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MICROFINANCE FOR SMALL ENTERPRISES: A CASE FROM UGANDA

This case study describes the work of the Community Organization for Rural Enterprise Activity Management (CREAM). The projects aims to enable households to improve savings capacity to meet uncertainties in life, investment capital needs and strengthen social capital thus an improvement in household livelihood security. Specifically to impact improved quality of household life to meet basic needs of life notably but not limited to; improved health, improved education, improved shelter, clothing and food at the household level and enhance social networks in rural areas as strategy for survival.

This Case Study was a background briefing for Oxfam Novib's 2013 Annual Review, prepared in partnership with CREAM, and describes the programme in Uganda. Although it is not a formal evaluation it does consider lessons learned by both Oxfam Novib and its partner organisations.

These Case Studies are shared in the form in which they were submitted, often written by partners whose first language is not English, and have not been edited since submission. We believe that the meaning is clear enough, and the authenticity of the reporting and the availability of Southern Voices on development makes their inclusion in the Oxfam iLibrary worthwhile for sharing with external readers.

Programme Partner: Community Organization for Rural Enterprise Activity Management (CREAM)

AIM OF THE PROJECT

To enable households to improve savings capacity to meet uncertainties in life, investment capital needs and strengthen social capital thus an improvement in household livelihood security. Specifically to impact improved quality of household life to meet basic needs of life notably but not limited to; improved health, improved education, improved shelter, clothing and food at the household level and enhance social networks in rural areas as strategy for survival. As well as improving livelihoods, the project is successfully challenging social norms around the roles of men and women and increasing women's self-esteem.

CONTEXT

Limited Microfinance outreach, and poor savings' culture is a major cause of poverty in Africa, Uganda and West Nile Region in particular, and because of lack of saving the Community in the West Nile have remained vulnerable to poverty. Women are more affected yet currently they are the bread winners in most households in the rural and peri-urban setting. It is true that women cannot save because they have low income. This in turn is because women do not own and control resources and therefore the benefit that accrue from these resources go to men.

The second major reason for women not saving is because of the current Gender roles, Gender Division of Labor (GDOL) in which women's roles are seen as reproductive and mainly restricted to domestic chores; there is limited women's participation in productive roles and in the community: so women's roles remain as of house care and children care which are not income generating.

To women most men do not save because they spend most of their resources on social relationship like over drinking and laziness(Socialization) leaving them with little time to do the productive activities thus low production and therefore nothing to save. The women equally complained of the polygamy practices that live the men with the burden of resource sharing among many wife's and children thus limited land which is a major resource factor for development in the West Nile. Men however, fill that lack of employment opportunities and too much domestic responsibility on them that makes them un able to save, this includes the extended family, Men also feel the Land is not enough due increased population growth and therefore land fragmentation thus production is low and there is no surplus for sales.

In all the above scenarios women savings ability is limited due to the fact that culturally women are not supposed to own property therefore find no reason to invest if they are not entitled to own property. Likewise cultural women roles are supposed to be reproductive roles that live them with no time to invest, no ability to save or participate in income generating activities. Men's apparent behaviors like polygamy, and having many children and socialization among others are all enrooted in the cultural values.

Therefore challenging the status quo of the current cultural values on property rights and the right to own property by both women and men will open opportunity for savings among women, challenging the current Gender Division of Labor to allow women move away from domestic chores and begin to invest in productive activities that will improve their saving abilities. And involving men to understand the challenges of polygamy, and many children and a need to minimize socialization shall improve their ability to save.

In summary there is a need for dialogue to challenge the current cultural values that has hindered saving abilities to foster savings in the West Nile in which the elders, men and women attitudes most must be addressed, through community engagement with elders, men and women. This invention therefore targets to work with elders, women and men to challenge the current cultural values that has hindered saving cultures and therefore development, with a focus of on property rights and gender division of labor which have been culturally developed over time.

Main actors

- The Program has active and vigilant participants who really take charge of their own development, as CREAMs methodologies link up with cultural practices and social cohesion. This

is further supported by the network of CSOs that CREAM is part of as well as the keen interest of business society which has been brokered by CREAM looking at banking linkages and product support for its participants.

- In its network of CSO colleagues CREAM looks for innovations which are replicable with its participants and government policies are in support of the objective that CREAM pursues.
- CREAM is a well embedded and respected organization in West Nile which has the support of the general public, business society, Local Government, and CSO peers. The above makes the environment enabling for CREAM to work.

Why did Oxfam Novib get involved?

CREAM has over the last 6 years of co-operation with different Donors (CARE, STROMME) proven to achieve the planned outcomes and objectives and in general evaluations have been positive. CREAM in addition is keen to keep innovate its approaches and test new methodologies which could be beneficial to its participants. As an organization CREAM has grown and has continually improved on its systems and ways of working. All systems, structures and support needed to achieve the objectives are in place (AGA, BoD, management, admin., staffing). It is from this background that Oxfam chose to enter in partnership with CREAM IN 2006 up to date.

METHODOLOGY

Activities, strategies, theory of change: the Self-help Affinity Groups Model , GALS methodology and tools

The organization carries out activities in the fields of enhancing participation of men, Women and youth in development and governance. CREAM also builds capacity to ensure economic empowerment, gender justice in wealth creation through Value chain development, sustainable utilization of natural resources and other cross cutting issues such as HIV/AIDS and cultural diversity.

1. The above activities are carried out through the SAGS (Self-help Affinity Groups) methodology borrowed from Myrada-India that comes as a package of Savings and credit component, rights issues, gender, HIV, business skills training. The package is delivered to the community by the Community Based Trainers who are supervised by Coordinators and Program persons.
2. Another methodology that is all encompassing is the Gender Action Learning Systems (GALS) methodology. This is a simple and inclusive methodology that uses pictorial approach to bring out issues affecting communities. It uses tools such as Vision road journeys for mapping the future and also reviewing progress, Market maps; Gender balance Tree, empowerment maps and challenge action trees used both at organizational level and community level. This methodology was introduced to us by Oxfam through IFAD fund.
3. CREAM uses a change maker approach to enable recruitment of change makers to conscientize communities on the ills of Gender based violence in the communities.

RESULTS

Outcomes/outputs

To enhance the meaningful participation of all people especially the marginalized and Vulnerable groups, in development and governance issues within their society (households, community, sub-county and district).

- 740 SAGs groups were formed with 19,984 clients women 15,841 (79%) and men 4,143 (21%). Women empowerment to access financial services and rights to participate on economic

enterprises and decision making at household level has improved. The project is on track to meet target.

- At least 333 change makers have been recruited and made commitments to take action to reduce all forms of violence against women and recruit ten other change makers within their circle of influence to reduce the vice within their family, neighborhood and community. This has been possible through, capacity building and follows up meetings with the change makers. The under achievement in this sector is due to delay in finalizing the national strategy for We can campaign in Uganda and release of funding for launching we can week delayed. The National Council has been formed and CREAM is a member.
- To date 8 drama groups have been formed that agitates for developments in the region and have been performing in the national days like independence days, world food days. A media for public Education on political and economic rights. (watch out for Kereke and Babirye in Oli division and Christine of Aliogolo women group in Katrini sub county in Arua.

To enhance the capacity of the vulnerable and marginalized groups to promote savings culture, increase income and ability to meet their needs on a sustainable basis.

- 740 SAGs groups were formed with 19,984 clients women 15,841 (79%) and men 4,143(21%). The target for first year achieved due to high demand. Giving a balance of 10 groups to achieve the project targets , an indication that we shall surpass the target by far by end of the project (December 2012)
- 740 SAGs groups were formed with 19,984 clients trained in SPM integrated programme. Out this 11,099 with IGAs. Most groups are still on the intensive supervision so the initiation of IGAs is still in low pace.
- CREAM partnered with Agricultural Productivity Enhancement Forum (APEF) to form one producer group to market their produce in Nebbi district. The farmers accessed improved seeds for sorghum, Maize, soya beans, Ground nuts and marketing is expected to begin in November to June 2012. Meru a leading buyer for soya beans has been contacted and has agreed to purchase over 10 tonnes of soya. Beans from the farmers through their association.
- 315 CMMF have been formed with 7,874 Clients (5,644 women) as of June 2012 building on the previous groups with funding from Stromme Foundation. With 3,688 clients participating in Credit plus Activities this includes 1442 direct beneficiaries in 51 groups under integrated FOOD security project with support from Stromme Foundation. The Food security selected priority enterprises were Cassava, Goats rearing Poultry birds (local breads) Sesame, Piggery and Ox plough traction.
- Thirty Three (33) loans were disbursed in 30 groups (others are repeat loans) and the loan portfolio has ground from 55 million Uganda shillings to 183 million Uganda shilling, and giving a significant alternative Microfinance services to the marginalised groups in Region. More lessons are still be learnt and plans to visit a group in Busenyi in Western Uganda is being arched to further this humble approach to poverty reduction.
- 54 groups that were formed additional 58 groups have been linked to banks for savings purposes and for the security of funds saved. This is a new model of Banking On Change (BOC) linkage banking supported by Care International in Uganda. This result area remains a challenge as the Village Agents try to find alternatives to livelihoods in situation that group formation has delayed. Hence affecting achievement of targets in forming new VSLAs.

Impact

There is enhanced access to livelihoods assets; increased access to markets; increased income from diversified sources; and above all increased self esteem, reduction in Gender based violence, reduced stigma and discrimination among the vulnerable especially women as a result of the increased level of empowerment by CREAM through the various programmes.

Policy and practice changes

- Women empowerment to access financial services and rights to participate on economic enterprises and decision making at household level has improved.

- Women are now economically empowered to meet their financial needs on a daily basis.
- Reduced acceptance of violence against women.

LESSONS LEARNED

- Having a fully fledged active poor people who are willing to change their lives.
- The very good relationship CREAM has built with Oxfam and other Development Partners both locally and externally has an effective outcome on the work of CREAM. This relationship has attracted some level of trust, support both financially and morally that has continued to boost the operations of the CREAM.

Challenge

CREAM has since late last year had a challenge of death of staff (Program Manager, Coordinator, and Driver) who succumbed to natural death and accidents and this affected the organization since these had been key resource persons. However, new staffs have been recruited to catch up with the project work. Besides that, some of the failures that existed have been mitigated already and the project is currently on track.

Tips and more

CREAM believes in 'Making learning fun, inclusive and practical/participatory to achieve impact and ownership in the communities and at organizational level'.

HUMAN INTEREST

About 6 years ago, Lillian Oguaru had given up hope of living a life free from poverty. Today, the 28-year-old entrepreneur and mother of one is successful not only in starting her own business and being a successful farmer but also has created employment for three people she employs in her shop and gardens. Our Information, media and communications officer, Dorah Ntunga caught up with her and files this story.

"I did not have confidence and it was made worse by being poor. I was always alone, what would I have to talk about? I had nothing! Decisions at home were made by my husband, there was hardly enough food, though my husband had a piece of land where we could farm. The yields were always poor and the little money that I earned (about 700ugx per a day) digging people's farms would be taken forcefully by my husband spending it all on alcohol." Says Lilian

In 2006 she decided to join Ovisoni Go Down savings and credit group after sharing with her friend the challenges she was facing, although her husband thought it was another way of wasting time. She was determined to learn how to save the little money she earned with a hope of and changing her life. "A friend I once shared my problems with advised me to join a savings group that they had started with the help of CREAM Uganda, she convinced me this would help me out of poverty and I thought why not give it a try." she notes.

Armed with determination, Lillian learned how to save, as well as plan for her savings and in no time, she was in a position of taking a loan worth her savings. In addition, Lillian was able to acquire additional skills on how to make organic compost manure and pesticides from chillies from *Send a Cow Uganda* an Oxfam partner working in close partnership with another Oxfam partner *Community Organisation for rural Enterprise Activities Management (CREAM)* working in Vura Sub County, Arua district. As a result, this has led to high yields from where she has managed to generate income to save and invest further. Seven years later, the benefits of being a member of a savings and credit are evident in her life.

Lillian is now a successful horticulture farmer who grows vegetables and fruits such as watermelon, mangoes, tomatoes, chillies and onions including other foods like avocado, potatoes, sorghum,

beans and cassava. In addition, she has used her first savings to buy pigs and when the pigs reproduced, Lillian was able to sell them at a profit, using the proceeds to start another business, selling tea and general merchandise where she earns between 50,000ugx (U\$19) - 100,000ugx (U\$38) a day.

Furthermore, she has now increased her savings from 5,000ugx (U\$2) to 30,000sugx (U\$12) a week, following her proceeds from her farm and the shop. Her loan size has also increased from 300,000ugx (U\$115) to 1,000,000ugx (U\$385) an indication that she is now saving more. When Lillian's husband saw her tremendous progress, he was eager to also join the savings group and currently is a member. Lillian is quick to add that her husband has transformed so much, being more supportive and loving.

"Together with my husband, we have built a permanent house a step away from the hut we used to live in. I contributed one million Uganda shillings from my share out/ end of year savings towards the construction. Additionally we've bought 50 iron sheets, 20 iron bars and 1500 bricks to finish building our commercial house, and recently we opened up an account for our child's school fees."

"All the households in my neighbourhood are involved in the savings and credit. I'm happy that even the old women and men including my mother in -law who is old and weak, grows her vegetables and saves her money."

As a result of participating in savings and credit group and the acquired knowledge in business management, Lillian has developed a high self-esteem. She expresses herself more with confidence and is now full of smiles just like the meaning of her name -Oguaru.

Oxfam in Uganda under its Economic rights programme is working with several partners implementing projects to increase household incomes and end poverty like in the case of Lillian.

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