



# Uganda Women's Economic Empowerment Loan Fund

Community loan fund and financial literacy Programme



## 1. In a Nutshell

Little by Little, small donations put together, can enable the economic empowerment of disadvantaged young women in Uganda, who against all odds are struggling to put food on the table for families.

They are hawkers, vendors, traders, artisanal entrepreneurs, smallholder farmers, who need access to inexpensive finance and financial literacy. Finances and knowledge that these disadvantaged but enterprising young women desperately need to enhance the profitability of their enterprises; so as to improve their livelihoods.



Consequently, the wellbeing of members of the households of disadvantage young women benefiting from this programme will improve. In terms of food and nutrition security, among others. The economically empowered young women, beneficiaries, will be able to buy and to provide their families the right food and other basic needs.

Ultimately, economic empowerment of disadvantage young women benefiting from this programme will contribute to reducing gender inequality in decision-making within their respective households.



## 2. The Challenge

***"If I could get a cheap loan of a million shillings, I would expand my business and earn more profit. I would be able to buy a bag of potatoes at a lower unit cost and be able to make more sales profit; expand varieties of fruits and vegetables that I can buy to sell; and improve the structure of my fruits and vegetables stand."***



This is Baraka's dream. As in her name, which means "**prosperity, mystical blessing.**", Baraka, a 25-years old fruits and vegetables vendor, with a roadside stall in a peri-urban area of the municipality in Uganda, carries the burden of ensuring the prosperity of her family.

Baraka, indeed, is a blessing to her household, consisting of her, her three children (two girls and one boy) and her husband, a 28-years old mason, with an irregular source of income.



She exemplifies many disadvantaged but enterprising young women where CPAR Uganda works. They have an awareness of the basic tenants of establishing and running an income generating activity; knowledge that they have gained through experiential learning.

Case in point, Baraka demonstrates an awareness of the advantages of economies of scale and aspires to benefit from those advantages by increasing the size of her fruit and vegetable vending business. She wants her business to enjoy an economy of scale through bulk purchasing - by buying a large number of products at once, so she may be able to charge competitive prices and make a better profit.



Baraka, however, is acutely aware of her limitations in accessing credit from formal lending institutions to boost her capital. She shared with CPAR Uganda that past experiences have taught her not to take the risk of borrowing from such institutions. Many of her fellow disadvantaged young women who have ever taken that risk, had terrible experiences struggling to repay the loans with high interest rates; in the end, the business of some instead collapsed.

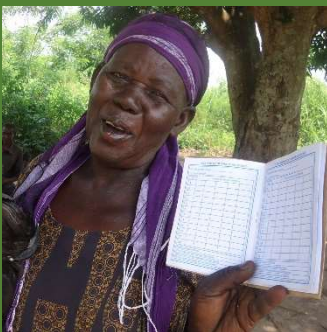


An empirical study by James Odongo into [Lending terms and financial performance of small medium enterprises in Uganda – case of Soroti District](#), confirms Baraka’s assessment. Odongo found that **“micro finance institutions in Uganda charge high cost of money to their low-income borrowers - interest rates of 39 percent. This is because small and medium enterprises have a tendency not to keep proper financial records and it is difficult to confirm their financial performance in the near future.”**



Furthermore, Uganda’s [Ministry of Gender, Labour and Social Development](#) takes note that **“the challenges Uganda women face in undertaking economically viable enterprises, include limited access to affordable credit, limited technical knowledge and skills for business development.”**

A situation which Uganda’s First Lady and Minister of Education, Janet Kataaha Museveni, is credited by [Equity Bank](#) as having aptly pointed out, as well, that: **“while Uganda women and the youth play an important role in society, they rarely have access to credit facilities; while many are limited by lack of financial literacy regarding the products available to help businesses succeed.”**



In a nut shell, the justification of this programme is that whereas, many disadvantaged young women in Uganda, such as Baraka, exhibit an awareness of the basic principles of starting and running a business, they are not sufficiently financially literate to be able to keep good financial records that can be used in financial decision making. Consequently, they are generally unable to access loans that they need from formal financial institution; and to afford to pay the prevailing high interest rates formal institutions charge.

### 3. The Solution

CPAR Uganda seeks to establish a community loan fund, through which disadvantaged young women in Uganda, such as Baraka, will access low-cost loans and financial literacy. And we need help from philanthropists, in order to raise the Shs. 50 million investment that is required to kick start this programme.

Shs. 30 million being the seed capital for the establishment of a credit facility; from which, for a start, 200 disadvantaged young women, such as Baraka, in Acholi, Lango and Teso will access low interest loans to invest in their income generating enterprises.

Shs. 20 million is for covering expenses of conducting a 44-day residential training for a cadre of 20 young women Trainers of Change Agents. The 20 Trainers will each be tasked to train as change agents at least 10 young disadvantaged enterprising women within their respective communities; a total of 200 change agents, who will provide borrowers one-on-one training and mentoring in:

- Keeping financial records – cash book accounting and double-entry bookkeeping.
- Generating and using financial reports for decision-making and running a business.
- Income generation – identifying, planning, implementing and owning an investment.
- Savings and credit.
- Leveraging social capital and working in development groups.
- Communication and community advocacy.
- Being role-models and positive grassroots change agents.
- Pro-actively identifying and intervening on gender issues that have consequences on women businesses.
- Appreciating and understanding poverty and development in wider contexts.

The plan is to strike a balance in which the community loan fund grows and at the same time the individual businesses of borrowers from the fund also grow. Hence, the loans from the fund will not be interest free, they will be at a low interest charge.

The training and mentoring of borrowers is intended to ensure borrowers better select income generating activities; manage enterprises well; earn well enough to improve enterprises and the wellbeing of households; and comfortably repay loans with interest.

CPAR Uganda plans to raise funds that are need to kick start this programme through online fundraising on the GlobalGiving Platform; grants from companies as corporate social responsibility and or in exchange for advertising; and from beneficiary contributions – training fees.



## 4. The Impact



The prevailing situation as reported by the Uganda Bureau of Statistics (UBOS) is disturbing. 12.4 million people, 95 percent of households in CPAR Uganda's strategic region of operation, the greater northern Uganda - West Nile, Acholi, Lango, Teso, Karamoja and Bukedi, are living below Uganda's poverty line of US\$ 1.77.

It is not okay, as reported by UBOS, that 7.5 million people, 58 percent of households, in greater northern Uganda are food poor; meaning they are unable to access the right quality and quantity of food. Consequently, hundreds of children in the region are undernourished and are stunted.

This alarming situation can be changed by establishing and growing a women's loan fund; and by training disadvantaged but enterprising young women to become comprehensive economic empowerment change agents. Change agents who will proactively provide financial literacy training and business mentoring to enterprising but disadvantaged young women in their respective communities.

In the long-term, CPAR Uganda, through its Uganda Women's Economic Loan Fund programme, will contribute to the households of benefiting disadvantaged young women attaining alternative viable and sustainable livelihood investments. Investments, through which programme economically empowered young women will:

- Earn sufficient incomes to be able to afford the right quantity and quality of food for their respective households.
- Contribute to reducing the proportion of undernourished people in Uganda, as well as reducing the percentage of children in Uganda who are stunted and body-wasting.
- Be able to ensure members of their households will suffer less from malnutrition related ailments.

In a nut shell, long-term, this programme will contribute to economic growth, enhanced food and nutrition security, prevention of malnutrition related diseases; and, therefore, a better quality of life for programme beneficiaries. And this will hold true also for other community members who will inevitably come into contact with CPAR Uganda trained economic empowerment change agents.

### To Donate & Learn More About CPAR Uganda Ltd

Visit with us on line:

[www.cparuganda.com](http://www.cparuganda.com)

and

<https://www.globalgiving.org/donate/46796/cpar-uganda-ltd/>

Email us on [info@cparuganda.com](mailto:info@cparuganda.com)

Follow us on Facebook [www.facebook.com/cparugandaltd](https://www.facebook.com/cparugandaltd)

and X @CPARUGANDA