisory services. It was also aimed at seeking to enhance environmental sustainability and resilience to climate risks and land degradation.

ATAAS programme was also aimed at promoting public- private partnerships in service delivery and agribusiness development and strengthening the institutional capacity of the National Agricultural Research Organization and Ministry of Agriculture, Animal industry and Fisheries. It also built the organizational capacity of the poor people, developed Human and social assets and supports economic activities.

ATAAS programme encourages private sector operators to play a greater role in agricultural development and poverty eradication which is in line with IFADs private sector development and partnership strategy. The programme is also in consistent with IFADs climate change strategy, which introduces technologies for sustainable land management to help farmers cope with risks associated with climatic changes.

In terms of development innovations, ATAAS programme continues to promote the provision of advisory services on a demand driven basis with direct linkages to private sector operators as well as introducing and scaling up sustainable land management practices to prevent or arrest degradation of agricultural land scape.

An estimated 20% of Ugandans farmers have benefited from advisory services provided under NAADS programme which is a sub-section of ATAAS programme. The ATAAS programme aims to expand outreach to 40-50% of Ugandan farmers or about 1.7 million households. The project was commenced with a total budget of around US$665.5million estimated to approximately equivalent to 1,663,750 billion with a duration from 2011-2016(IFAD, 2012).

2.5.3. District Livelihood Support Programme (DLSP);

This programme builds on the achievements of the District Development Support Programme, completed in 2006 and scales up the decentralized development approach in 13 Districts that encompass a population of almost 2 (two) million living poverty. The target group include landless people, small-scale farmers and fisheries, and in particular Women and Youth.

The programme was designed to fit within the framework of several key government policies and specifically to support the objectives of the Local Government Sector Investment Plan. To accelerate decentralization, it supports local economic development and strengthens the capacity of District governments to foster community development. Their activity focuses on community mobilization, agriculture and land management, and the development of access roads and water infrastructure.

The programme was estimated to cost US$50.9million, around Ug Shillings 127,250million, with a target to benefit 100,000 household who in absolute poverty in rural areas with a duration from 2007-2014(IFAD, 2012).

2.5.4. Area-Based Agricultural Modernization Programme (AAMP):

This programme was introduced in Uganda by IFAD with the overall goal to increase the incomes and food security of the poor rural households in the programmed areas and to modernize agriculture in the targeted districts.

AAMP was created with specific objectives which included;

- Increasing involvement of the private sector in support of further commercialization of smallholder agriculture.
- Strengthening the capacity of economically active farmers to gain better access to rural services which include technical, financial and marketing services.
- Ensuring the sustainable development and improvement of rural infrastructure, and
- Enhancing public sector capacity to respond to production needs identified by interested groups and rural communities.

AAMP was implemented over a six-year period and the executing agency being the ministry of local government which implemented the programme in collaboration with district and sub-County government. At the design, AAMP was targeted to cover 30-40% of rural households in 10 districts in south- western Uganda. During implementation, following the division of kabarole into four (4) districts, the number of recorded districts supported by the programme amount to 13. These districts were subdivided administratively into 196 rural sub-counties and 13 urban councils. The total population of the districts was based on extrapolations from the 1991 census which was about 5.3million spread over 1,05million households (about 25% of the national population) of which over 4.7million persons and 947000 households (about 90%) being rural households. The rural households averaged five persons with agriculture as the dominant occupation (Document of the international fund for agriculture development, February 2012).

According to the assessment, the programmes support for and training of local farmer groups enabling them to expand their production and become more commercially oriented at a time when they are shifting from subsistence to market- based farming. The programme has improved rural infrastructure, thus facilitating the commercialization of agriculture. Better rural roads improvement improves access to other services such as inputs and produce markets and financial services. There has been concern with the sustainability of some of these activities, but this concern was relatively minor compared with the programmes achievement. However, more attempts need to made to reinvigorate the infrastructure management committees as well as ensuring the financial sustainability of the savings and credit cooperatives supported to safeguard their nature as member-based and saving-first institutions (Oanh,2012).

The project was structured around four components which include:

- Agricultural commercialization with an estimate cost of US$4.1million
- Rural infrastructure development estimated to costUS$8.7million
- Community mobilization estimated to cost US$1.2million
- Programme facilitation with estimated cost of US$2.1million, under a parall financing arrangement with Africa Development Bank, Funds was spent on separate components for the construction of feeder roads in the programmed areas.

Research show that the programme has achieved the expected results just because the planning and execution capacity of the districts and sub-counties has improved as farmers ability to obtain better access to services and financing facilities through savings and credit cooperative (SACCOS). Training and support to local groups enables farmers to expand production at a time when they are shifting from subsistence to market-oriented farming and their capacity to select enterprises (sub-projects) with higher returns has also increased. Farmers increasingly involve them selves in group marketing to benefit more from their marketable surpluses which in turn increase their income (IFAD, 2012).

As mentioned earlier, the programme also supports the improvement of rural infrastructure, thus facilitating the commercialization of agriculture. Better rural roads have improved access to other services such as inputs, markets, and financial services. Women are now more involved in economic activities and the impact on their empowerment is significant. In addition, districts, sub-counties and farmer groups have become involved in sustaining activities initiated by the programme.

The success of AAMP may be attributed to numerous factors of which the most important ones are; Flexibility in the deign of the programme interventions which allows for quick response to opportunities that arose during its implementation; Mainstreaming of activities into government programmes and linkages with decentralization policies, which help build up capacity and enhance sustainability; The involvement of local people in selecting programme interventions, taking real responsibility for the implementation of these interventions and sustainability over the long term. The quality of programme management is also an important factor in the success of the programme (Oanh, 2012).

In addition, a bottom-up approach as proposed by the NAADS Master document (2000) that the work plans should originate from the farmers themselves in their groups and be presented upwards through parish committees and representatives up to sub-county level for consideration and implementation should be put in place if the programm is to serve the best interests of participants.

The UNDAFs definition of livelihoods implies that agriculture, which support over 80% of the population is a key to providing improved livelihoods among rural households. However, for non-agriculture livelihoods, the focus should on skills development through the provision of vocational training to the youth as a way of creating employment, supporting public works, trade and micro-finance, and professional associations like the cooperatives (UNDAF, 2010-2014).

United Nation (UN) agencies and other Development Partners that subscribe to UNDAF out come two support the government of Uganda in achieving its Millennium Development Goals (MDGs) 1, 3, 6, 7, and 8. Since more than one result is required to achieve the planned targets, where the UN agencies and the government contribute to one or tow, other development partners commit to achieve others. Some results are chosen over others because of priority setting based on the results of Meta Analysis, where key areas selected for support are based on key sector constraints in line with national needs and objectives and are within areas where specific Agencies have cooperative advantages and are within UN mandate (UNDAF, 2010-2014).

Government priorities within the NDP are aligned to the MDGs, which are supported by all the worlds' states and its leading development institutions and which collectively within the Millennium Declaration from a global agenda for development.

As mentioned in the situation Analysis, Uganda has made progress on many of the MDGs including poverty reduction among the poor households in may rural areas through out the country. Under Goal three (3), the target on the proportion of women in wage employment in the non-agricultural sectors is likely to be achieved given that the indicator now stands at 50% of the total employed, raising from an average of 11% recorded for four (4) years between 2003 and 2006 and 28.8% in 2005/06.

It should be noted that attaining most of the targets will require increased support with in the agricultural sector for reasons not too far to seek. First, Agriculture is a key sector of the Uganda economy; it employs over 77% of the working population, comprises agriculture and fishery workers; contributes over 80% of export earnings; and engages about 40% of manufacturing sector in food processing. The sector supports about 4.6million agricultural households which is about 24 million persons of the estimated 29.9 total Ugandan population (UNDAF, 2010-2014).

In addition, agriculture is important for stimulating economic growth through the supply of raw materials to the agro-industries, supporting the development of food and nutrition security system as well as income enhancement and employment.

In Kalamoja, pastoralism is an important (and in some places the primary) component of the population. The UN supports pastoral livelihoods in tow (2) complementary ways. On the one hand, it works to strengthen pastoralism by focusing on activities that help to sustain hards for example Watershed management, Vaccinations and that link livestock products to markets. On the other hand, it engages with the communities to identify and support alternatives livelihood options for example Gum Arabic for agro-pastoralists and give them a greater range of choice for meeting their needs in a sustainable manner.

According to FAO (2008) and the Word Bank Development Report (2008), supporting agricultural sector development has a comparative advantage in that it reduces rural poverty and increases employment through on and off farm enterprises. The potential for Uganda in the agriculture sector. There for hinges on increasing agricultural output through higher productivity, and adopting improved planting seedlings and better breads of animals such as pigs, goats, cows among others. It also rests on improved agricultural production methods, increasing lab our productivity, value addition and product diversification, as also introduced in prior assessment of Meta Analysis.

In addition, it is indicated in the Ministry of Finance, Planning and Economic Development2009/10 Budget speech that increased agricultural production is essential for economic transformation and prosperity for all and has strong multiplier effects because of its linkages with other sector. For example, an increase in production addresses high food prices by increasing supply, increasing exports in areas where Uganda has a nich and addressing food security and nutrition (UBOS, 2008-2009).

It can be concluded that poverty reduction in Uganda is driven by households livelihood portfolio diversification a way from a predominantly agriculture portfolio. This diversification is rooted in growth in private wage employment and non-farm household enterprises. For continued poverty reduction, Uganda needs to keep creating wage jobs while supporting the household enterprise sector as part of an improved policy frame work for local economic development. This requires; improving access to reliable financial services; local governments which facilitates the productivity of household enterprises as part of local economic development programs; reform of the tax structure and revenue sources for local governments to make the tax rate progressive for the smallest enterprises.

Nevertheless, agriculture remains a significant source of income for many households in Uganda. Increased agriculture productivity remains an important driver of poverty reduction whose role cannot be neglected. As illustrated in the sister note on agriculture for inclusive growth, data issues notwithstanding, available evidence suggests household farms, small scale in their nature, managed to increase productivity. Transformation in agriculture should not abandon these small scale households' farms, but rather encourage their growth and commercialization if poverty is to be overcomed in the country.

CHAPTER THREE

RESEARCH METHODOLOY

3.0 Introduction

This section presents the methodologies that will be used by the researcher to curry out the study. It describe the research design, the area of the study, study population, sample size and selection, data collection and methods of data collection, data validity and reliability (quality control), data management, analysis and presentation, ethical issues and finally, study limitations.

3.1 Research design

The researcher used a case study research design which seeked to analyze the contribution of development fund programmes on rural households and poverty alleviation. The researcher used both qualitative and quantitative research approaches so as to enrich the content of the findings.

The qualitative approach was used to collect data from focus group discussions among the individuals and from key informative interviews with the community leaders, beneficiaries, and group leaders of development fund programmes. Quantitative approach was also used to collect information from beneficiaries and group leaders of development fund programmes in kyenzige sub-county kibaale District.

In terms of the time frame, the duration of this study was cross-sectional and it was done for a short period just to collect data, analyze and present once.

3.2 Area of the study

The study was conducted in kyenzige sub-county, kibaale District located in Buyaga County, with an estimated population of about33500 people (Kibaale District population projections for sub-counties up to 2013). It is approximately 220kilometres (140ml) by road, west of Kampala. The area was chosen based of the fact that it has the biggest number of groups and individuals participating in development fund programmes and activities.

3.3 Study population

The study population consisted a total number of 328 people who are directly benefiting from development fund programmes (Hoima Caritas Development Organization, 2010). This included group members, group leaders, individual beneficiaries and community leaders of development fund programmes of the selected parishes and villages in kyenzige sub-county.

The unit of analysis consisted of development fund programmes, while the unit of inquiry consisted of beneficiaries or group members of development fund programmes, group leaders, and community or opinion leaders in the area. This means that all the data collected from community leaders, project leaders supplemented to household's data.

3.4 Sample size

Out of a population of 328people in the area directly engaged in development fund programmes, the researcher only studied a half (1/2) of the population which included group members, leaders of development fund programmes, individual beneficiaries and community leaders as well. A sample size of 80 respondents was generated from the study population using the sampling formula (n=N/1+N (e) ^2).

3.5 Sampling technique

A stratified sampling technique was used by the researcher to select respondents to be studied. This method was chosen because of study population being not homogeneous, less biased, and dependable. The researcher used this technique with the help of the formula to enable him generate a suitable sample size of the study.

The formula therefore used was

n=N/1+N (e) ^2

Where N=Target population

n=Sample size

e= (0.08) ^2 desired marginal error

Therefore, when N=164, e= (0.08) ^2, n was derived as follows;

n=164/1+164(0.08) ^2

n=80 respondents

Table 2 showing respondents category, target population and sample size

RESPONDENTS CATEGORY	TARGET POPULATION	SAMPLE SIZE
Group members	100	48
Leaders of development fund programmes	14	7
Individual beneficiaries	40	20
Community leaders	10	5
Total	164	80

The figurers in the table were calculated as bellow;

Respondents:

Group members=100/164(80)

=49 respondents

Leaders of development fund projects=14/164(80)

=7 respondents

Individual beneficiaries=40/164(80)

=20 respondents

Spouses of beneficiaries=10/164(80)

=5 respondents

3.6.0 Data collection:

3.6.1 Focus group discussion

Focus group discussions were held with the beneficiaries of development programmes with help of interview guides to get general views on the benefits, the challenges and limitations of development fund programmes and collect their views on the kinds of support needed to address the challenges and limitations of poverty eradication. The respondents were both mail and female and they were of equal in number. FGDs also facilitated the researcher to get information from beneficiaries' spouses and children on their perception of how development fund programmes help to fight poverty in their households.

3.6.2 Interview/ Household survey

Household survey with the use of interview guide was conducted to get the beneficiaries spouses on how the development fund programmes contribute towards poverty alleviation in their households. Both men and women were interviewed; observation by the researcher supplemented to the findings.

3.6.2.1 Questionnaires

The researcher used both open and closed ended questions to collect data that enable clear response from respondents. The questionnaires were presented to the respondents to fill in the required information which later were picked by the researcher.

3.7 Measurements of variables

The structured questionnaires were used to measure the research variables. The questionnaires were self administered and provided for respondents selecting a suitable number on the five point likert scale ranging from strongly agree as response 5 to strongly disagree as response 1. This assisted the respondents to rate their perceptions accordingly.

3.8.0 Validity and Reliability (quality control)

3.8.1 Validity

Validity refers to truthfulness of findings or the extent to which the instrument is relevant in measuring what it is intended to measure (Amin, 2005). To ensure content validity, the research instruments used were first discussed with experts (supervisor) for scrutiny, clarity and discussion with me, and adjustments were made accordingly before administered to the field for data collection.

3.8.2 Reliability

This was achieved through the use of test and pre-test methods to ensure that there is continuity in data collection when the instrument is used to collect same data over and over again. This was done with help of cronbach for calculating the alpha value which state that an alpha value of 0.6 and above is liable. The alpha values were calculated as below;

Table 3: Calculation of alpha values figures.

Variables	Number of cases	Alpha values
Financial support	11	0.084
Project support	6	0.612
Income	4	0.636
Assets possession	5	0.602
Children education	5	0.579

Source: primary data; in conjunction with (Sekarara, 2001-2003) for an alpha value of 0.6 and above that is considered reliable.

Therefore, the figures above apart from the one under project support column are reliable implying that even the research instruments that were used to collect this data were reliable too.

3.9.0 Data management, analysis and presentation

The field data was managed, analyzed and presented using both qualitative and quantitative methods.

3.9.1 Qualitative data management, analysis and presentation;

Focus group discussion, key informant interviews were transcribed and analyzed continuously during and after field work each day. The analysis was done every day about sub-themes of the study and where possible code categories were identified, written in the margin of the transcript, added together to get the general trend and significant differences between transcripts and conclusion drawn. The presentation of qualitative data was in narratives or descriptive form.

3.9.2 Quantitative data management, analysis and presentation

Data collected was analyzed qualitatively. SPSS computer statistical package for social scientists was used. Findings were coded and tabulated using the statistical package for social scientists and the findings were presented by use of tables.

3.10 Ethical issues:

The researcher got an introductory letter from the department of Business Administration and Management (BAM) Uganda Martyrs University Nkozi. This letter introduced the researcher to the respondents, authorities at the District level, parish and village levels.

During data collection, the rights of individuals were respected. The researcher was able to first seek for consent of all the respondents for their response.

The researcher ensured confidentiality of the information to protect and enable respondents trust him with the information from sensitive questions. Sensitive information or issues were not to be explored unless the researcher requests the respondents to provide the information.

All the necessary protocols were observed and all the respondents were thanked for the participation in the study. A lot of skills were used by the researcher to collect data from the children. They were met in their play grounds which area familiar places to make them comfortable and familiar to people.

3.11 study limitations:

Some respondents feared to disclose information about their assets for fear of insecurity. To overcome this limitation, the researcher first educated the respondents about the purpose of the research and assures them of security of the information to reduce their fear.

Since the study was conducted in rural areas of kyenzige sub-county where development fund programmes are practiced, it is very difficult to make or draw general conclusions for the entire region.

Some groups engaged in development among others fund projects exaggerate the contribution of development fund projects to household poverty eradication without considering the contributions of other intervention sectors such as NGOs.

CHAPTER FOUR

PRESENTATION OF THE FINDINGS

4.0 Introduction

This chapter presents the study findings in form of tables and narratives in accordance with the study objectives in chapter two. The study set out to examine the contribution of development fund programmes on the poor rural household's poverty alleviation in Kyenzige Sub-county Kibaale District.

4.1.0 Background Information

4.1.1Gender category of respondents

Findings on the gender of the respondents were considered to find out whether there was gender bias in the study and the findings were as in the table below;

Table 4: **Showing Gender category of respondents**

	Frequency	Percent
male	25	44.6
Female	31	55.4
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

From the table above, 44.6% of the respondents were males where as 55.4% were females. This is enough evidence to show that there was no gender bias in the study.

4.1.2Age of Respondents

Findings on the age of the respondents were also considered to find out whether the information was from mature respondents or people and therefore viable. The findings were as verified in the table below;

Table 5: Showing age groups of respondents.

	Frequency	Percent
Bellow 20 years but above 17 years	2	3.6
24-29 years	8	14.3
24-29 years	11	19.6
29-34 years	13	23.2
34 years and above	22	39.3
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

Findings in the table above revealed that 3.6% of the respondents were below 20 years but above 17 years, 14.3% between 20-24 years, 19.6% were between 24-29 years, 23.2% between 29-34 years and finally, 39.3% were 34 and above years of age. This to some extent indicates that the information was got from mature people in this case respondent and therefore sufficient.

4.1.3Education levels of respondents

Findings on the levels of education of the respondents were considered to find out whether respondents were sufficiently competent and had the capacity to answer the questions promptly as evidenced in the table below;

Table 6: Showing Education levels of respondents.

	Frequency	Percent
Secondary drop out	26	46.4
Certificate	20	35.7
Diploma	10	17.9
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

From the table above, 46.4% of the respondents were found to have been Secondary school drop outs. However, these urged that much as they were secondary school drop outs, they received training that enabled them to participate effectively in the development fund programmes, 35.7% possessed certificate, and 17.9% were also found to possess diplomas. This indicates that the respondents had the capacity to answer the questions with some kind of knowledge.

4.1.4Respondent's positions

Findings on whether respondents participated in the development fund programmes were also considered by the researcher to find out whether respondents could use their experiences to attempt the questionnaires based on evidence as indicated below;

Table 7: Showing Respondent's positions.

	Frequency	Percent
Development fund programm past client	18	32.1
Development fund programm present client	36	64.3
Development fund programm officer	2	3.6
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

From the table above, 32.1% of the respondents were development fund programme past clients who had participated in the programme earlier but no longer engaged as of now, 64.3% were development fund programme present clients and 3.6% were officers of development fund programmes in kyenzige sub-county kibaale District. This indicates that the respondents had enough information and capacity in terms of experiences to answer the questions with out delays.

4.1.5Longevity of respondents with development fund programmes

Findings on the period of time the respondents were dealt with the development fund programmes was also taken into consideration by the researcher to find out whether respondents had enough experience and capacity to give relevant information to the questions promptly as evidenced in the table below;

Table 8: Showing Longevity of respondents with development fund programmes

	Frequency	Percent
1-6 month	5	8.9
6-12 month	13	23.2
1-3 years	27	48.2
4-10 years	11	19.6
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

Findings revealed that 8.9% of the respondents had dealt with development fund programmes for a period of 1-6 month, 23.2% for a period of 6-12 month, 48.2% for a period of 1-3 years and 19.6% for a period of 4-10 years. This indicates that the information was got from experienced people who had the capacity to provide relevant information as regards the questions making the evidence arrived at sufficient.

4.2.1Financial support on poverty alleviation

Findings on development fund loan services utilized by the poor households were considered by the researcher in order to find out the most kind s or types of loans rural poor people of kyenzige sub-county utilize and if such funds have an effect on rural poverty alleviation in the region. The findings were as presented in the table below;

Table 9: Showing loan types utilized by respondents

	Frequency	Percent
Short term loans	32	57.1
Long term loans	12	21.4
Medium term loans	12	21.4
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

All in all, the table above indicates that majority, 57.1% of the respondents informed this study that they have ever utilized short-term loans, 21.4% long-term loans, 21.4% medium term loans while 02% other sources. Considering the 57.1%, and 21.4% categories, they urged that these loans have helped them in expanding there business, repaying the debts, pay school fees for there children, affordability of medical care, buying household utensils, raise capital to start small businesses or improve other income generating activities which has helped in improving there self esteem and standards of living compared to other members who do not participate in the program.

According to Ayebale Martin the head of Kalokarugi women cooperative SACCO, also appreciated the role of development fund loans on poverty alleviation among poor rural people of kyenzige sub-county. In an interview with him, he explained that peoples incomes especially his group members have increased, assets possession has also increased, they can now meet day to day family obligations, educate there children in good private schools, among others.

According to Paul Asaba coordinator kyenzige town SACCO, urged that the introduction of financial support through loans have tried to reduce poverty and to some extent reduce crime rates among the youth in kyenzige sub-county. This is because most of the youth are engaged in income generating activities other than engaging them selves in gambling activities. As a result, those participating in such development fund loan have managed to start up small ventures, those who had small businesses expand on there businesses, increase there disposable income, educate there children, and meet daily obligations of the family as compared to those not participating in the programm

According to the focus group discussion held with the members of Kalokarugi Women cooperative SACCO they also acknowledged the role development funds play in up lifting them from poverty. In there acknowledgements, majority if not all said that the loans which are short-term in nature have helped them in buying household utensils, mattresses, improve there housing structures or even other build formal houses, increase there assets holding for example cars, motorcycles, land , increased savings and educate there children.

4.2.2Purpose of the loan

The researcher was also interested in knowing why these people take these loans, whether they take them to do business or just to fund there daily family consumptions. The researcher therefore was able to come up with the following analysis as illustrated in the table below;

Table 10: Showing respondents reasons as to why they take the loans

	Frequency	Percent
Debt payment	16	28.6
Business expansion	20	35.7
Purchase of property	13	23.2
Housing	7	12.5
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

From the table above, the researcher was able to find out that 28.6% had borrowed to re-pay there dates, 35.7% to expand there businesses, 23.2% to purchase property such as land, and 12.5% for housing purpose.

4.2.3Training of people before accessing the loan

Findings on whether the borrowers are given training before accessing the loan was also of concern to the researcher with an incite to know whether rural poor people are fist made competent or equipped them with necessary skills on how to use the loan and succeed with it. The findings were found to be as below;

Table 11: Showing respondents responses on whether they received training before acquiring the loan.

	Frequency	Percent
Yes	33	58.9
No	23	41.1
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put

The table above reveals that 58.9% of the respondents agreed that some training was given to them before acquiring the loan which gave the knowledge and skills on how to use the acquired loan effectively and realize the intended purpose. However, 41.1% of the respondents informed this study that no training was given to them on how to use the loan and urged that this could have been one of the likely causes as to why they did not realize the intended purpose of the loan.(Bagamba a member of Kalokarungi Village SACCO supported the in an interview with her).

4.2.4 Progress with the acquired loan

Table 12: Showing respondents responses on whether they achieved progress with the loans acquired.

	Frequency	Percent
Yes	47	83.9
No	9	16.1
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

The findings in the above table reveals that 83.9% of the respondents informed this study that they had achieved progress with their loans, while 16.1% had not received any progress. They urged that the poor performance is attributed to the high interest rates accompanied with a short repayment period. Further more, lack of training also has an impact on their poor performance with the loan (According to a focus group discussion with members of Kalokarungi Village SACCO). As a result they struggle to repay back the loan through out and some find the solution as to reduce on their food intake, cutting down expenditure on daily consumption, or others taking their children out of schools in order to repay their loans which proves not sufficient or profitable to them. This is in support of a recent survey of microfinance institutions in Tanzania which revealed that more than one (1/3) of borrowers surveyed in the study were reported struggling to repay back their loans of which some resorted to means such as reducing their food intakes, or taking their children to school in order to repay the loans (Microfinance survey, 2014). 4.2.5 Measures of business success or failure

Table 13: Showing respondents responses on measures of business success or failure.

	Frequency	Percent
Business expansion	21	37.5
Purchase of property	13	23.2
Ability to pay expenses	6	10.7
Improvement in standards of living	16	28.6
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

From the above table, 37.5% of the respondents look at their business expansion to determine their success of failure, 23.2% look at the property purchased such as land, 10.7% look at their ability to pay their expenses such as school fees, 28.6% look at improvement in their standards of living. From this it can be seen that the loans actually have an effect on people's business expansion, purchase of property, payment of expenses and improvement in people's standards of living of those engaged.

Results from focus group discussion also shown that entrepreneurial women under the service experiencing little profits from income generating activities as a result of higher interest rates, short periods and other set books at operational levels. In addition, the confiscation method mostly applied by SACCOS in cases of failure to pay leaves entrepreneurial women with out any valuable assets which (Ssendi and Anderson, 2009) supports in their research.

4.2.6 Problems in using development fund loan services

Findings on problems or challenges respondents face in using development fund loans were also considered by the researcher as presented in the table blow;

Table 14: Showing respondents responses on the problems they face in using development fund loans.

	Frequency	Percent
High interest rates	26	46.4
short repayment period	24	42.9
lack of training	6	10.7
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

From the above table, it was revealed that 46.4% of the respondents considered high interests to be the major obstacle in using development fund loans, 42.9% urged that the short repayment period with in which they are expected to have cleared the loan to be the major problem, 10.7% considered lack of training to be the major challenge faced in using development fund loans.

According to focus group discussion with members of Kalokarungi village SACCO, they urged that the short repayment period usually of 3month to have cleared the loan is the major problem they face in using these loans along side the high interest rates.

Table 15: Showing respondents suggested solutions to the problems faced.

		Frequency	Percent
Valid	Reducing interest rates	27	48.2
	Increasing the repayment period	23	41.1
	Providing people with necessary skills on how to manage the loan	5	8.9
	5	1	1.8
	Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

From the above table, 48.2% of the respondents suggested that the interests rates be reduced to reduce on the percentage of loan failures, 41.1% suggested that the repayment period with in which the acquired is to be cleared be increased, 8.9% suggested that people be availed with necessary skills on how to manage the loans if success with the loan is to be attained. They also urged that financial literacy campaigns be put in place to increase or create awareness to the poor people deep in the villages of the availability of such funds if poverty is to be alleviated among rural households. The creation of awareness will increase the number of people coming up for these loans who in the end are likely to start up income generating activities hence increasing on their disposable income, sustainability, along side with improved standards of living which Anderson,2009 mentioned in his research.

Table 16: Showing respondents responses on the contribution of development fund loans on economic activity of the rural households.

	Frequency	Percent
Business expansion	19	33.9
Increase in disposable income	17	30.4
Increasing assets possession	12	21.4
Meeting family obligations	8	14.3
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

It is apparent that development fund loans have improved peoples lives in a number of ways. Out of 56 respondents who said loans had reduced poverty in their households, 33.9% of them said they had realized expansions with their business, 30.4% increase in their disposable income, 21.4% had used the loans to increase their asset possession, while 8%had used the loans to meet family obligation such as paying their children's school fees.

According to an interview with Paul Asaba coordinator Kyenzige town SACCO, people in his have been able to start and improve their income generating projects. One member testified that she had started outside catering services using the money from this SACCO. While women from Kalokarungi village SACCO testified that they are now able to start small businesses with the loans they acquire from the SACCO and earn income unlike in the past. Another member said that some of their members had renovated their homes while others have constructed houses, paid their children's school fees and their diet has improved.

According to most women in the focus group discussions testified that, women have been able to buy household assets such as plates, cups, basins, chairs and beds. Others bought items such as radio and television sets. One woman by name of Asiimwe schovia narrated the following in a focus group discussion;

"There was a time when we used to borrow household chattels from the neighboring homesteads. Some families would even borrow salt,

Pangas, knives, axes while others would even borrow shoes and clothes. Now, most of these things are now available in our homes."

According to Ayebale Martin the head of Kalokarungi village SACCO, many members have benefited from the loans through purchasing of livestock particularly piggery, goats, poultry and cattle. Businesses have grown and some people are coming back for bigger loans having paid off their earlier obligations. Another member had this to added that the area used to have very few people with livestock, but now many people have got cows, goats ranging from one to at least 3 cows or goats. These are a source of income when the owners sell the animal products or even the animals them selves, they use this money to do other productive things such as restocking and buying land. All this has been possible with the support of development fund loans through SACCOs.

However one man in the focus group discussion by manes of Bamukama Francis urged that his households had not benefited from the development fund loans through this SACCO due to its short repayment period and high interest rates. One lady by names of Abigaba stated that even if a man gets a loan from the SACCO, he does not invest the money in productive projects that can generate income to improve the household's standard of living. Instead many of them get an extra wife or they go drinking with their friends to show that they are financially powerful. This was supported by one of the opinion leaders who said development fund loans had not eradicated poverty. He narrated that;

"People get loans but they are not in any way better. Some drink off the money and fail to invest it in any productive venture. Consequently, their children are not in school, they leave in ram shackled houses and they are always complaining of poverty. Even those who don't get loans are better off compared to them. "Said Byamukama chair man Lciii kyenzige sub-county.

Similarly in the focus group discussions some male respondents whose wives are participating in the development fund loans reported that though they had not benefited directly from the projects managed by their wives, their house hold welfare had generally improved. They eat a balanced diet and their home environment generally looks attractive, their wives no longer quarrel a lot when the husbands do not leave behind money for domestic use, and generally love has increased.

4.3Short term projects and poverty alleviation

The researcher was also interested in ascertaining whether the introduction of short term projects as one of development fund programmes contribute to poverty alleviation among poor households in rural areas of this country. The researcher used a number of questions of which he felt they could help him in addressing the issue. The questions were carefully answered by the respondents who have hard chance to participate in these project services and the analysis was done as below;

Table 17: Showing the number of respondents engaged in short term projects.

	Frequency	Percent
Yes	42	75.0
No	14	25.0
Total	56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

The findings in the table above reveals that 75% of the respondents had participated in short term projects by development fund programme and these were considered as experienced to give relevant information, 25% of the respondent however had not participated and these were not relied on by thee researcher apart from the work of opinion leaders which was considered by the researcher to reliable.

Table 18: Showing the period of time respondents had spent participating in short term projects.

		Frequency	Percent
Valid	6month ago	6	10.7
	1 year ago	14	25.0
	3 years ago	17	30.4
	Others	7	12.5
	Total	44	78.6
Missing	System	12	21.4
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

Findings in the table above revealed that 10.7% of the respondents had participated for 6 (six) month, 25% for 1 (one) year, 30.4% for 3 (three) month, 12.5% for more than three years. This gave the researcher confidence that whatever information provided to him by the respondents was out of their experience and therefore had capacity to give him reliable data.

Table 19: Showing short term projects services respondents have enjoyed since they joined.

		Frequency	Percent
Valid	Quality/ improved seed varieties	21	37.5
	Quality breads of animals	21	37.5
	Others	1	1.8
	4	1	1.8
	Total	44	78.6
Missing	System	12	21.4
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

Findings in the above table revealed that 37% of the respondents had enjoyed or received quality/improved seed varieties such as maize seeds, bananas, cassava sticks among others,37.5% 0f the respondents had also received quality breads of animals such as breads of pigs, cattle, goats among others, 21.4% however did not answer this part of the question.

Table 20: Showing respondents responses on whether these services improve rural household's incomes

		Frequency	Percent
Valid	Yes	39	69.6
	No	8	14.3
	Total	47	83.9
Missing	System	9	16.1
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

The study informed the researcher that69.6% of the respondents agreed with the statement that it has improved rural households income, 14.3% disagreed with the statement in question, and 16.1% did not show their stand.

According to Asingwire Sylvia NAADs coordinator kyenzige sub-county in an interview with her, informed this study that people participating in development fund short term projects have their income increased though not greatly increased as compared to non participants. With this, peoples life styles have improved as well as their standards of living, she added. This can be used to support the statement that "An estimated 20% of Ugandans farmers have benefited from advisory services provided under NAADS programmes a sub-section of ATAAS programme (IFAD,2012).

Table 21: Showing respondents responses on the problems they face in using these services.

		Frequency	Percent
Valid	Lack of training	10	17.9
	Limited markets	18	32.1
	Delays in accessing the services	19	33.9
	Total	47	83.9
Missing	System	9	16.1
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

Findings in the above table revealed that 17.9% of the respondents had faced the problem of lack of training, 32.1% had faced the problem of limited markets for their products or produce in the area, 33.9% had faced the problem of delays in accessing the services where products especially agricultural products are availed to them when the season is almost ending which leave them not realizing their expectations, 16.1% however did not answer this question.

Table 22: Showing respondents suggested solutions to the problems.

		Frequency	Percent
Valid	Training to the rural poor who utilize the services.	10	17.9
	Creation of more markets.	18	32.1
	Reducing delays in accessing the services.	19	33.9
	Total	47	83.9
Missing	System	9	16.1
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

The findings informed this study that 17.9% of the respondents suggested that training programmes be organized by responsible officials to the poor rural people who utilize these services, 32.1% suggested that more markets for their products be established by the government, 33.9% suggested that delays in accessing the services be reduced by delivering the services in time to enable them plant in time when the season is just starting.

However, going by the Ministry of Finance, Planning and Economic Development2009/10 Budget speech that increased agricultural production is essential for economic transformation and prosperity for all and has strong multiplier effects because of its linkages with other sector. For example, an increase in production addresses high food prices by increasing supply, increasing exports in areas where Uganda has a nich and addressing food security and nutrition (UBOS, 2008-2009). This will leave rural households with the market where their surplus produces can be bought or sold to increase on their disposable income which later improve their standards of living and sustainability enabling them to leave a poverty free life.

4.4Personal savings

The researcher was also interested in knowing whether respondents had personal and if so, what source do they derive their savings from, whether their savings have increased and if so, how it has increased after their interaction with development fund programme services. The researcher however was able to come up with the following findings as illustrate by the tables below;

Table 23: Showing whether respondents had personal savings.

		Frequency	Percent
Valid	Yes	46	82.1
	No	9	16.1
	Total	55	98.2
Missing	System	1	1.8
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

The researcher was able to find out that 82.1% of the respondents had personal savings, 16.1% however disagreed with the statement that they had no personal savings, 1.8% did answer this question. According to findings, those who had savings informed this study that they have an advantage over those who had no savings when it comes to borrowing; that they given first priority, give some reasonable amount of a loan as opposed to opponents, at times given loans at a reduced rate of interest to encourage even those with no savings also to come and save as to also enjoy the advantage. However, in an interviews and focus group discussion, it was found out that women had more savings the men which stands in the literature by (Nannyonjo and Nsubuga, 2004). The reason given was men prefer spending all their money other than saving or even investing it.

Table 24: Showing respondents responses on where they derive their savings from.

		Frequency	Percent
Valid	Development fund loans	24	42.9
	Development fund projects	25	44.6
	Total	49	87.5
Missing	System	7	12.5
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

Findings by the researcher revealed that 42.9% of the respondents informed this study that they had derived their savings from development fund loans such as short term loans, medium term loans and long term loans, 44.6% had derived their savings from development fund short term projects which included quality breads of animals such as quality breads of pigs, goats, cattle, and improved seeds varieties. 12.5% of the respondents however did not provide answers to this part.

Table 25: Showing respondents responses on whether their savings have increased since they joined development fund programmes.

		Frequency	Percent
Valid	Yes	44	78.6
	No	6	10.7
	Total	50	89.3
Missing	System	6	10.7
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

Findings in the above table revealed that 78.6% of the respondents had their savings increased, 10.7% had their savings not increased, and 10.7% did not give their stand. Those with increased savings however appreciated the introduction of development fund programmes in the area which have lead to an increase in their financial stands, expansion of their business, start small investment, and afford to pay fees for their children among others.

Table 26: Showing respondents responses on how their savings has increased.

		Frequency	Percent
Valid	Greatly increased	11	19.6
	Slowly increased	37	66.1
	Remained the same	1	1.8
	Decreased	3	5.4
	Total	52	92.9
Missing	System	4	7.1
Total		56	100.0

SOURCE: Primary Data, 2014 SPSS out put.

It was found out that 19.6% of the respondents had their savings greatly increased, 66.1% had their savings slowly increased, 1.8% had their savings remained the same, 5.4% had their savings decreased and 7.1% did not answer this question.

According to a focus group discussion with members of Kalokarungi village SACCO, those with increased savings however attributed this to development fund programmes in the area while those whose savings remained the same and those whose income decreased attributed this to the high interest rates where they could at times use their savings from other sources to clear the loan, the short repayment period being another challenge as well as provisions of the agricultural items or products not in time especially when the season is ending.

4.5 Hypothese of the study

Having established the kinds of development fund programmes given to the poor households of kyenzige sub-county kibaale District, the categories of people benefiting, their impact on household poverty reduction and the challenges met, the researcher concluded his Hypothese that there is a significant relationship between development fund programmes and poverty alleviation among rural households in Uganda.

CHAPTER FIVE
DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the discussion of the findings presented in chapter four, conclusions and recommendations of the study. The recommendations were given by the respondents in their different capacities as well as the researcher.

5.2 Category of People benefiting from development fund programmes

The study established that women benefited more than their male counterparts. The main reason was that there were more women participating in the programm services as compared to men. This finding is supported by written literature which asserts that many development programmes target the poor people especially the women to enable them undertake micro and small scale business enterprises to improve their household wellbeing and social status resulting from increased incomes (UWFT Brochure, 2004).

In a focus group discussion, women revealed that when men (their husbands) access loans their wives cannot tell where that money was invested and interest generated and yet there are a lot of outstanding domestic demands. This has pushed women to resort to SACCOs to save and access credit and generate some income to cater for domestic needs, economic empowerment and welfare of the family. Accordingly, literature that was reviewed confirmed that women account for 65 percent of the active savers in the traditional saving mechanisms in Uganda (Nannyonjo and Nsubuga, 2004).

Secondly, most development fund progrommes consider men to be higher risk borrowers than the women. One member of Kalokarungi village SACCO informed the study that in their group male members are irresponsible and some do not pay back. So the SACCO has started soliciting for new members particularly women. This shows that women are better and more committed members.

Further information from the interviews and the focus group discussions revealed that men divert the borrowed funds to non productive ventures and so they fail to pay back and therefore men's access to credit does not translate into household poverty reduction. This was supported by Kate Young, (cited in Ostergaard, 1987), who wrote that lack of control over productive resources is one of the most outstanding challenges to Women's economic empowerment and household welfare.

The study further revealed that, the elderly people aged above 34 years were the most active clients in the development fund programmes as compared to the youth. This is because they are more trusted and considered more reliable than the rest of the other categories. The youth below the age of 20 years were the last in number and percentage reason given from interviews and focus group discussion being that they are considered to be the most unreliable and un trusted people to deal with. On this point, the researcher is of the view that if possible these people be allowed to form groups with their age mats and be also allowed to access the services since poverty is not prone only those falling in the upper brackets only if poverty is be alleviated in the area the more.

The study however, found that in some of the development funds delivering institutions such as SACCOs for this case requires prior to receiving loans on to have deposited at least 100,000 Uganda shillings with them of which members in a group discussion complained that this amount is too big for them to raise and after raising the amount and given the loan one is required to make weekly savings of which they find it difficult. However, clarified by Ayebale Martin generated funds from compulsory saving is intended not only to teach members financial discipline but also to create a loan fund which also acts as collateral for a loan , (Dunford, 2000) supports this.

The researcher however, is of the view that to benefit from development fund programmes, one must have some minimum level of income to meet the regular saving requirement which leaves out the very poor households and this could reduce the rate of defaulters where members have collected their funds and one walks away with it. Such people should be given loans since they prefer benefiting at the expense of others.

5.3 Development fund loans or financial support and poverty alleviation

As seen earlier in chapter four, all 56 respondents had at least utilized one type of loan services from development fund programmes funding institutions. They however testified that, they had accessed capital to invest in productive projects, their income and savings had increased, their businesses had expanded, they could pay their children's school fees and their household welfare had improved.

Majority of the women informed the study that their households had benefited from the programme because they could now afford good food, household items like clothes, uniforms for their school children and shoes, salt and sugar with out depending on their husbands. Other reported that before their families livelihoods had not improved they could sometimes have quarrels in the family and some form of domestic violence due to money problems which is not the case to day. The researcher believed the respondents because they were asked about household welfare which they can clearly understand therefore this was an easy way for them to judge an improvement and their information is rarely compromised.

Using the government of Uganda's definition of poverty as a situation of perpetual need for daily necessities of life such as food, clothing and shelter (Population Census Report, 2003), the researcher feels that using the respondents information especially the one given by women on households welfare is enough evidence to justify household poverty reduction as an improvement in household welfare and valid enough to support the government of Uganda's definition of poverty.

However, male borrowers informed the study that their household incomes and welfare had improved slightly, but they however urged that their women had not benefited from the programmes there they see no reason for them to waste time. This pinion was strictly from the male borrowers not the female borrowers of which the females disagreed with it. This raised a question about who actually benefited from the programmes when it came to male borrowers. The researcher is of the opinion that even when there is an increase in household income, the women do not enjoy the benefits as explained by some writers that an increase in household does not mean that the household is economically empowered.

According to Deugd, (2002 cited in Skartlatos, 2004), despite increased access to financial services; economic empowerment is not always guaranteed as there has been little positive change in the decision making abilities within the family. Men still control household resources and economic wealth but their households are not economically empowered simply because Women are denied access and say on the family earnings, even when they have contributed to it and they lack control over the household resources (Ostergaard, 1987).

The researcher also found that the issue of household poverty reduction is relative from one person to another. In some cases, where all the profits generated from development fund programmes was spent on school fees, failure to realize any tangible profit might be interpreted as a failure of the programme to alleviate household poverty while in the actual sense, the money was invested in their children's education which is profitable to the same household in future.

5.4 short term projects and poverty alleviation

According to the study findings, it was revealed that the introduction of short term projects especially NAADS have had a substantial role it plays towards poverty alleviation among the poor rural people in the country.

According to the respondents they urged that they have been trained in different enterprises, have received agricultural and technology inputs and farm implements, and have been supplied with goats, chicken, pigs, bee hives, cows and cow dung manure. Consequently, they have got increased stock of animals and improved their banana plantations. This has raised their incomes and improved their standards of living which ATAAS programme 2011-2016 supports. They attribute the good performance of the NAADS programme to its participatory nature whereby each beneficiary is given an opportunity to take part in programme activities such as meetings, training, election of group leaders and representatives who are responsible, and ensuring that the programme is implemented in accordance with farmers' needs (Asingwire Sylvia NAADS coordinator). It was also mentioned by the majority of female respondents that participation benefits them by enabling them gain confidence to express themselves in public without fear.

However, some respondents urged that despite some forms of participation mentioned such as attending group and inter-group meetings, selecting group of what to be given, electing group leaders and representatives among others, the performance of the programme is still unclear. They said that majority of them joined the programme during its transitional period 2007/2008 and they have not yet benefited directly due to inadequate training and some times they supply them with poor quality animals, agricultural and technology inputs which leave them victims of poverty.

In addition, the selection of the six beneficiaries in each parish coupled with the set standards regarding the ability to look after the deliverables (goats, chicken, cow dung, farm implements) was regarded by many respondents in group discussion as intended to benefit the rich at the expense of the poor. Hence they argued that the NAADS programme is losing track because the poor had originally been its prime target beneficiaries (MAAIF, NAADS, 2000).

The study revealed growing dissatisfaction among respondents with the new NAADS guidelines and the presidential directive. The argument is that the directives have eroded opportunities for beneficiary farmers to participate in decision making processes regarding issues that affect them. The beneficiaries of goat-keeping group did not welcome the directive from the President of giving all the 21 goats to one member on a loan basis, with the loan repayable after a period of two years. To them, this affects their ability to decide the distribution chain for the goats they receive as group members, which is what they used to do before, and what they deem to be workable and to satisfy their aspirations.

Respondents also claimed to have been denied participation in the selection of enterprises right from the lower level. Much as they have trust in the NAADS officers and the technical committee at the sub-county level who select the deliverables to be supported, respondents argued that it would be better if they are involved at the lower stage right from the group level. They argued for the involvement of local people in selecting programme interventions, taking real responsibility for the implementation of these interventions and sustainability over the long tern as supported by (Oanh, 2012) and a bottom-up approach as proposed by the NAADS Master document (2000) that the work plans should originate from the farmers themselves in their groups and be presented upwards through parish committees and representatives up to sub-county level for consideration and implementation.

5.5Conclusions drawn

The researcher came out of the study with a number of conclusions as put below;

Development fund programmes had reduced household poverty which is the lack of access to basic necessities of life; that is, food, shelter, clothing and other needs such as health and education; which is in support of (UNHS, 2006-2007) definition of poverty. The findings showed that there was an improvement in the access to basic household necessities. These programmes had helped its members to increase their household incomes. Loans have been invested in ventures like retail shops; small businesses, school fees and income generating projects such as cattle keeping among others which had improved the households access to basic necessities.

The study also concludes that despite the challenges, programmes are reliable approaches to household poverty alleviation particularly in rural areas where most people are subsistence farmers with very low incomes and have no collateral to pledge as security to access credit in the formal financial institutions.

The study also concludes that despite the contribution of the programmes to household poverty alleviation in kyenzige sub county, there are a number of challenges ranging from the loan defaulters, lack of training on how to invest and short repayment period of the loans, lack of adequate funds to give out as loans, limited markets, delays in accessing the services that need to be addressed.

The study further concludes that such challenges can be overcomed if clients are trained on how to put loans to good use, trained and encouraged to invest the loans in profitable ventures that will yield more incomes, if mew markets are established, delays in accessing the services are reduced and if given in time when the season is just starting to enable them catch up with the season.

5.6 Recommendations

The study recommends that since development fund programmes are the best tools for household poverty alleviation especially in rural areas, government should fund them to increase their efficiency and effectiveness to reduce poverty among poor rural household in the country.

The SACCOs also should revise some of their loan terms that are truly unfriendly to their clients. Strict measures to ensure that clients put loans to good use should be emphasized if the people are to really benefit from the loans given to them. This can be done by training clients/members to identify profitable ventures in which to invest their loans as well as monitoring the progress of these ventures to ensure that clients get profits and pay back their loans in time.

It is recommended that training of the members and regular financial advice will help the loan borrowers put the loans into profitable ventures that can help the earn profits and in the end increase on their disposable incomes and repay back the loans with out difficulties.

On the side of NAADS programme, more training sessions for farmers on the ways to manage and develop their selected enterprises need to be carried out.

NAADS programme implementing agencies also need to encourage more men and youths to get involved in the programme by identifying the factors inhibiting their participation.

I would also recommend increased beneficiary participation in NAADS programme implementation particularly at the lower level. Beneficiaries right from the group level need to get involved in all the activities of the programme including planning, identifying their needs, and selecting their own favorite projects to participate in, while the farmers' forum, sub-county technical staff and extension workers play an advisory role. The involvement of local people in selecting programme interventions, taking real responsibility for the implementation of these interventions and sustainability over the long term would increase their benefits as compared to when they do not participate. The quality of programme management is also an important factor in the success of the programme (Oanh, 2012).

5.7 Recommendations for further Research

The researcher recommends that further research should be done to establish other ways in which household poverty can be alleviated other than development fund programmes with a special focus on the rural areas. Research should be conducted on the role of communication Medias on household poverty.

The researcher also recommends that similar research can be carried out in other districts / regions in this country.

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APPENDIX I: QUESTIONNAIRES

Dear respondents,

I am a student of Uganda Martyrs University carrying out a research on contribution of development fund programmes on poverty reduction among poor rural house holds of kyenzige sub-county kibaale district. You have been identified as a stakeholder to participate in this study and I kindly request you to avail me with the necessary information. The information given will be kept strictly confidential and only for academic purposes. Thank you very much for your cooperation.

……………………………….

Alinda Deus

Put a (Tick) where appropriate.

SECTION A

Background information

A) Gender category

1. Male ☐ 2. Female ☐

B) Age group

1 Bellow 20 ☐ 2) 20 -24 ☐ 3) 24-29 ☐ 4) 29-34 ☐ 5) 34 and above ☐

D) Education level

1. Secondary drop out ☐ 2. Certificate ☐ 3. Diploma ☐ Degree ☐

5. Other, specify………………..

E) Position of respondent

1. Development fund program past client ☐ 2. Development fund program present client ☐

3. Development fund program officer ☐ 4.Otherspacify…………………………

F) For how long have you been /dealt with development fund programmes?

1.1-6 month ☐ 2.6-12 month ☐ 3.1-3 years ☐ 4. 4-10 years ☐

5. Over 10 years ☐

SECTION B

Loans

A) What development fund loan services have you ever utilized?

1. Short term loans ☐ 2. Long term loans ☐ 3. Medium term loans ☐

4. Other, specify…………………………………

B) What was the purpose of the loan?

1. Debt payment ☐ 2.Business expansion ☐ 3. Purchase of property/ land ☐

4.Housing ☐ 5. If any other, specify………………………………………………

C) Did you first undergo training to make you competent enough to use the loan?

1. Yes ☐ 2. No ☐

E) Did you possess some assets before receiving a loan from development funding institutions?

1. Yes ☐ 2. No ☐

F) If yes, what assets did you have?

1. Land ☐ 2. A house ☐ 3. A car ☐ 4. Motorcycle ☐

5. A bicycle ☐ 6. Other, specify………………………………………………

G) About how much working capital did you have before the development fund loan was acquired?

1. Less than 50000 ☐ 2. 50000-500000 ☐ 3. 500000-1000000 ☐

4. 1000000-3000000 ☐ 5. 3000000 and above ☐

H) In total, how much working capital did you borrow from development funding institutions?

1. Less than 500000 ☐ 2. 500000-1000000 ☐ 3. 1000000-5000000 ☐

4. 5000000 and above ☐

I) Did you realize progress with the loan?

1. Yes ☐ 2. No ☐

J) If no, what were the major incidences that led to your poor performance?

……

K) What do you look at as your measure of business success/failure? Please rank

1. Business expansion ☐ Purchase of property ☐ Ability to pay expenses ☐

4. Improvement in standard of living ☐ 5. Other, specify………………

L) What problems have you encountered in using development fund loans/ services?

1. High interest rates ☐ 2. Short payment period ☐

3. Lack of collateral security ☐ 4. Inaccessibility of funding institutions ☐

M) What do you think should be done to rectify the situation?

………

N) In your view, compare your pre-development fund and post development fund programmes status based on the measures bellow. (Please indicate 1 for increased, 2 decreased, 3 remained the same)

	PRE	POST
1. Business expansion	………………	…………………..
2. Assets possession	…………….	………………….
3. Payment of bills (school fees)	………………	………………………
4. Property owned	………………….	…………………..

5. If any other, pecify………………………………………………………………………

O) What is the contribution of development fund programmes on the economic activities of the rural households of kyenzige sub-county according to you? Please rank.

1. Business expansion ☐ 2. Increase in peoples income ☐

3. Improvement in faming practices ☐ 4. Increasing asset possession ☐

5. Meeting day to family obligations ☐ 6. If any other, specify……………………..

SECTION C

Short term projects

A) Have you ever engaged your self in any short term projects of the development fund program?

1. Yes ☐ 2. No ☐

B) if yes, when did you join?

1. 6 month ago☐ 2. 1 year ago ☐ 3. 3years ago☐ 4. Other ☐ specify…………………..

C) when you joined, what services did they give you?

1. Quality/ improved seed varieties ☐ 2. Quality breads of animals ☐

3 Others ☐ specify……………………………………….

D) Does these services improve on the rural household income?

1. Yes ☐ 2. No ☐

E) what problems do you face in using these services?

1. Lack of training ☐ 2. Limited markets ☐ 3. Delays in accessing the services ☐

4 Other ☐ specify…………………………………………………………….

F) In your own view, how can these problems be mitigated/ reduced?

……………………………………………………………………………………………………
……………………………………………………………………………………………………

SECTION D

Household income level

A) Do you have personal savings?

1. Yes ☐ 2. No ☐

B) If yes, where do you derive your savings from?

1. Development fund loans ☐ 2. Development fund projects ☐

3 Others ☐cify………………………………………………

E) Have your savings increased since you joined development fund programmes?

1. Yes ☐ 2. No ☐

F) If yes, how has it increased?

1. Greatly increased ☐ 2. Slowly increased ☐ 3. Remained the same ☐

4 Decreased ☐

SECTION E

Household assets

A) Have you bought your self any asset since you joined development fund programmes?

1. Yes ☐ 2. No ☐

B) If yes, which of the following assets have bought from the programmes?

Land	House	A car	A bicycle	A radio	A TV	Motorcycle

Others, specify…………………………………………………………………….

SECTION F

Children Education

A) How many children are in your household? (Bellow the age of 17 years)

1. Boys ☐ 2. Girls ☐

B) Are you able to educate all of them?

1. Yes ☐ 2. No ☐

C) If no why? Could it be due to the following?

1. Cannot afford fees ☐ 2. Cannot afford buying books ☐

3 Cannot afford buying uniform ☐ 4. They do not want to study ☐

APPENDIX II: INTERVIEW GUIDE

1 Does the introduction of development fund programmes improve rural household's quality of life? If yes, how?

2 what effect does development fund programmes have on the lives of rural households? Explain.

3 Does participation in development fund programmes reduce poverty among poor rural households of kyenzige sub-county? If yes, how?

4 What are the biggest obstacles/ challenges to people benefiting from development fund programmes in kyenzige sub-county?

5 How can these challenges be mitigated/ reduced?

6 Has development fund programmes achieved financial sustainability among poor rural households of kyenzige sub-county? If yes, how?