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Graduate School of Development Studies

**CREDIT AND RURAL WOMEN'S EMPOWERMENT:
A CASE OF KAGADI WOMEN REVOLVING
CREDIT AND SAVINGS (KWRCSS) IN UGANDA**

A Research Paper presented by

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List of Abbreviations

ACFODE	Action For Development.
ACORD	Agency for Co-operation and Development.
CDRN	Community Development Resource Network.
CIDA	Canadian International Development Agency.
FINCA	Foundation For International Community Assistance.
GB	Grameen Bank.
GDP	Gross Domestic Product.
GEM	Gender Empowerment Measure.
HD	Human Development.
HRS	Hours.
IFAD	International Fund for Agricultural Development.
KDEP	Kagadi Development Extension Programme.
KULU	Women and Development -Kvindernes U-Landsudvalg.
KWRCSS	Kagadi Women Revolving Credit and Savings Scheme.
LC 1	Local Council One.
NGO(s)	Non Governmental Organisation (s).
NNDP	Nalweyo Nkoko Development Programme.
ODA	Overseas Development Administration.
ROSCAS	Rotational Savings and Credit Associations.
RRA	Rapid Rural Appraisal.
SEWA	Self Employed Women's Association.
UCB	Uganda Commercial Bank.
USHs	Uganda Shillings.
UGAFODE	Uganda Foundation for Development.
URDT	Uganda Rural Development and Training Programme.
USAID	United Agency for International Development.
UWFCT	Uganda Women's Finance and Credit Trust Ltd.
VEDCO	Voluntary Efforts for Development Concerns
WID	Women in Development.

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DEDICATION

I dedicate this thesis to my late father William Bakenegura who did not live long enough to witness the fruits of my academic endeavors and possibly rejoice with me on such occasions. I will never forget his love and may God bless him.

CHAPTER ONE

Introduction and Research Methodology

1.0 Introduction

Has credit to rural women made a difference? Women in general and rural women in particular have been targeted as recipients and beneficiaries of credit and micro-finance services in some of the development programmes since the 1970s. Building on the work of SEWA in India and other organisations, the problem of credit was given particular emphasis at the first International Women's Conference in Mexico in 1975 (Mayoux, 1997:1). Constraints on women's access to both formal and informal credits were identified as major obstacles to women's ability to earn income, which was in turn seen as an important way in which they could achieve broader empowerment. The 1990s, have evidenced an increase in credit funding channelled through NGOs from large international donors, including USAID, World Bank, and CIDA to mention a few. Targeting women in these mainstream programmes has been increasingly promoted as a means of both increasing cost-efficiency and more effective poverty alleviation. *"The time has come to recognise micro-credit as a powerful instrument in the fight to end poverty and economic dependency. The time has come to muster the necessary number of organisations and individuals to start a global movement to reach 100 million of the worlds poorest families with micro-loans, to enable them become self-supporting by the 2005."* (From the draft of the declaration of the micro credit Summit meeting in Washington DC, February 1997). In Uganda local NGOs joined hands by starting special credit programmes to access loans to women. These micro-finance programmes have had different dimensions and different approaches. Such organisations included ACORD-Uganda, VEDCO, UWFCT, FINCA, Action Aid, ACFODE and URDT, to mention a few. For women, those promoting micro-finance and or credit programmes see it as initiating a virtuous upward spiral of economic, social and political empowerment (Mayoux, 1997:1). The way we can get the discussion started is to examine the role of credit in empowering or disempowering women who take it. Presently there are few studies about the real impact and effects of these kinds of programmes either in Uganda or outside. Many studies on credit have concentrated on issues of accessibility to credit, failure of the co-operative movement to reinforce successful credit services, the management of credit schemes and therefore little work has been done on assessing the impact of credit. Financial services to women are relatively new and impact assessment has just started (Mensink, 1995:31).

Nevertheless if the women's position is to be improved through credit, it is imperative to understand the underlying conditions and dynamics of the relations within the society and relations of class and ideology to the wider society in which credit is practiced. Johnson (1997:1), holds that, the virtuous

circle of access to credit leading to increased income to women, hence greater status in the household, bargaining power in relation to men, enhanced perceptions of women's role in the community and so on, is much trumpeted. She questions whether the women who gain such benefits are actually the exceptions and what could be the special characteristics leading to such cases especially at the household level. This has policy implications to the general development of society and specifically to credit beneficiaries. The effectiveness of financial services programmes to empower rural women will be determined to a large extent on its impact on the women's lives. In this regard, I would like to seek some knowledge in this paper on how credit has impacted rural women's empowerment process.

1.1 Background to the study

1.1.1 Why undertake this study?

This study was inspired by my own working experience for the last three years. During my work with credit schemes for women, I realised that credit has been availed to rural women but it presents other limitations with it and faces a good number of constraints during its utilisation. The empowerment of rural women through credit is still a far fetched vision which many women borrowers may not be able to attain. This is because money lenders have held certain assumptions such as; the political and social climate is stable, all women are good business persons and many others and thus have gone ahead to assume the positive impact of credit on the lives of women. This is in line with the conventional argument that women's lack of credit is a major cause to their powerlessness and lagging situation. Besides that, many studies have been done on the issues of accessibility to credit, but less has been said on the impact of credit. Thus this paper is concerned with the assessment of the impact of credit on gender power relations in the household and the community at large.

This study also hinges on the long observed wide mushrooming of credit and savings scheme programmes for women all over the world in these recent decades when almost all development agencies are concerned with human development. Human development has been a catching concept in the world's development agenda and mostly especially as far as gender equality and sustainable development are concerned. In the human development report (1995:76-78), it's clearly stated that gender equality does not depend on the income level of society, and the decision to seek gender equality seems to cut across income levels, political ideologies, cultures and stages of development. The major question therefore is why then women are still approached from the loan or credit perspective so as to change their lot?

1.1.2 The Status of Women in Uganda

Uganda is an agricultural country whereby agricultural production contributes 65% of GDP and earns 95% of its foreign exchange. 95% of its population live in the rural areas with women as the

majority of the population, and with a sex ratio of 55%: 45% women to men (CDRN, 1995:2). Women offer the highest labour input in the agricultural sector which is the backbone of the Ugandan economy. Wamai and Barton (1994: 173), holds that over three quarters (80%) of the agricultural labour force are women, using the hand hoe to produce almost all the food crops as well as about 60% of cash crop. Household based agricultural production (both crops and live stock) remains the major source of food and income for the rural population. Therefore special agricultural credit is necessary to increase production per unit of land which is usually small and fragmented. For the labourers and landless, credit is still necessary to stimulate off-farm activities such as retail trade and small scale industries all of which are important in creating rural employment, promoting equity in income distribution and thus rural development.

Women in Uganda are among the majority of the poor with limited access to food to feed their families, limited access to capital, very poor social service and high illiteracy level. This poverty has continuously denied them of their self autonomy and the situation is worse in the rural areas. Rural impoverishment has many faces and causes and follows a complexity of crisis and distress all of which have different consequences to women. There is evidence of stress among the rural population especially in households where the female labour time becomes insupportable compounded with limited health services. However, the struggle to survive still lies with the women working both in productive and reproductive sects so as to contribute to the household budget. All these responsibilities form continuous demand on poor women's labour, energy and time (Mensink, 1995:1).

Ugandan women especially those in the rural areas' workday is long, hard and sometimes sad, she rises in the morning and does not stop work until late in the night. The reported work of rural women varies from 12-18 hours, compared to men who work only 8 hours a day, moreover women work with rudimentary technology and less additional labour (ACFODE, 1989 cited in Wamai and Barton 1994: 131). In addition to having sole responsibility of all the household chores, women do a disproportionate share of farm labour and get fewer benefits. These fewer benefits to women in the rural areas are attributed to both macro-economic governments pricing policies, in that farmers are given cheap prices for their products, and also to the politics of the household where women have been subordinated by patriarchy.¹

In Uganda women have lived and have been socialised under patriarchal, subordinative structures, cultures and traditions which have denied them of their development and self autonomy. This seems to continue with limited changes despite the attempts made by development agencies towards women's emancipation. Women in Uganda are classified among the vulnerable majority of society. They are

¹ **Patriarchy:** is understood "as system of interrelated social structures (social relations) through which men exploit women" Walby (1986:50). It is a set of relatively autonomous relations where the key of patriarchal relations are to be found in domestic work, paid work, the state, male violence and sexuality. The patriarchal system gives male authority that oppresses women through its social, political and economic institutions (Pearson, 1992: 294).

socially categorised under the class of children, disabled and the minority groups (Matembe, 1994:1-12). Women have limited access to capital and if they get access to it, still they do not determine its usage. At the household level, women have had limited control over the productive process. Women are faced with social injustice in policies related to their health, with traditional and cultural prejudices reinforcing their disadvantaged situation and position right from childhood.

In Kagadi sub-district, (area of my research study), women are not exceptions. There is a high degree of subordination of women reinforced by marriage and dowry practice which creates dependency on males with discriminative inheritance cultural laws which hinder women from owning assets. Consequently women have lacked start up capital, running capital, collateral security for getting loans which make them powerless, hopeless and insecure. This does not mean that women in Kibale are homogeneous, they belong to different tribes, different levels of wealth, different levels of education and have different opinions regarding their development.

1.1. 3 How has policy aimed at empowering women

Policies about women have changed significantly during the past decades. Agencies have moved from welfare oriented approaches e.g. perceiving women as passive recipients of aid and focusing on their reproductive role; to economic-oriented approaches emphasising women's role as producers and active participants in the development process, and lately to an empowerment approach (Young, 1993:1-31).

In Uganda, women remained invisible, until the late 1980s when their contribution started to be recognised in the economy. In this respect, financial agencies, government and informal arrangements, set out to improve women's situation thereby facilitating the increase in their productivity. One of the major ways these agencies are intervening in women's lives has been through availing credit as investible capital and a strategy for empowerment. Credit has been used as a tool in poverty alleviation programmes. It is assumed that the increased credit will increase productivity which in turn leads to high returns and profits which would enable women to save and reinvest again. These credit programmes include; the *entandikwa* programme, the Poverty alleviation project, the Uganda Women's Finance and Credit Trust (UWFCT) programmes, the Kagadi women revolving credit scheme and many others.

Women themselves have been active participants in these programmes. Some have joined the informal sector and deal with projects that are directly related to their reproductive roles so as to ensure minimum income. These activities include selling roasted ground nuts, porridge, and other food stuff, from one market to the other or along the highways. For instance in Kagadi there are seven markets a week where women have been active vendors. Another more common strategy among the poor women found in Africa, including Uganda, is the formation of informal savings and credit groups which act as a buffer in

times of necessity (Mensink, 1995:1). Women belong to groups of various types, including ROSCAs with a clear saving and credit function.²

The Kagadi Women's Revolving Credit and Savings Scheme (KWRCSS) formed in 1993 is one of the credit programmes, initiated by women themselves to alleviate women's poverty and also change their subordinate position in society. "Women in Kagadi area, realising their individual vulnerability, came together and formed groups and loose associations for social and economic levels of self-reliance" (KWRCSS project proposal, 1994:1). The scheme was started by Kagadi women to challenge their dependency towards men, insecurities, and enable them participate in income generating projects so as to increase their bargaining power in society (refer to chapter three for further discussion).

In the rural development perspective and women's emancipation processes this initiative is viewed as a necessary venture aiming at increasing women's empowerment through micro -finance provisions. However there is a possibility that these aims are never achieved and the positive impact of credit to women should not be taken for granted. There is need to critically review the evidence, bearing in mind that there is a range of differing views and practices, and thus differing effects of credit to the lives of women.

1.2 Statement of the problem

Targeting rural women for credit has been a welcome corrective to previous neglect of women's productive role. In general many credit programmes have had negative as well as positive impacts on women. However, credit given to rural women, has had limited empowering impact to them and rural women have remained in the same position. For instance in 1988, the Catholic secretariat revolving fund was institutionalised in Uganda, 10370 families were given loans both in kind by providing chicken and chicken feeds and in cash to displaced women after the early 80s civil war, but the evaluation report of the programme published in 1990 shows that the programme was a failure, leading to its termination the same year (Galinski and Hofs, 1990:1).

Rural women have been given money, farm inputs and sometimes training related to credit management but still they did not only fail to work as expected but there is no substantial outcome one would see to justify the existence of credit schemes. Mayoux (1997:3), holds that, in case of women setting up an enterprise it has often led to small increases in income at the cost of heavier work loads and repayment pressures. In many cases the loans have been used by men to set up enterprises over which women have had little control. In some cases they have been employed as unpaid family workers with little benefit.

² In rural areas of Uganda, women belong to a number of different types of group including: Rotational contribution groups; for payment of school fees, buying clothing, medical care, buying assets like bicycles, payment of bride price; burial groups for burial expenses; group dealing in produce trade where produce is bought and stocked for some time and sold when prices rise; digging groups which dig on a common, hired or owned piece of land then sell the produce and share the proceeds or convert them into group savings which in most cases are loaned out to members on interest (Ahimbisibwe, 1993:1-7).

The availability of money and or cattle in the home do not entirely change the women's status, it does not change their power relation towards men in society. In some cases women's increased autonomy has been temporary and led to withdrawal of male support. In some programmes there are increasing fears that women's small increases in income are leading to a decrease in male contribution to certain types of household expenditure (Mayoux, 1997:4-5). This reveals that there is a missing link somewhere, somehow that has not been linked to the whole credit systems so as to increase its impact on women's empowerment. To me the problem is that credit has not created a significant impact for rural women because its initiation, and implementation does not take into consideration the patriarchal, social, cultural, historical and class differences among the rural women that hinder the whole process of empowerment.

Credit has sometimes ended up becoming a burden to some rural women re-enforcing their status and relations as 'beasts of burden'. This has a disempowering effect on women, entangling them in the circle of indebtedness, in that some repay the previous loan from the borrowed loan. This has not been recognised by money lenders and remains offset at the expense of a woman's autonomy and empowerment. Women have doubled or even tripled their working hours, activities, speed, attention and tension due to this credit. It has changed women's behaviour and increased their insecurity in their homes and marriages.

Besides that, most rural women in Uganda have a single budget. There is usually no difference between recurrent and capital budget and women do not own other means of production, thus the intentions of utilising this credit as investible capital might be easily compromised with the daily welfare expenditures. Mensink (1995:31), found out that some women borrowers of UWFCT, by then contributed more to the household expenses and ended up working longer hours than before. Family members would try to control a woman's income and put her under pressure to earn more so that they can use it. This could greatly contribute to the inability of some women to repay their loans on schedule. Under such pressure, if there is any investment of the loan, it could be in short term project with fewer returns, afterall the time to stay with that loan could be as short as nine months as it is the case with Kagadi Women Revolving Credit and Savings Scheme.

In addition to that the management of this credit has in some instances been complicated due to the politics of distribution and control at the family level, reinforced by patriarchal ties. In most cases rural women as women have been targeted as recipients and beneficiaries of this process, regardless of the social, economic, political and historical differences among them. Regardless of the societal structures and systems institutionalised to disempower them. There are more confounding factors, exogenous factors and even intervening factors which are not usually considered while making credit policies. Women are usually known for their better repayment than men, and this is one of the reasons as to why schemes targeted towards women are being encouraged (Holcombe, 1995:36-41; Barton, and Wamai, 1994:165).

This does not mean that credit schemes are entirely not beneficial to some women. For example the status of women members of the Grameen Bank in Bangladesh (GB) has improved significantly.

This is mainly revealed through economic indicators, including their participation in the work force and increased income and assets (Holcombe, 1995:75). Credit plays a critical role not only in investment and employment, but also increases peoples purchasing power. When financial services are provided well, they can stimulate growth in women's income and increase their control over assets and resources. There are many examples of clients of Uganda Women Finance Credit Trust (UWFCT) who can now send their children to school, because of business improvements with help of a loan (Mensink, 1995:31).

Impact studies are necessary, to be able to detect changes in the position of women and to be able to design more effective credit procedures. Therefore this study sets out to analyse the utilisation of credit as an investible capital and its contribution to the empowerment of women, using a case study of Kagadi Women Revolving Credit and Savings Scheme (KWRCSS) in Uganda.

1.3 Research Question

The question therefore is what has been the impact of the availability of credit on rural women in the case of Kagadi Women Revolving Credit and Savings scheme in Uganda, and what lessons in relation to theory and policy can be learnt from this experience in terms of empowerment and disempowerment of rural women through credit both at the household and community levels.

1.4 Objectives of the study

1. To examine the impact of credit to the lives of rural women in relation to its effects on power relations and show that rural women's empowerment is more than giving credit as an investible capital.
2. To show that there are socio-cultural and political factors, that are crucial in the understanding of the functioning and effects of the credit system to rural women. Thereby examining a series of relations and challenging the patriarchal and cultural formations by bringing the political and social status of a rural woman into scene in the politics of credit.
3. The study aims at coming up with both specific and general recommendations to policy makers and development agencies as a contribution towards their decisions pertaining to rural women, credit and empowerment.

1.5 Conceptual Understanding

This section of the paper gives a brief understanding, definitions, and characteristics of two concepts that are used throughout the paper; credit and empowerment. Their interlinkages are clearly shown and explained in the forthcoming chapters.

Credit; Many scholars especially economists and lately social scientists have gotten into discussions of the evolution and dynamics of credit (e.g. Limpton, 1976; Padmanabhan, 1988; Ellis, 1992;

Johnson, 1993, 1997 and others). Credit has been defined as a transfer in cash or kind with an obligation to pay (World Bank 1975 in Williams, 1985:9). Parker and Deen (1974 cited in Williams, 1985:9) defined credit as the acquisition of control over funds at a cost for a specified time period. Credit is also defined as “a condition which enables a person to extend his control as distinct from his ownership of resources” (Padmanabhan, 1988:7). Padmanabhan (ibid.:8), mentioned a number of characteristics of rural credit, such as, credit helps to establish command over resources, credit is not income but it leads to income³, credit is fungible,⁴ credit gravitates to borrowers-preferred activities, like any other commodity, credit market is governed by the laws of demand and supply. In general credit is a financial service, which can be obtained from both informal and or formal financial institutions.⁵ Credit as a service is built on critical premises such as eligibility and repayment capacity of borrowers, trust and confidence between the lender and the borrower to mention a few. These premises are very important when dealing with credit programmes because they instil in both the borrower and the lender the requirement of financial discipline.⁶

In developing countries, rural credit has emerged as a powerful policy instrument in dealing with rural development. Credit is generally regarded as one of the tools necessary to increase production and also to influence the entire empowerment process of rural areas. Ackerly (1995:56) holds that credit can appropriately be a means to empowerment. Money obtained through credit provides a command over resources and thus removes the financial constraints, if it was prior to receipt of it (Padmanabhan, 1988:7; Islam, 1992:28). Rural credit is considered necessary to provide liquidity to the rural poor who do not have sufficient investment fund to exploit the available opportunities. Rural credit can be categorised into both informal and formal credit and also it can be given in form of cash, inputs or kind.⁷ Though credit discussions have mainly been linked with poverty alleviation and rural development, this study will link credit to women’s empowerment taking into consideration the extent to which credit challenges the political position of rural women, their leadership abilities and above all, examine effects of credit to gender power relations.

Empowerment; The major key elements underlying this concept are that, empowerment is a process about power and about changing the balance of power which involves gaining control over self,

³ Just as money is not wealth, credit is not income although credit could lead to income. What is important is the borrowers capacity (her ability to pay back a given sum borrowed, after putting it into productive use) when both lenders and borrowers do not see credit in this light, it leads to problems for both (Padmanabhan, 1988:8).

⁴ **Fungibility** Credit is received in form of money whose fungibility (issues of substitution and diversion) allows it to be converted into any good or service available on the market. Thus allocation of loans in quotas or in kind destroys this property. Nevertheless, institutional efforts to supervise or monitor fungibility of loans is limited. At the farmers level inputs in kind can easily be sold if the farmer needs cash for other purposes while at the lenders level non-farm loans can be classified as farm loans or loan sizes limits evaded by making multiple small loans under different names of the borrower.

⁵ In this paper informal credit is understood as that loan got from interest groups, friends and relatives while as formal credit is that loan got from banking institutions and requires physical collateral security.

⁶ In my own view, financial discipline is a sense of responsibility, commitment, co-operation and accountability for both the lenders and the borrowers aimed at the success of the credit service.

⁷ See Islam 1992, for the different sources of credit and its categorisation

over resources and over ideology (Young, 1993: 7). Empowerment is better understood as a process of enabling people to gain critical consciousness about themselves and their societies and be able to challenge and change existing unequal structural power relations. According to Mayoux (1997:13) "empowerment is a term generally used to describe a process by which powerless people become conscious of their own situation and organise collectively to gain greater access to public services or to the benefits of economic growth as quoted by Beck and Stelener 1995 in ODA 1994:32".

The concept of empowerment is rooted in the theories of Paulo Freire who forwarded the notion of conscientisation as a process through which the poor people can challenge the structure of power and take control of their lives, gain a sense of self worth, self esteem, have freedom, become self confident and self reliant. The process begins in the mind, from self image, and from breaking through the sense of inferiority imprinted into people since childhood. The new consciousness then begins to question the existing power relations and roles (Lycklama, 1992:8-10). Empowerment can be viewed from both the societal collective levels which involves changes in power relations within the households⁸, communities and macro-level and also at the individual level, which involve changes in skills, confidence, consciousness and the general ability of the individual to challenge subordinative power relations.

Empowerment is part and partial of the Human Development (HD) approach and provides alternative visions and strategies to development. Empowerment became commonly used in the development discourse after the realisation that economic growth, though essential for human development, is not the end of development. The empowerment approach has been commonly used by NGOs involved in rural and humanitarian development projects. Therefore empowering people particularly women was and is viewed as a sure way of linking growth to human development. Empowerment thus questions all structures at the basis of power, and interrelates with other components of the HD approach which include co-operation, equity, sustainability, security and productivity. Empowerment is aimed at challenging subordination and subjugation and transforming the structures, systems and institutions which have supported inequality such as top down development model. It is worth noting that empowerment approach is people centred and stems from the people, calls for participation and it is more than bottom up approach (HD Report 1995 :12,122-123; Lycklama, 1992 :13). Empowerment therefore can be understood as based on specific social, economic and political context over time. In this paper credit is not equated with empowerment, but the writer holds that under certain circumstances credit can be a powerful tool to influence women's empowerment.

⁸ **Household:** Young (1993:114), defined a household as a number of individuals who live together and provide the basic needs for themselves, their children and relevant others (i.e. those who live under one roof and share a common pot).

1.6 Justification

The choice of this research subject is based on the realisation that many development practitioners have taken credit to be the woman's 'saviour' or 'pain reliever' from unequal power relations and social inequalities to empowerment, thus worth studying and determining the relationship between credit and empowerment. Even scholars like Mayoux (1997:6), hold that, in view of these potential disbenefits to women, there is an urgent need for evaluation of the impact of programmes on women's empowerment. She further recognised that we know little within most programmes about who benefit or fail to benefit, who those women are or the contextual and organisational factors influencing this.

The Kagadi Women's Revolving Credit and Savings Scheme (KWRCSS) which is the case in question, have been in existence for the last 4 years, which means some conclusions may be drawn. This is a learning study, aimed at strengthening the performance of such credit schemes. More so there are enough data about the project in form of reports, project documents, and the mini study findings that are used in the analysis.

Besides that, I have been working with URDT, the organisation that facilitated the growth and development of KWRCSS for the last three years to date. Therefore I have the epistemic advantage⁹ in this case to analyse the dynamics of this credit scheme. I started working with URDT as a gender community co-operation and development worker and trainer since 1994 and my major responsibilities involved training in gender related issues, facilitating the growth and development of interest groups, conflict resolution both at community and organisational levels, research and documentation among others. In this regard credit has been a major area of concern in my undertakings and therefore KWRCSS caught my attention. I have been involved in training members in issues of formulating gender sensitive projects, group formation and dynamics, project management, book keeping and many others. From this experience and knowledge therefore I stand an advantage to analyse the impact of the case in question.

The study therefore investigates whether credit has challenged the social and political status of a woman. It examines the relations thereafter at the household level, putting issues of labour changes, time management and other inequalities into consideration. It also addresses issues of whether the 'economic empowerment' relieves a woman from the social deprivation, changes her consciousness and ideologies. The study explores the underlying assumptions to women's credit and the implementing process of credit in Uganda. The management, utilisation of credit and woman's ownership of capital resource is also questioned. Projects undertaken by these women and the sustainability of the credit scheme is also of major importance to this study. In so doing, the following methodological aspects are very important in as far as they contribute to the general qualitative research methodologies.

⁹ An Epistemology is a theory of knowledge. It answers questions about who can be a knower, what tests beliefs must pass in order to be legitimated as knowledge, what kind of things can be known and so forth. Sociologists of knowledge characterise epistemology as a strategy for justifying beliefs: appeals to the authority of God, of custom and tradition, of common sense, of observation, of reason and of masculine authority. For feminist, they argue that women have been excluded as agents of knowledge thus their proposal to alternative theories of knowledge (Harding 1987:3).

1.7 Methodology and source of data

Methodology; This research is an effort to contribute towards policy formulation, reforms and implementation or changes in attitudes towards empowering rural women through credit. The problem is examined using both the descriptive and analytical methods of research. The main direction of this paper is to analyse the impact of credit to rural women in general but more specifically regarding their power relations in society. It is more than the cost benefit analysis that have conventionally been used to analyse projects. And therefore methodologically it takes into consideration the broader aspects of empowerment. The study utilises various indicators to measure the empowerment of rural women through credit.

By indicators, I mean signs or land marks that inform the direction of analysis. These are variables that show whether credit has been empowering or disempowering to rural women. Indicators are very important tools right from project formulation, project implementation, monitoring to project evaluation because they clearly show whether the project is on the right track or not. In this study, indicators are used as a basis of analysing trends and changes in the process of empowering women through credit. These include issues of women's control over credit use, women's leadership positions in society, and women's changing attitudes towards development, to mention a few.

In this paper, a case study approach is used firstly for purposes of analysing these issues in-depth and also to make it easier to position and locate myself in the study. Secondly, credit has had different dynamics in different setting and therefore the use of a case study helps to avoid general discussions on the topic. In this paper, I analyse the Kagadi women revolving credit and saving scheme.

In this paper I oftenly use the notion of "I" purposely to show the ownership and responsibility of whatever information, right or wrong in these academic and developmental discussions. Secondly, it also helps me to identify and position myself as a development worker who has worked with the case in question for three years and more so as an analyst from the gender and feminist perspectives.

Another very important methodological strategy in this study is the involvement of women themselves. As much as I have an advantage to tell my experience with the scheme, women members have better advantage to give an account of their reality. Just as standpoint epistemology holds, the 'less' powerful or knowledgeable members of society have potential for a more complete view of social reality than others precisely because of their disadvantaged position (Nielson, 1990:10). In realising this therefore, the study utilises the views of women from a mini research conducted in June 1997 by URDT regarding credit and women's empowerment as shall be seen in chapter four. In a way this is a contribution to participatory action research because firstly it hinges on the women's experience and it is about women. Secondly since women were involved in gathering these data it is assumed that they will be able to own it and utilise it for the betterment of their project. Though the level of participation of these

women may be questionable at this stage, in this academic paper, their contributions and experience are a basis of the paper.

Source of Data; The study is restricted to the discussion of credit schemes for rural women seen as a typical example of development practices within this decade of economic oriented policies. Though I recognise the difference among women, in this study *rural women*, mean women who live in rural areas rather than urban areas and who are mainly involved in agricultural production. In analysing their situation, secondary data from published and unpublished texts and articles and books are used. Data from periodicals, reports, personal recollections of my own experience with these women's groups are used too.

Primary data, (collected on my behalf) are used to avoid generalisation. I requested URDT to conduct a mini research for me and the data are analysed in this paper. This brings out the women's experience and their own perspective. I call it mini research because it was rapidly done and it is small in nature. The mini research was conducted in June 1997 by URDT staff members using Rapid Rural Appraisal techniques. The main aim of the study was to assess the impact of credit towards women's empowerment. Several indicators were developed and used to collect data as shall be seen in chapter four. 50 KWRCSS members, purposely selected, were involved in the study and their views represent the views of the majority members. The outcome of this research shall be discussed in chapter four.

In all these, the questions of validity, accuracy and thus reliability of the data available regarding the project is very important. Most of these reports about the scheme are translated by URDT staff members and therefore are liable to subjective thinking and or mis-interpretations. I will carefully be selective and objective while using these data so as to bring out the clear situation of the scheme.

1.8 Limitations

Credit impact studies poses notoriously difficult problems to which this study is hardly immune. There is a problem of the baseline data. Just like in many impact assessments in Africa researchers have usually been faced with lack of pre- evaluation data. Not only that but also measuring impact both at the individual and household level depends on the respondents capacity to recall, which may be weak in reporting on activity which stretched over a year and which is usually compounded by low numeracy skill so that even skills to record are very low.

There is also a problem associated with measurement and different continuous shifting definitions of empowerment. What is empowerment and who defines it and for whom are questions that may remain unconvincing to some readers.

1.9 Organisation of the paper

The paper is organised into five interrelated chapters and the first chapter gives the background of the study, the research problem, objectives, research methodology, justification, limitations and the major

concepts used in this paper. The second chapter begins with a brief account of the development rhetoric towards women since the 1970s and later gives different theoretical points of view regarding credit and women's empowerment. Specifically it shows the neo-classical, the co-operative and community development perspectives and the feminist perspective. The third chapter gives a detailed description of the case study i.e. the Kagadi Women Revolving Credit and Savings scheme (KWRCSS) and its trends of growth. The fourth chapter entails the analysis of the impact of credit onto women's empowerment. The findings of the mini research are very much utilised in this chapter and several indicators are used to measure empowerment therein. The fifth and final part of this paper give the lessons learnt from the above analysis, conclusions and some recommendations for increased impact of credit onto the lives of women borrowers.

In a nutshell, the question of the impact of credit to rural women's empowerment is problematic and its answer lies both in theory and practice of rural credit programmes. In understanding why credit programmes perform the way they do and how this performance is measured therefore three theoretical perspectives are discussed below and it is imperative to understand what they inform us before making conclusions.

CHAPTER TWO

The Theoretical Analysis

2.0 Introduction

This section of the paper entails different theoretical perspectives regarding the importance of credit for rural women and the way this importance is measured. It focuses exclusively on rural women's usability of credit and its impact to the gender power relations. The rural women are chosen as the subject of study mainly because they represent the vast majority of the world's women and having their needs, views and opinions on both the academic and developmental agenda is of great importance in as far as reducing their poverty, gender inequalities, vulnerability and injustices are concerned. The discussion takes into consideration the development rhetoric towards women since 1970s, and the different approaches towards women's emancipation. I call it rhetoric in a sense that despite changes in development approaches, the planning instruments and methodologies have undergone remarkably little alteration to accommodate these new approaches. Basically the rational comprehensive planning methodologies developed in the 1950s continue to be used in modified forms by unchanged institutional structures as diverse as governments, donor agencies and NGOs (Moser, 1993: 85). The discussion also shows the underlying assumptions to these theories and or approaches which are later analysed using the understanding of women's empowerment and the intra-household power relations. The section ends with the suggested framework of analysing the impact of credit towards women's empowerment which is adopted in the analysis of the KWRCSS case in chapter four.

2.1 Development Rhetoric Towards Women

In the 1970's development planners and practitioners began to recognise women's productive roles and their active participation in development as a prerequisite for achieving economic growth and alleviating poverty. Policies formulated included, attempts to increase women's access to productive resources through economic activities¹⁰ usually organised by NGOs and financed through grant from international and bilateral agencies.

Since the 1980s the emphasis in development policy switched to women's active role in production as an efficient means to achieve development (Women in Development- WID)¹¹, and lately

¹⁰ Economic Activity which can be understood as the production of goods and services which correspond or contribute to the market (market value) used spontaneously or simultaneously with income generation. Some scholars have defined economic activities in terms of active labour in relation to its contribution to production of goods and services for satisfaction of human needs regardless of whether this production is channelled through the market or not (Young, 1993:112).

¹¹ Women in Development (WID) attributes women's unequal status and social position to their being excluded from the public sphere largely due to the sexual division of labour. WID seeks to ensure that women get access to resources, have freedom to make their own choices, and also get access to positions of power. It seeks the integration of women into the mainstream of economic, political and social life. The approach "focuses on women and their experience, and places its major emphasis on individuals and the capacity for self betterment" (Young, 1993:129). WID approach focuses on women as a problem.

also to an approach of women's empowerment through women's organising for greater self-reliance (Moser, 1989:1799-1810; Young, 1993:24; Ackerly, 1995:56).¹² The major difference among them is the stress on women as active partners in development instead of being passive recipients of aid. This change in rhetoric and approach coincides with similar changes in mainstream development thinking which focuses on grassroots organisations, NGOs and popular participation as prerequisite for development and growth. It also coincided with the development of integrated rural development programmes.

For the past decades increasing numbers of women have entered the world's labour force. In 1990, 828 million women were providing 36% of the world's labour force (Mehra *et al.*, 1995:18). The 1990s have witnessed an increasing number of women entering the market place than ever before. This is because more women are increasingly responsible to various degrees, for the economic well-being of their families and the pressure of women to earn more is increasing as economies' monetize, as urbanisation and mechanisation spread and market economy determine even social relations¹³.

In the rural areas of most developing countries, most self employed women are farmers. Credit is critically important to them. They need loans to purchase inputs like fertilisers, seeds, tools and labour and to allow them to adopt new technologies that can improve their productivity in the long term. They also need credit to ensure that consumption needs are met between planting, when expenditure occurs, and harvest, when returns begin to accrue. One of the keys to improving standards of living for the large proportion of women in developing countries, who are self-employed in the informal sector or are farmers, is access to credit (Mehra *et al.*, 1995:23). Dorte *et al.* (1995:1), hold that credit currently is seen by policy makers and planners as a crucial tool to improve women's economic activities and give them greater self-reliance.

With the changes in development policies, economic assistance to women in form of grants is no longer seen as a satisfactory tool to improve the living conditions of women and their families. Instead, focus is now put on financial assistance to women through establishment of special credit schemes. Credit is assumed to have a potential of enabling women to operate under business atmosphere unlike grants which are seen to keep women dependant. It is also assumed that by offering women credit, structural

¹²The development approaches towards women's emancipation since the 60s has included the welfare, the equity, the anti-poverty, the efficiency and then to empowerment approach. The rhetoric has moved from a welfare oriented approach, focusing on women's reproductive roles to economic oriented approaches emphasising women as productive producers and lately to empowerment approach. These consists of the five approaches to WID outlined by Buvinic 1987 (cited in Development in practice, 1996: 141) and they include welfare, equity, antipoverty, efficiency and empowerment. The welfare became a fashionable approach to WID in the 1960s, seeing women as recipients of charity rather than active participants in development. Women were viewed as mothers and housewives. Development practitioners drew their thinking on the notion of specialisation of labour (sexual division of labour) within the family which made men taking care of economic livelihood of the family and women being engaged as proper mothers and child bearers. The efficiency approach assumes that if women's education is seen as an investment then other indicators, which are conducive to economic growth will rise. The anti-poverty approach put women's economic disadvantage as the reason for their development problems. The equity approach is similar, although it incorporates more than economic equity within its ambit, including decision making, political representation, equality before the law and property rights. The framework to GAD came with it the empowerment approach which incorporates the voices of women mobilising around gender needs and interests (Development in practice, volume 6, Number 2, May 1996: 142).

¹³ Changes in the global trends have affected women's behaviour and involvement in the development process. They have engaged themselves in waged labour and production for the market more than before. The economic reforms and the debt crisis have affected their labour relations both in the household and society at large.

problems may be overcome without having to address directly issues of gender and power inequalities (Berger, 1989:1017). This is even reflected in the neo-classical economists arguments in section 2.2.1 below. Though never precisely defined in relation to credit, empowerment has been a common concept used in most NGOs offering credit services. According to Ackerly (1995:56), 'empowered' means the borrower wisely invests money in a successful enterprise, her husband stops beating her, she sends her children to school, she improves the health and nutrition of her family, and she participates in major family decisions.

However, credit in itself is indebtedness to begin with and it is a liability to the borrowers. Consequently, its success depends on the financial discipline of the borrowers. So far, the general experience with credit schemes (especially in developing countries) has been negative. Credit schemes tend to suffer from poor repayment rates with a few exceptional cases such as the Grameen Bank in Bangladesh where repayment rate has consistently been over 94% (Hossain, 1988). Furthermore the efficiency rates are very low, administrative costs usually extremely high. The impact of such schemes is usually not sustained in its real terms (Dorthe *et al.*, 1995:4). Moser noted that such projects usually remained small scale in scope and their capacity to assist low-income women to generate income was insignificant (1989:1812). On the part of the lender, the ability to become sustainable, efficient and cost effective has become a growing concern with credit schemes thus placing new demands on women's ability to operate according to market forces. On the part of borrowers, some have a success story to tell, others are still waiting to be empowered, while some others have degenerated.

However, past and present approaches by no means preclude each other. In an operational development environment, rhetoric tends to change with the audience (Jackson, 1992:91). And more importantly, there is a tendency for planners and policy-makers to hang on to a perception of women as mothers and carers of the family and to resist changes which may result in a more equitable sharing of power and resources in society (Young, 1993 as cited in Dorthe, 1995:2). Many studies of women's entrepreneurship in Africa have continuously revealed that women generally face more constraints than men regarding the expansion of their economic activities. The obstacles include, women's lack of access to financial services through formal lending institutions, their lack of entrepreneurship and market knowledge, low management and technical skills, women's lack of time due to household responsibilities and their general low levels of livelihood affecting their ability to accumulate capital for investment in business (Berger, 1989; Koda and Omari, 1991; Malkamaki, 1991; Watts, 1984; Dawning, 1991). To these constraints we must add problems relating to highly competitive markets, scarcity of new ideas leading to over supply, poorly developed transportation and communication infrastructures, cultural barriers for women engaging in certain types of male controlled activities, government regulations regarding women, lack of control over resources and the household position of women to mention a

few (Watts, 1984; Wamai and Barton, 1994). What does then theory inform us about what credit can do and what it can not do towards rural women's empowerment?

2.2 Theoretical perspectives and approaches to credit

There are many schools of thought and debates regarding credit as a strategy towards poverty alleviation and lately as a strategy to women's empowerment. Credit services have had different models, approaches, assumptions and dimensions which have presented variations in the theoretical beliefs towards credit and thus different arguments about its impact. In this paper, three perspectives viz. neo-classical, co-operatives, feminists, are used to contribute to the current understanding of the impact of credit. The study does not aim at showing which theory is better than the other but tries to give broader views about credit and empowerment. There are those who believe that credit has had positive impact and are optimistic of sustainable credit programmes that empower women and yet others see the current emphasis on credit programmes as a diversion of resources. There is no one standard belief about credit and empowerment especially as some theorists continue to believe that empowerment of women can be attained through other means rather than credit while others are searching for a correct model to implement universal credit programmes. However there is a common belief that credit is an important tool for women's development.

2.2.1 Neo-classical point of view and approach to credit

The Neo-classical counter revolution is associated academically with the names of P. Bauer, H.G. Johnson, I. Little, D. Lal, B. Balassa and others (Martin, 1991:53).¹⁴ The neo-classical economists came into scene in the 19th century mainly as an attack to development economists (Kay, 1993:692-693). Basically the neo-classical looks at the individual as the central unit of analysis. They argue that the provision of credit should almost be left entirely to the private sector (Johnson and Rogaly, 1996:6). They promote institutional credit given through private banks and individual lenders rather than formal sector financial institutions. The neo-classical aims at developing financially sustainable micro-finance programmes¹⁵ which is an important aspect of credit especially as it assures continuity to the beneficiaries. However, the neo-classical approach has tended to target the existing micro entrepreneurs or those people with entrepreneurial ability. Contrary to this working principle, when it comes to women's involvement in credit programmes, the approach assumes that all individual women are good entrepreneurs, which has not been the case as revealed by some instances of women without interest in business. Besides that individuals can not develop in isolation because of the social interaction and social

¹⁴ The Neo-classical have the origin from Adam Smith, who said that value is created by labour in production. They carried forward one category of value i.e. the labour commanded notion which suggests that the value of a commodity is the value of the labour it could command and or buy and recognises other sources of value such as land (Cole, K. *et al.*, 1983, Ch. 1 and 10).

¹⁵ Sustainability is seen in terms of financial self sufficiency, covering operational costs, the cost of funds, and inflation through interest charges (Mayoux, 1997:13)

systems in place and therefore to use individuals as units of analysis leaves some other relations unexplained.

The neo-classical theory argues that state led development failed and therefore the market should now take a lead to economic growth and thus giving way to neo-liberal strategies of development. These also believe in what Martin (1991) called the growth alone approach, because they hold that growth would automatically trickle down and that all would be well if countries and or individuals learned to reduce consumption and maximise saving and investment. These strategies also opt for specialisation and gender division of labour¹⁶ and suggest that prices of a commodity are determined by relative utility. Feminists argue that in the world economy, women are the most exploited workers as a result of sexual division of labour (Debbie, 1995:55), which is another form of subordination despite the presence and availability of credit. Secondly the neo-classical economists have not analysed the existing growth without equity in most developing countries and how this growth have failed to trickle down to disadvantaged groups thus leaving out a bigger majority of women in the development process.

They hold that in society there are a number of resources including, human, natural resources which are usually combined with technology to produce for human consumption and further accumulation of capital. Capital accumulation is regarded as the crucial determinant in the historical process of structural change (Martin, 1991:34). The neo-classical economists believe in the economic way of empowerment. Lack of economic growth in the rural areas is seen as a consequence of shortage of physical capital.¹⁷ It is assumed that, for women to develop, they should be given loans so as to increase their production. The increased productivity in turn leads to high returns and profits which would enable them to save and reinvest again. The establishment of financial institutions and provision of loanable funds in advance are seen as effective levers to promote rural development (Padmanabhan, 1988:25). It should be noted that credit does not mean technology. Most rural areas have had low technological intervention even in the presence of credit. Rural women have had several factors, not only credit that prevent them from getting access to technology including their literacy levels, traditional barriers and many others.

Furthermore, capital accumulation entails problems of ownership of the means of production and thus introduces the social characteristics of processes of structural change. Women's lack of capital has been transformed into a technical problem which outsiders have identified themselves with and engaged in without committing themselves too much deeper structural transformation which they claim to support. Women in the rural areas like Kagadi do not own means of production such as land, technology and other information that can be combined with loans so as to change their structural subordination. There are many factors to capital accumulation and capital accumulation does not necessarily mean the

¹⁶ Gender division of labour "is the allocation of different tasks and responsibilities to men and women" (Pearson, 1992:297). Gender division of labour include divisions such as productive and reproductive work where the latter is regarded as responsibility of women.

¹⁷ A vicious circle of low capital, low productivity, low wages, low incomes, low savings and consequent low capital seemed to be operating in rural areas and credit is assumed to break this circle (Padmanabhan, 1988).

empowerment of women. Giving credit to women may even add to their worries and this is in line with what Padmanabhan (1988:16) summarised saying that "Credit supports the farmer (who is usually a woman) as the hangman's rope supports the hanged." The concepts of credit and capital are different, though related. The two are usually taken as identical concepts and assumed that, through additional supply of credit additional capital necessary for development can be created. David (cited in Padmanabhan, 1988:6), noted that governments see credit programmes as an easy way to increase the flow of capital to the rural sector, but they forget that credit does not necessarily represent capital. Capital is not created by merely increasing the supply of loans, neither can capital be used developmentally if other systems in place do not permit development.

The neo-classical theories focus on market oriented production (Kurian, 1993:1). Credit as a development strategy has a strong relationship with valuation in the market place (i.e., between lender and borrower and also the general social, political and economic relations of the area) where it is practised. However neo-classical theorists have been criticised not only due to their inefficiency in credit deliveries and motives, but also the grave assumption that labour and work is usually directly involved in form of market production forms and these forms are a basis of value in society. This focus on market oriented production simply 'invisibilises' the major proportion of women's work in the household. This approach automatically places rural women (especially the pre-entrepreneurs and survival women or peasantry sector) from the start in a marginalised position in economic analysis which credit has not changed. It is this traditional focus on exchange of relations and simplification and stereotyping of the role of women in society, even in the nation's economic activities that deny women the status of being economic agents and as a consequence they have limited decisions regarding their economics status.

In addition to that, given the fact that it cherishes the market oriented notion of labour, it does not explain gender division of labour in the household. Women are usually placed in labour intensive, repetitive, time consuming often associated with low returns if any. The women's 'non-value' activities in the household are taken as inferior and biological duties. Credit for such activities is usually restricted by money lenders. To women there is no peace in the family if other basic needs are not catered for and therefore credit given for 'value' activities is bound to find itself in the 'non-value' sector.

Lack of analysis of gender power relations existing in the community has been a weakness with neo-classical economics. Social differentiation and distribution are not analysed with respect to differences between men and women or even among women themselves. By not analysing these power aspects, they are not able to analyse the control mechanism in society or even at the household which places women in a disadvantaged position to that of male counterparts. Even when credit is given to a woman its control finds itself in the hands of a man (Kurian, 1993:3) because of the traditional institutionalised values and beliefs about power over money and other resources. In such confusion caused by lack of understanding of the gender power relations, most credit schemes, KWRCSS inclusive, have suffered from low recovery

rates and have not changed the position and location of rural women in society. It seems lending to a rural woman is problematic and that is why credit schemes have failed to create a big impact to the status of women. Even then, the neo-classical approach seems to have focused on women rather than gender or class relations which all have effects on women's empowerment (Johnson and Rogaly, 1996:6). Limpton (1976:543), while analysing rural credit argued that, neo-Marxist approaches may offer more helpful solutions than neo-classical or mainstream approaches by giving a synthesis of theory based on class interest rather than on individual optimisation.

Agricultural credit (Adams and Graham, 1979; Limpton, 1976; Ellis, 1992; Donald, 1976 and many others) through rural finance markets, is given not only to increase productivity among farmers but also to alleviate rural poverty. Adam and Graham (1981:348), hold that policy emphasis on loan to stimulate production and to help the poor has unfortunately diverted the attention from the essential properties of *finance*, the process of financial intermediation, and the basis role that financial markets ought to play in development. For instance the relationship between the borrowers and lenders has been ignored in most credit schemes. It is assumed that their relationships do not have any conflicts. Likewise, less attention has been given to how political forces use financial systems to further their own aims. Many credit schemes are found to be duplicating government efforts. These schemes implemented during neo-liberal periods, have survived under ridiculous assumptions such as that rural poor women can not save on their own unless given credit, rural farmers need cheap loans and supervision before they adopt new technology and rural women can be economically empowered through loans without attention to other dimensions of gender subordination. In spite of these assumptions some rural women have remained poor, credit and loans have failed to alleviate poverty nor empowering them economically. The neo-classical primary rationale of targeting women has been due to their better repayment rates contributing to financial sustainability (Mayoux, 1997:13).

The neo-classical economists¹⁸ have not offered a sufficient explanation of the relevance of credit and thus its impact remains questionable. They have entirely utilised the cost benefit analysis to assess the impact of credit. Repayment rate has been seen as a major indicator in assessing the impact of credit. As shall be seen in chapter four, the repayment rate has some limitations when used as a measure of performance although it is an essential indicator which reflects sound credit management practices. Mayoux (1997:3), indicates that automatic benefits of credit to women cannot be assumed even in the most innovative programmes. She argued that many evaluations of micro-finance programmes have assumed that high demand for credit and repayment levels indicate positive impact on women and have not investigated further. However the question remains whether this demand means access. Who influences the women's demands and what happens after taking the loan are questions that are paramount in impact

¹⁸ The economists that Padmanabhan (1988:10) classified into two groups viz.: those who do not know and those who do not know that they don't know

studies. Measuring success by using repayment rate is also insufficient. Many credit programmes show that women are reliable borrowers because they have high repayment rate and thus leading to conclusions that many women's credit programmes are successful. However the repayment rate does not tell us the source of money to repay and the circumstances under which loans are paid. Thus it can not show whether or not the loan has improved the borrowers' circumstances.

Though many credit schemes for rural women, KWRCSS inclusive, have some elements of the neo-classical beliefs in their formation and operations, several schools have criticised this theory (the dependency, structuralism, the feminists, and many others) and looked forward for alternatives. The KWRCSS as will be seen in chapter three, has emphasis on economic efficiency of the scheme, though notably is its strength evidenced in the stated objectives regarding self-reliance of women members. Caught in the middle of balancing economic efficiency objectives on one hand and empowerment objectives on the other hand, KWRCSS has some aspects of group lending, collective empowerment which reflect the co-operatives, community development perspective and the feminist perspectives as discussed below.

2.2.2 The co-operative and or community development perspective and approach to credit

In the 1970s and early 80s in most developing countries, many institutions started offering credit services targeted at groups such as the rural poor (Adams and Graham, 1981:348). This was a reaction to the assumption that private money lenders were exploitative and charged borrowers high interest rates that resulted into monopoly profits. Credit co-operatives, credit unions, and supervised credit programmes became popular to offer an alternative approach to credit and likewise to community development. This was a reflection of collective versus individual empowerment. This was considered as formal lending involving both government and other agencies.

In most integrated rural development programmes, credit is seen as an important integral part of the development process. Programmes, such as URDT discussed in chapter three herein have mobilised communities around credit services. Many programmes started women's savings and credit programmes as part of an income generation package for women. In rural development programmes credit has been used to alleviate poverty (understood as low levels of annual income per household). Reducing poverty therefore is understood as raising average income levels. Consequently many targeted women have started up 'family income generating projects' rather than 'individual income generating projects' besides the unforeseen fluctuations in incomes over the year which generally limits individual benefits. Also many questions such as which poor people have been reached, and whether poverty has been reduced or not, have remained unanswered and generally rural development programmes have had a narrow perspective of poverty and poverty alleviation. The dimension of powerlessness (economic, social and political) as a form of poverty both within the household and the community has remained untackled. Just like with the co-

operatives point of view, credit in rural development programmes has assumed that women are of the same category forgetting individual needs and therefore opt for a uniform intervention to protect the livelihood through special credit schemes. KWRCSS by its historical location in the development process (refer to chapter three for further discussions) contributes both to community and collective development of some members.

Credit was seen as the most important way of responding to grassroots needs and also a way of mobilising people into groups to participate¹⁹ in the development of their communities. Participation is very crucial in integrated development programmes because it is a basis for the development of participatory approaches to rural development. Participation means that women must actively engage themselves in economic activities, they must organise themselves, formulate their needs and make demands on the state and on society itself, which will eventually result in structural transformation (Elsø, 1991; Moser, 1989; in Jackson, 1992:85-106). In fact participation from the narrow view point in most development projects has been taken to mean empowerment. However people's participation in some programmes is entirely through offering resources such as time, skills and labour which has often been exploitative to the community members as it solely for cost efficiency. Credit programmes mostly demand women's participation; but what does this participation mean to women themselves? In some cases women credit facilities were just added due to donors demand or by government demand.

Co-operatives in Africa did not perform any better in general, but more especially for the women borrowers. Total borrowing costs for borrowers of small amounts proved to be two or three times as much as the nominal interest payment compounded by inflation levels of most economies. These costs include waiting in line, transport costs, bribes, legal and title fees, paper work expense that brought the other women duties at a stand still in the households. Even then the lenders found it puzzling to reconcile the low interest rates and maintain the purchasing power of the loan (Adams and Nechman 1979, cited in Adams and Graham, 1981:350). Many co-operatives had taken the charitable approach which did not either ensure financial sustainability as many repayments did not happen nor did it ensure borrowers empowerment (Mayoux, 1997: 16-20).

Generally rural women's empowerment through co-operative has been slow in coming. An example of the Kibirigwi, coffee co-operative in Kenya, shows that no women were elected yet on the management committee of the co-operative by 1980. Svensson (1992:152), noted that the male representative's attitude to the women in the co-operatives is the same as it is in the community at large: women should know their place and the men should take responsibility for the more important matters such as politics and the leadership of the co-operatives.

¹⁹ Participation is commonly used in integrated participatory development programmes and essentially means people's involvement and contribution in a project. Participation carries with it the aspects of power, control, authority, influence and ownership (Moser, 1989).

Even though women who were co-operative members sometimes accessed credit, the co-operatives started buying coffee from these women on credit too. The co-operative repayment to the farmers proved to be worse off than the farmer's repayment to the co-operatives. Not only that, but with the existence of complicated internal household labour and land use with male control over the returns to labour and land (Jiggins, 1989:953), led to reduced coffee productivity due to the fact that women had limited morale to continue producing. They became passive participant and participated only at the spouses will. Svensson (1992) noted that, the women's interest and commitment to credit and co-operative movement was limited and continued declining due to the lessons they learnt through Kibirigwi co-operative.

Another dimension was that of women having no legal access to land nor sufficient income to buy it, which created another political dimension with co-operative credit systems. Control over land was very important as a collateral for credit from banking institutions and getting access to other services such as farm inputs. This compared to the neo-classical approach (where women were eliminated due to market oriented production) also eliminated women from access to credit. Comparing Kibirigwi and the KWRCSS, women face more or less the same problem regarding the issue of owning land. In the case of KWRCSS women must have access to land if they are borrowing money for agriculture projects or else the scheme would not fund such proposals.

Measuring the impact of credit through the use of welfare indicators, such as decrease in household economic vulnerability, improved household nutrition, family health and increased domestic harmony in this case and as suggested by the community development and co-operative approaches to credit hinders the individual needs and achievements of individual women borrowers. In most credit programmes lack of impacting individuals leads to complicated relationships between lenders and borrowers which may lead to the collapse of the schemes.

The impact of credit to the lives of rural women need not be taken for granted. There have been several assumptions held by money lenders which reveals that women have been targeted for instrumental reasons of efficiency rather than equity. For instance they assume that the economies are stable, that the gender relations in households do not affect the women's ability to use the loans, that co-operatives ensure equal participation of members, that women are poorer than men and in most cases want welfare help. The impact of credit is affected by dynamics in the global economies, local economies in which the borrower lives including both social and political factors thus making it difficult to judge one school of thought as giving the best explanation to women's empowerment through credit. The anxiety to increase the impact of credit to women borrowers instigates many schools of thought to continue searching for alternative models, approaches and empowering way of availing credit to women. To feminist, the empowering approach to credit involves a strategy to bring about spiral bottom up development and be able to challenge women's subordination.

2.2.3 The Feminist perspective and approach to credit

I recognise there are different groups of feminists²⁰ with different thoughts regarding rural women's empowerment through credit but in general they regard credit as a development planning strategy for and with women. They recognise that the appropriateness of intervention to provide credit and institutional support depends on particular context (Stewart, 1987, in Young, 1993, Johnson and Rogaly, 1996:10) and should be judged not entirely in terms of economic efficiency and sustainability, but equally on how they affect work demands and overall position of the majority of those targeted. Women, as already seen in chapter one, have particular needs for credit, but they also have time, spatial and domestic constraints to face which men may not have (Young, 1993:104). Empowerment as a result of borrowing includes the characteristics of a borrowers life circumstances, the loan and the borrower's direct involvement in the loan-funded activity (Ackerly, 1995:60).

Feminists have pointed at the difficulty and different situations rural women undergo right from the accessibility of credit (such as illiteracy, lack of collateral, public fear and shyness) to the usability of it as discussed herein. Mayoux (1989:5-28), maintained that considering the difficulties the small women's business face it could be that these women have already utilised their enterprises optimally. Rural women like those in Kagadi have had limited accessibility to credit services, agriculture services, control of prices, markets and other inputs. Young (1993:50), taking a broad view of agriculture as the major activity of women in sub-Saharan Africa, noted that a complex web of class gender and age differentiation among women and society at large, meant that the poorest and most disadvantaged groups, amongst them a large proportion of rural women, were generally excluded from activities such as meetings, getting agriculture inputs, and above all control of the output. Analysing this in relation to mainstream development, she observed that rural women have had limited direct contact with the mainstream projects and few opportunities to make their views and needs known. And women's utilisation of credit or general finance in rural households is predetermined by either the husband²¹ in the early stages of the production process and or the socio-economic conditions in which she is living.

²⁰ Using the traditional distinction of feminists, **Liberal feminism** refers to social movement which believes in the goodness of the existing dominant politico-economic and ideological structures; capitalism system (Bandarage, 1984:495). Liberal feminists analyses the position of women lying behind in society and believes that change is only possible in the existing structures. They believe that the inequalities (especially gender) are deviations from the general norms of equality and justice for all individuals. Liberal feminism emphasises legal measures to bring about change. These include equal rights to vote, affirmative actions, and attitudinal changes strategies such as assertiveness training and achievement motivation (ibid. 495). **Marxist feminism** is concerned with the poverty of vast majority of women and men as not a mere aberration but rather a structural feature of a social system which puts the profits of a few before the needs of the many women. "Poverty is simply the symptom; exploitation at it roots" and thus needs political solutions (Bandarage, 1984:500). Engels (1972, 1975), argues that the root of female subordination lie in the private property, class hierarchy and the production of exchange value (as cited in Bandarage, 1983:500). The argument is that the social integration of social production within the socialist economy is a pre-condition for women's freedom from the constraints of gender roles. Women's liberation therefore, needs a radical change in the societal values, material interests and social arrangements at all levels, thus, structural transformation. **Radical feminism** is concerned "with the structure of male dominance and women's subordination, a structure that it calls patriarchy." (Bandarage, 1984:505). It is explicitly women-centred and looks at personal as a political issue; domestic and intimate social relations discussed in open fora and public. Radical feminism talks of universality of patriarchy pointing to such issues of rape, genital mutilation, dowry issues, population issues, sexuality and violence as expression of patriarchy everywhere. Radical feminism calls for global sisterhood or international feminism, reinforcing issues of networks correlation's, lobbying and advocacy.

²¹ while men are able to control resources, including women's unpaid labour, what incentives are there which would encourage them to give up such control?(Young, 1993:62).

Some feminists have analysed credit through assessing intra-household economic relations (Mayoux, 1989; Johnson and Rogaly, 1996; Goetz and Gupta, 1994; Bruce, 1989). They have criticised the held assumptions about the economic model by policy makers, arguing that relations in the household are not ideal. There is evidence to show that women and men in the household have different goals, different strategies for survival and advancement (Pearson, 1992:302). The assumptions that pooling and sharing would characterise the household economic behaviour did not hold. Young (1993:106), holds that the proportion of different household members earning belonging to the collective aspect of the household budget differs from one household to the other. Policy makers and practitioners should not use the notion of uniformity, corporate, collaborative and pooling unit because there is evidence of conflict, exploitation, subordination and violence to some members of the household.²² In most cases intra-household relations are to be seen as a form of co-operative conflict. It is argued that the household is not a static entity, nor easily generalisable to one particular form (Young, 1993:114-122).

Feminists hold that the central objective of much of women's work is to earn income for household survival. Research on poor households indicates that men and women exhibit strongly differentiated priorities in production and consumption. Women allocate greater proportions of their incomes than men do to every day subsistence and nutrition; food, clothing, shelter and fuel. KWRCSS is a credit scheme where women borrowers spend much of their income on family needs rather than individual needs (refer to chapter four for further discussion). As Bruce shows, analysing how individuals within the household use income illuminates the determinants of economic change as well as the link between women's roles as financial managers of the household and their ability to join the formal labour force or engage in economic activity (Grown and Sebstad, 1989:937). Men have a far greater call on household resources than women since they can command the personal money and the collective money to be spent on personal consumption of items such as beer, dark glasses, shoes unlike women (Pearson, 1992:302; Downing, 1991:8). Henceforth feminists argue for the elimination of subordinative patriarchal structures particularly existing in rural households and societies at large that are evidenced in the gender division of labour, violence against women, the unequal power relations, women's limited control over means of production the unchanged societal attitude towards women, and the inappropriate policies towards women so that even the mere availability of loans to women can not easily change. It is extremely unlikely that income generation schemes can yield women any significant benefit without challenging their subordination (Mayoux, 1989:21).

Feminists have questioned many development strategies directed towards women by analysing the nature of the gender division of labour in the rural household. They noted that, credit may not help in the presence of technological change and male dictatorship. For instance during production a married man

²² policy makers still have the stereotype economic model in the intra household economic relations (Young, 1993 :117).

may call his wife for labour during cultivation, she may gain little or nothing but nonetheless it is her duty as a wife to assist the husband which may not be the case when it comes to the woman's own garden. Even the credit women get is used for paying labourers who harvested male's produce where women gain little if any. Central to feminist theory is that this subordination is founded on division of labour which allocates women a heavy burden of responsibility while denying them control of valuable social resources. Women become empowered through collective reflection and decision making.

Feminist have criticised the misconception and belief that women are homogenous and similar among the rural households and that the respective roles of men and women are roughly similar throughout the time and unproblematic. They argue that this misconception influences the unrealistic policies made regarding women and their unavoidable sectors such as agriculture, health and rural development. Credit to rural women is therefore a blanket statement, which is used to discriminate other classes of women in the rural areas. Mayoux (1989:23), in her work on income generation for women in India noted that some schemes do not affect women equally and have always been stringent for scheduled caste and tribal women or for the poor. What does then credit to a rural woman in India has to do with caste conflicts which are part and parcel of the subordinative process? Such questions are still relevant to KWRCSS situation and as seen in chapter three the scheme takes all women of Kagadi to be the same despite their tribal, social and class differences.

Feminists approach as the co-operative perspective has also criticised the neo-classical economist which concerns itself with the behaviour of the individual, their preference and choice, their rationality and self interests of maximising own utility. They argue that economic growth and social betterment come along when the mass of the population is involved in the development process and see to itself as the major beneficiary to that process (Young, 1993:119-162; Lycklama, 1992:13). They argue for collective empowerment of women, through formation of women's movements, groups and collective decision making, dialogue and democratic participation. To feminists, empowerment involves the radical alteration of the processes and structures which reproduce women's subordinate position (Young, 1993:158). Feminists argue for empowerment as an important strategy in a process of transformation aimed at a society which recognises women's interests and gender discrimination which discourages the trickle down tendencies of mainstream development and uplifts people centred approach.

Feminists argue that empowerment through credit can not be taken out of the historical context that created lack of power in the first instance, nor can they be viewed in isolation from present process. Accordingly, both the equity and the empowerment approaches are characterised as approaches that originated in the women's movement and most importantly the empowerment approach resulted from the third world women's movements (Lycklama, 1992:12-14). The southern feminists argue that this approach is a synthesis critique of gender subordination as well as of colonialism and of the subordination of one race or class by another. Feminist activists while accepting the diversity, nevertheless maintain that women

share a common experience of oppression and subordination, whatever the difference in the forms that these take. The parameter of empowerment are: building a positive self image and self confidence; developing the ability to think critically; building up group cohesion and fostering decision making and action.

Feminists argue that the provision of credit must take into account that many successful schemes for women rely on group accountability (Young, 1993:104). They encourage credit through groups and movements rather than on individual basis. Groups are seen as the easiest way through which even the poorest women can appropriate resources for their own households.

Feminists have had a more broad approach and view, regarding credit. They have viewed credit as part of sectoral strategies of women workers and or an entry point for wider mobilisation for gender equity, targeting mainly women but aiming at changing men too. This is unlike the neo-classical and co-operative approaches which cherishes financial sustainability of projects and the welfare of the general community respectively. The theoretical discussions about credit and its effects on power, political status of women, women's ideological beliefs and other inequalities have been taken for granted and thus gone unquestioned in these two approaches.

More so, measuring impact of credit is not easy because problems of fungibility, attribution, interview motivation, intervening and unforeseen extraneous factors that affect both the credit programmes and the studies done on them (Copestake, 1995; Karamagi, 1997; Hashemi *et al.*, 1995; Sebstad *et al.*, 1996; Hulme, 1996; Bruce, 1989; Hossain, 1988; Ardner, 1995; Mayoux, 1989, 1997; Padmanabhan, 1988). Generally, the evidence in the literature reviewed above suggests that for some women in certain context credit can indeed initiate improvement and development. It also suggests that economic empowerment needs to be one of the major aspects of women's empowerment as much as must consideration of women's welfare and that of their families. Mayoux (1997:38), holds that even if social and political empowerment are not often the priority of women themselves there is evidence to show that for many women in many programmes gender subordination places constraints on all the linkages assumed by various approaches. And because of that in some instance women can not challenge such structures thereby end up supporting subordinative structures that even subordinate other women.

In a nutshell, the discussions above show that reliance on repayment statistics and the financial systems of approach are insufficient indicators of even economic empowerment although poor financial performance may exhibit serious problems for both the borrower and the lender. This insufficiency is attributed to neo-classical beliefs of giving credit for only market production, of assuming that credit creates capital which solves other problems facing women in the rural areas and therefore high repayment rate automatically means women's empowerment. It also shows that the welfare indicators and the integrated community development approaches are insufficient measures of the impact of credit to rural women's empowerment because they do not take into consideration the social and political impact of credit

to the borrowers though most credit programmes have had impact on the political relations in societies. The above theoretical discussion and literature also reveal that credit is hardly linked with women's empowerment or women's ability to challenge the political and social structures through credit in most studies and therefore the information about this linkage is scanty. In this respect, there is need for a broad based case study that shall enable us to understand the current impact of credit and how empowerment of rural women can be increased through credit.

2.3 Measuring empowerment through credit

There is no standard yardstick for measuring empowerment through credit. Firstly this is because empowerment is a process rather than a static object that can easily be measured and more so, impact, whether positive or negative is contextually determined over time. Secondly in most programmes debates about models of micro-finance have developed separately from debates about women's empowerment and it is only recently that the questions are being asked about interlinkages (Mayoux, 1997:6). Most other related studies have been conducted in Bangladesh (Hulme and Mosley, 1996; Jiggins, 1989; Berger, 1989) and also their studies concentrated on issues of poverty with exception of Goetz and Gupta, 1994; Hashemi *et al.* 1996; and Islam, 1992, who studied credit and women's empowerment. Nevertheless in this paper I suggest some indicators to rural women's empowerment through credit. These suggestions are given in consideration of the diversity of credit programmes, the diversity of impact created and the different socio-economic situations through which these different classes of women operate. The suggested indicators do not intend to give readers the statistical understanding of empowerment but rather most descriptive and qualitative information.

The selected indicators are derived from the above discussion of theories and approaches to credit. They take into consideration economic empowerment, women's livelihood and life circumstances, welfare benefits and social and political empowerment thereby analysing the gender power relations. The indicators also show some of the constraints' women borrowers experience in the utilisation of credit. These constraints can be related both to the borrower's life circumstances and or to the loan and loan utilisation. Some of the indicators to this analysis include; changes in household gender relations, in ownership and control over loan use, accumulation of capital, production relations, changes in levels of income, repayment rate, changes in the local economies, sustainability of projects, changes in women's perceptions, changes in poverty levels, levels vulnerability and deprivation, changes in the leadership positions of rural women, individual and household security, individual equity and equality in society, networks for women, and respect in society. These indicators are broad in nature and they try to include crucial issues raised in each theoretical framework and or approach discussed above. These indicators are heavily used in the analysis of the study (chapter four) and are well linked with the case in chapter three.

From the above literature both in the rural development and the feminist perspectives, empowerment approach is not a new phenomenon though it is only recently that it is being applied to the development discourse and more so to human development. In answering the question of rural women's empowerment through credit in this paper, I will use the case of KWRCSS in Uganda. In the following chapter I will present the case in question by tracing its origin from many factors but most important from the works of an NGO called Uganda rural development and training programme (URDT).

CHAPTER THREE

The Kagadi Women Revolving Credit and Savings Scheme (KWRCSS) in Uganda

3.0 Introduction

As seen in chapter one above, women in Uganda are amongst the poor section of the population and more so the women in the rural areas are worse off than those in the urban setting. Poverty is a major characteristic of most rural areas in the country. This poverty is seen in terms of both material well-being and also in terms of subordinative gender power relations which favour men compared to women. In alleviating both poverty and a sense of powerlessness among the population in the rural areas, most NGOs, government agencies and rural people themselves have set out to facilitate and bring about rural development. In bringing about rural development in the Kagadi area, URDT and other organisations like IFAD and UWFCT, have worked hand in hand with the people and the government so as to bring about change. Credit has been one of the tools used by these NGOs in the area so as to work with the communities. In this section of the paper, I will briefly describe URDT, its working principles and methodology in bringing about rural development from where KWRCSS was born. Later in the chapter I will give other social, economic, historical and political factors such as lack of start up capital, running capital, collateral security, poverty, diseases, illiteracy, 'landlessness', cultural prejudices and barriers that contributed to the need for the scheme. The chapter shall describe the operations of the scheme and finally highlight some limitations encountered in its implementation.

3.1 The Uganda Rural Development and Training programme (URDT) in the history of KWRCSS

URDT is an indigenous non governmental organisation involved both in human and rural development. URDT is a voluntary non profit, non governmental organisation and gets its funding from external donors. It has a group of staff members ranging from 45-60 persons. URDT has been working in the Kagadi areas since 1989. Currently it has three components, the Nalweyo-Nkoko Development programme (NNDP), the Kagadi Development extension programme (KDPE) and the URDT- Institute, through which women's issues and gender issues have been given critical attention. It works with communities at four levels viz.; the village level, household level, individual level, and group level. URDT carries out integrated programmes which include, Agriculture, Environment, Health, Water and Sanitation, Appropriate Technologies, Ceramics, Research and Development, Human Resource Development, Gender and Development, and Small Scale Micro enterprises, where training, education and information sharing are taken to be key ingredients to the development process. Having its origin in the participatory rural development theories, URDT's mission is to

facilitate integrated self-generating development of rural communities and economies using an approach that integrates development projects with training so that the skills and knowledge gained remain resident with the people and also enable the people to recognise and utilise the relationships that exist between different development disciplines.

URDT's work is based on four principles as outlined below and it utilises what we call the visionary approach to rural development. URDT cherishes community co-operation and collective empowerment. The principles of the organisation are people centred and hold that; a] The people of Kagadi like any other people in the world are key to their own development. b] People have power, wisdom and authority that if well tapped, can lead to development. c] That people with a common vision can transcend all the traditional and cultural barriers that stop them from creating what they want. d] That education and information are key ingredients in the development process. Henceforth, URDT utilises two pronged approaches of consciousness raising using the principles of the creative process and the identification and availing of resources that are crucial for peoples development, which entails training and education using the principles of functional literacy (URDT working document, 1992/94:1-6). Just like the feminist theorists and the human development schools of thought, the working principles of URDT reveal that peoples' experience is very important in empowering themselves. The role of URDT therefore is to enable people to take charge of their own destiny.

The KDEP (URDT - extension component) organises training in the form of seminars, workshops and experiments at different times of the year depending on the plans of the local communities and the departmental plans. The training is either centrally held at the URDT institute or can take place in the field. It is not uncommon to find two training sessions taking place concurrently, though in different venues. The training is usually multi-disciplinary (integrating different disciplines), involving different trainers or facilitators who bring in their expertise when and where necessary. This training is sometimes targeted to specific people for instance members of certain groups, leaders of clubs, literacy trainers, school children, animators of rural development, youth, women, men, cattle farmers, poultry farmers and sometimes to the same population. This as shall be seen in chapter four demands a lot of time for attending training from the people thus less time for putting what is learnt into practice. This has been a major problem with integrated rural development programmes in most developing countries where the levels of technology are very low. To women training not only takes a lot of their time but they find it problematic to reconcile it with other responsibilities.

In addition to the above, URDT runs and facilitates some credit programmes on the principles of non material collateral credit and savings (hoping that the peer group pressure shall ensure loan recovery). Villages working with URDT are given the Village Revolving Fund to

support individual farmers and any other village projects. URDT also runs the rural electrification project (provision of solar panels to local communities) through the mechanism of credit. URDT facilitates KWRCSS. Besides that sometimes, though on a limited basis, it gives grants to few most disadvantaged people like very old women and men as an act of charity. URDT sometime acts as a conduit and links other organisations or resources to the communities. It has fully facilitated the relationship between KULU -Women and Development with seven women's groups in Kagadi. In line with the feminist perspective to credit, in all these credit undertakings, women are principally given first priority to participate and benefit from them. However, their full participation, ownership and control of such projects is questionable. For instance as it was the case with Kibirigwi in Kenya, on these village revolving credit programmes, it is common not to find any woman on the committee of village revolving credit schemes. The management of such projects has not been easy, there has been a good number of defaulters to the projects. Their repayment rate have been low compared to that of KWRCSS. The question therefore is; does URDT's model of using group pressure work? (refer to chapter four for further discussions).

Taking an example of the way URDT works with groups such as KWRCSS, they all officially fall under the responsibility of the department of small scale micro enterprises. This is ideally because whatever group to qualify to work with URDT, it must be involved in a business venture. However, other departments like the department of Agriculture and the department of Gender and Community co-operation often work with these groups because most of them are involved in agriculture projects and or they are women's or mixed groups (men and women) that need the attention of respective departmental workers. In line with the rural development approaches URDT cherishes and works with 23 women's groups, 7 youth groups and 8 mixed groups (38 total). These groups have had different historical growth, different dynamics, different activities, and rates of growth. The groups have different enterprising activities²³ which they require credit for and in fact credit was identified as a need by both the communities and the development agents that work with these communities. At the same time in agreement with the neo-classical point of view, URDT works with groups that are involved in enterprising activities rather than welfare activities even though it encourages communal projects such as working on the roads, water points and schools which do not bring about immediate profits.

Amidst these URDT's working principles, opportunities and challenges, KWRCSS was born in 1993 as a large umbrella revolving credit scheme mainly to offer credit to women members of existing community based women's organisations and or individual members of the Kagadi community. At that time it was equally recognised that women have worked together for a long time and have gained

²³ The activities include crop farming e.g. sugar cane plantations, ground nuts, beans and any others such as banana plantations, fish farming, live stock production, poultry production, vegetable growing, agro processing plants such as maize milling, shop keeping and many others each of which requires peoples efforts and critical attention with little technology.

experience in project management, produce marketing, feasibility studies and above all had a clear vision of what they wanted for themselves, and their families. In this respect and with underlying neo-classical beliefs, it was observed that the limiting factor to individual women and group economic emancipation was still capital (URDT annual report, 1992:24; KWRCSS project proposal, 1994:2). Therefore, KWRCSS was initiated to access credit in form of investible capital to women and also as a strategy to alleviate poverty. URDT offers all forms of training to KWRCSS, both to the management and to its members and or guarantors. These training sessions include issues of project planning, management and administration, gender and development, feasibility studies, report writing, fund raising and other technical aspects.

The scheme has had both positive and negative impacts to the borrowers as shall be seen in chapter four. To clearly understand its growth trends and thus its impact, a brief overview of the social economic and historical conditions of Kagadi that contributed to the need for the scheme are discussed below. This clearly brings out my argument that, money lenders have continuously ignored some factors which are very crucial to the success of credit programmes and which in this case may not have been realised when even KWRCSS was being started. The forthcoming section of the paper describes the social, economic and political situation in which the Kagadi women lived which necessitated the intervention of credit facilities among others.

3.2 Historical, Social, Economic, and Political factors to the establishment of KWRCSS

Kagadi sub-district is one of the less developed area in western Uganda. It is found in Kibale District which originally belonged to Hoima District and is comprised of the traditionally "lost" counties of Buyaga, Buyanja, and Bugangaizi²⁴(refer to the map of Uganda in the appendix 1).

The district is thinly populated by both people and livestock.²⁵ It has very low educated people at all levels and is quite empty in industries, good roads, quality schools, good hospitals and poverty is a fact of life²⁶ (Kakooza, 1988: 2). These are factors to which credit intervenes but at the same time the factors that hinder the successful implementation of credit programmes. The so called 'developed citizens' of Kibale migrate to towns like, Hoima, Fortportal and Kampala which leaves thick forests and bushes to favour growth of tsetseflies and consequently diseases like malaria (ibid., 1988:2). In the study conducted

²⁴ Kibale District is a newly created District made up of the former lost counties of Buyaga, Bugangaizi and Buyanja. Lost in a sense that they were neglected by both the kingdoms of Buganda and Bunyoro. Even with the collapse of kingdoms, they were being neglected by the government usually known as unproductive area. As a result there were limited levels of development if any in the area compounded by tribal conflicts between Baganda and Banyoro which later were intensified by Bakiga and Bakonjo who joined the area as immigrants. Under such confusion women suffered from traditional prejudices and general neglect. Compared to women in other areas, their education standard were low, and depended much on production for consumption, with less involvement in the politics of the country.

²⁵ According to the 1991 population census, the district total population is 220,261 people, 109,756 male and 110,505 female, 2,408 urban population and 211,853 living in the rural areas. Kagadi sub district is considered the most developed area in the district at least with most of the district social services (Statistical Abstract, 1996).

²⁶ Even today in 1997, there is no tarmac road in the area there are 3 poor quality secondary schools, one poorly stocked and staffed hospital and 3 NGOs working in the area and one Institute i.e. URDT institute in the whole sub-county. Primary schools are grass thatched, and it was only in 1996 that one primary boarding school was started in Kagadi trading centre (my own experience).

by CDRN on poverty in Uganda, instances were also cited in Kibale district where some women migrated to follow their husbands leaving behind young children and more elderly persons (CDRN, 1995:21).

Historically the area was used as a battle field for colonialism and anti-colonialism struggles.²⁷ In line with the feminist argument that empowerment can not be taken out of the historical context which created lack of power in the first instance, the development trends of Kagadi can also not be understood out of its historical circumstances. This historical event is regarded as one of the major factor contributing to poverty of the area because fighting over resources, especially land, between Baganda and Banyoro continued. The Banyoro in the area are regarded as squatters because it is the Baganda who have private land titles and thus control over land and modes of production. The Kibale land case is never resolved up to now and it is taking a political dimension. The problems often associated with this history is the persistent ethnicity and tribal conflicts that hindered even community development during the 1970's community development campaigns in Uganda. Having no land titles prohibited the Banyoro from getting loans through co-operatives and formal banking institutions. Amidst this, women could not produce much for commercial purposes on the land where they were squatters in addition to traditional barrier of prohibiting women from producing income earning crops. Women grew crops like beans, ground nuts, millet, sorghum and maize mainly for home consumption. Thus the nature of land ownership determined the productivity that even credit can not easily change.

The settlement of the Bakiga from western Uganda in the late 80 and early 90s, opened up many resettlement schemes, roads and trading centres. This changed the area's way of life and the general development trends. The Bakiga women, rejoiced on the fertile lands, produced as much as they could and even had surplus for sale despite the lack of transport facilities to the markets and the low purchasing power among the population. It is generally known that after a period of three to four years during which the Bakiga men had got used to the area, they joined the Banyoro men in producing and drinking of the local gin. Families were left to the responsibility of women until now.

Women in Kagadi do not own factors of production such as land and earn little money, to sustain themselves and their families compared to other women in the western region of Uganda. In Uganda a person survives on an average of 1. US\$ per month and 1. US\$ is approximately equivalent to Ushs 1,000 (Ushs-Uganda shillings). During the need's assessment exercise in 1988 (refer to appendix 2), it was found out that the majority women earn less than 6. US\$ in a year. There are also women who do not earn any cash throughout the year and survive on subsistence production. However it is increasingly getting inevitable that women have to combine their traditional role of mothering with that of earning cash to maintain their families. Consequently there is a drastic reduction in the amount of food produced in the

²⁷ In 1900, the British after an engagement in fierce anti-colonial uprising, wanted to enlist support of the Baganda (largest and most advanced tribe at that time). They gave some Baganda Land and also parts of Bunyoro (of which Kibale district was part) and were transferred to Buganda forming the lost counties, i.e. Bugangaizi, Buyaga and Buwekula counties (Kakooza, 1988:3).

household. As more energetic men and women spend more time on cash earning activities only the elderly and very young are left to work in the gardens and produce for the household.

The persistent search for income by women can also be noticed by the increasing number of market vendors. Many women have joined market vending, and often women move from one market to the other everyday for the whole week from sun rise to sun set. This consequently means that there is limited time available for such women to engage in food production and other family affairs. Some rural women have depended heavily on market vending to earn their living. They take up market vending mostly by selling products that relate to their domestic roles such as food stuffs. However, this market vending is sometimes risky in that those who sale perishable foods like tomatoes have lost as the stock may get rotten before reaching the market because of poor transport.

In agreement with the feminist's argument that women have to earn income for the household, women in Kagadi are increasingly responsible for meeting household expenses that were once paid for by men's income. Income controlled by women is primarily used for the maintenance of the home and support for the children. In a study by CDRN (1995), women in Nyangereka village-Kagadi noted that they spend their money for buying consumable commodities rather than fixed assets. They are responsible for buying clothes for their children, themselves, buying necessities like salt, paraffin, matches and kitchen utensils because men have totally withdrawn from buying of such commodities.

Low and falling standards of education characterise the area. According to CDRN (1995:6-8), in Kibale district, education is characterised by poor enrolment ratio (55.5 %), high drop out rates (19.9%), low proportion of trained teachers (24.9 %) and poor performance in class. The enrolment level of girls to primary one was found to be increasing compared to that of boys, that is 55% girls and 45% boys. However the girls drop out rate was very alarming and consistently high. Girls marry at the young age of 15 years when they are supposed to be in school thus cutting their education opportunities. This is attributed to lack of a large income base among parents and the attitude of parents towards girls education. In a study conducted by CDRN, women respondents argued that their girl children drop out to help them doing domestic work. The male respondents, however, said that these girls get sexually involved when they are young and get married off (CDRN, 1995:20-21). The literacy level among women (those who can read and write) is very low compared to other districts. It should be noted that this situation is gradually changing. There are literacy clubs existing in most parishes though the women's learning pace has been low especially as they complain of blindness, limited time to attend literacy classes and lack of interest. The question still remains whether credit can really challenge such education systems and performance. What can it do and what can it not do if the gender power relations in education is to be changed in favour of women?

Co-operatives existed in Kibale district (some have closed down, others still exist), but co-operatives were not arenas for women despite the fact that they are the major producers of the products

sold in these co-operatives. There is hardly any women's network or group in the area that would organise women so as to collectively increase their productivity or bring their ideologies together. For instance no woman in Kagadi is a member of the national women's organisations such as ACFODE, YWCA, and NAWOU. It is of recent in 1997 that the UWFCT is trying to establish collaboration with the women in the area by giving them loans to support their projects. IFAD has also just penetrated the Kagadi area. And according to my own observation the three NGOs working in the area do not have proper co-ordination among themselves. They serve sometimes the same target groups, they all offer training and call people for meetings which sometimes occur at the same time. As said in chapter two this duplicates resources and may end up confusing people.

Informal savings and credit groups are many in the area organised upon different activities such as funeral, rotational digging, loans from the landlords and many others. All these have different effects to women borrowers. In addition to that there is a common practice among the shopkeepers both wholesale and retail shop keepers to offer loans to their customers. This is a common source of credit to women both for household consumption and economic activities. Besides that, there were government run credit schemes since the late 1980s. The statistics available however do not show that there is any woman beneficiary in Kagadi area to the Rural Farmers Scheme operated by the government between 1987 and 1993. This is because of the requirement of collateral security in form of fixed assets such as land which women did not own. Currently since 1995 there are two credit schemes run by the government and implemented by URDT in Kagadi on behalf of the government viz. the poverty alleviation project and the *entandikwa* programme, where a good number of women have benefited (PAP, 1995 and *Entandikwa*, 1995, operational documents).

Another crucial factor of interest mainly to feminists and other development practitioners is looking at the number of women in leadership positions in the Kagadi area. Considering the structures of governance, in local communities of Kagadi they are minimally comprised of mainly the local council committees.²⁸ Thus the civil society is not yet developed and therefore from my own observation, it is not surprising to find that women who are ready to take up such posts on local councils are not available. Some women who occupy such posts are there as figure heads and have limited influence to the village policies. It is however noteworthy that the Kagadi sub-county local council chairperson is a woman, who runs a business of selling new clothes. She is sort of 'independent' and possibly this is the reason she can lead the public, including men. In Kagadi such council seats are usually occupied by women who are better off than the others. Those in the lower level are pre occupied with survival activities and entangled in power struggles right from the household level and their position in the whole community is stigmatised. This discussion reveal that women are not a homogeneous group as the neo-classical and co-operative

²⁸ A local council is comprised of one village which elects a local council committee for the management of the village. On the local council women have one formative sit they must occupy and the other eight seats can be contested for by both men and women.

approaches assumed. However the major question in this discussion is then how has credit through KWRCSS challenged such leadership patterns? In order to understand the impact of KWRCSS to its borrowers I will briefly describe the operations of the scheme and some of its limitations during the implementation.

These are some of the factors that contributed to the need for KWRCSS so as to bring about rural development and more so, to address the needs of women. They are the same factors that sometimes in a way hinder not only women's access to credit but also the effective usability of credit to those who attain it (refer to chapter four for further discussion). This brings out my argument of extraneous factors that affect the impact of credit to women's empowerment and therefore need to be taken into consideration while designing credit programmes for women. KWRCSS has been the first of its kind in the area covering all women of different classes, groups, and backgrounds. The scheme however is not totally restricted to women, it has offered services both directly and indirectly to some men. Especially men who have been members of certain "women" groups which are members of KWRCSS have benefited directly from the scheme.

3.3 Development and growth of KWRCSS

KWRCSS was initiated by leaders of 16 women's groups²⁹ and two family groups with a total membership of 517 people. It was established by women leaders who often met during URDT's training and later decided to come up with a project that would serve a wide majority of women in the area. Like the co-operatives argument of having shares, KWRCSS, is a membership organisation with both men and women from various backgrounds, with different entrepreneurial activities and different styles of living. The member groups had had internal revolving schemes since 1989 before they even worked with the Uganda Rural Development and Training programme (URDT) thus the scheme was born out of experience and this is one of the strengths of KWRCSS.

KWRCSS was established to avail credit in form of capital to the women and introduce these women to a culture of saving. The scheme offers small loans ranging from Ushs 50.000 to Ushs 2. million (US\$ 50 to US\$ 200 respectively) both at the group and or individual levels. Just as seen from the neo-classical point of view, credit was taken synonymously to mean capital which would increase investment and savings although some of KWRCSS objectives reflect empowerment elements. According to its mission statement, KWRCSS is to facilitate members and their families to attain good health, economic security and social well-being through self managed local entrepreneurship (KWRCSS, 1994:2). In order to attain these goals, the scheme set out to achieve the following objectives by the end of 1997; a, 100% of

²⁹ Namely; Kagadi LC 1 women's Group, Ruteete Women's Group, Kyakabugashya Ageteraine Group, Kyakabugashya senior citizens Group, Kagadi weaving Group, Kicwanyindo Group, Kyaterekera Group, Kyengaju Women's Group, Kitegwa Ngonzi Weaving ad Tailoring Group, Kyomunembe women's Group, Sylvester Iumba family Group, Kyeyune Family Group, Kibanga Women's Group, Kamaira Women's Group, Nyangereka Woman's Group (KWRCSS Project Proposal, 1994)

the members have viable income generating projects. b, All members have skills in business management and administration. c, 60% of its members have mobilised local resources for self reliance. d, There is a functional and self- managed revolving credit and savings scheme for the women of Kagadi. From the above objectives, it is clear that the scheme aims at both financial and social empowerment of its members. The scheme developed training programmes and implementation manuals together with monitoring and verification indicators to help in achieving the above objectives.

Besides giving loans, the management team to the scheme provides investment advice and supervision over borrowers enterprising activities in order to ensure loan productivity and successful business ventures. With elements of neo-classical origin KWRCSS emphasised the efficiency and profitability of the borrowers projects (refer to chapter four for further discussion). Their efforts are being supplemented and facilitated by URDT which mainly offers technical training, in business management, cost benefit analysis of projects, book keeping, group management, gender issues and other sectoral training in different fields of agriculture, hotel management, appropriate technologies and so on.

As will be discussed in the forthcoming chapters some of the objectives have been partially met, others have not yet been met. Unfortunately some women who had very high expectations from the scheme by 1997 are almost ending the year without achieving some of their visions. Nonetheless the most importantly issue is that the scheme is still surviving, moving from the infancy level of growth to maturity. Progressively the women's thinking and visions have developed and sometimes changed. In line with the participatory rural development arguments of participatory planning, members of KWRCSS have collectively gone a head to plan for the year 2000. In a meeting held with Musirika an evaluator to women's projects (May, 1996), the following were listed as the visions of women (no male member was around so that's why I call them women's visions though they pertain the whole scheme) by 2000 years and beyond; "women members of KWRCSS should be having businesses that bring them income, be able to locally use available resources, be able to educate their children, have access to credit, have increased their income at least by 50%, have good health, have decreased their dependency on men at least 80%, every woman looking smart, KWRCSS should become a banking institution, have enough credit fund, have its own buildings, and more so women should be self sufficient in their homes, and increase women's well-being by 90%" (Musirika, 1996: 19).

3.3.1 Composition and Membership

By 1996 the scheme had grown to total membership of 1081 persons, consisting of 27 women's groups and 365 individual members among whom 95% are women and 5 % are men (URDT annual report, 1996). This is a great mass of population which according to the co-operative and feminist perspectives reflects collective empowerment of a large number of women through services offered by the scheme but on the other hand problematic in terms of inability to satisfy their loan demands (refer to

chapter four for further discussion). Currently KWRCSS has its head offices in Kagadi trading centre. KWRCSS is open to any woman who is a permanent resident of Kagadi sub-district and or any local women's group running a legal business within Kagadi sub district. Members must have a permanent location, physical address, within the sub-district, known by the local councils and preferably running a savings bank account with UCB Kagadi Branch. However, that alone does not guarantee membership, an eligible member must pay membership fee, attend training organised by the scheme and deposit 1.5 US\$ monthly savings with the group. This is another level of selecting eligible members of the scheme. In addition to that KWRCSS works with any woman above 18 years regardless of class, tribe, language, marital status, education and the level of poverty. This targeting principle has been one of the weaknesses of the scheme (refer to chapter four for further discussion). The men who are members of KWRCSS originate mostly from the groups which are members of the scheme. There are very few individual men if any who joined the scheme from the individual vote. This is entirely because it is a women's establishment and also according to the gender working principles of KULU (the funding agency), it does not fund men's projects. Which meant that the scheme had to restrict the entrance of male members.

In 1996 KWRCSS experienced a sharp increment in membership. The table (1) below gives an indication of this expansion which was interpreted as a shift in gender relations in the area by URDT and other organisations working in the area. From the table below this increment reflected an increase in mobility for women and freedom to participate in groups and this is why it was interpreted as a shift in gender relations. However in the same year up to now the scheme decided to temporarily close the entrance of membership bearing in mind the administrative costs of a large group and the limited amount of credit fund available.

Table 1, showing KWRCSS new entrants for the years 1994-1996

membership	1994-95	1996
Individual women	98	167
Groups	4	7

Source: URDT Gender department annual report, 1996.

This increment has also been used as a justification that in Kagadi women need credit because there is a high demand for it and yet supply is limited.

3.3. 2 Activities

KWRCSS members are involved in both farm and non farm economic activities. Credit to rural women has been tied together with economic activities. Just like the neo-classical belief of dealing with enterprising women, no woman gets credit from KWRCSS unless she is engaged in an economic activity. The loan is entirely for productive purposes rather than consumptive. It therefore requires financial discipline which ensures high returns and profitability. The scheme identified the following activities as not eligible for funding, even though they may seem pressing needs for an applicant, they include; construction

of houses, illegal businesses like dealing in drugs, projects for social welfare, re-financing a debt especially if not related to KWRCSS, speculation businesses and financing political activities. This is because some of these activities take a long time to produce results and even then some are illegal which may lead to losses for both the scheme and the borrowers. Basing on some of these non eligible activities such as social welfare projects and political activities, it can be said that KWRCSS diverts from the community development approach to credit. It is clear that KWRCSS is not a welfare foundation but an organisation set to support financial profit making projects.

More so, apparently it seems that female compared to male beneficiaries choose business enterprises which would not contradict with their reproductive roles. As illustrated in appendix 3, most women have heavily engaged in agriculture, food production and service activities and or sometimes combine two activities. Women in business try to avoid risks and therefore spread their strategies. According to Gosses (cited in Mensink, 1995:27; Downing, 1991), women entrepreneurs at small scale and micro levels tend to avoid risks and are more interested in regular, secure income than attaining maximum profits and expanding their operations.

3.3.3 The management structures

Holcombe (1995:43), noted that “implementation is an organisational task.” Accordingly, administrative design, management structures and styles are critical to ensuring proper co-ordination of the project’s activities. KWRCSS has mainly three central power levels in its management structure. The structure was much preferred and institutionalised mainly to extend responsibility to a wide majority of members, to ensure power sharing, democracy and accountability. The entire membership forms the supreme organ of the scheme. The executive committee is another level of administration and the third level is the task sub- system level. The executive committee and the task sub-system committees together form the management team of the scheme.

The scheme has one office in Kagadi trading centre. The executive committee is comprised of the chairperson, vice chairperson, secretary, treasurer and committee members. The scheme, has a leadership of 18 persons among which 17 are women and 1 man. These leaders are also leaders of mother groups and as shall be seen in chapter four this has resulted into serious problems in the mother groups and sometimes conflicting roles to those who are heavily involved; thus questioning the empowerment process for such leadership styles. The major role of the committee is to manage the activities of the scheme, organise loaning and savings procedures, organise training, hold meetings with the members, co-ordinate any other activity related to the scheme .

The task sub- system, is comprised of four sub-committees, namely; the credit committee, the monitoring committee, savings committee and the disciplinary committee (KWRCSS, project proposal document, 1994:11). The credit committee, is comprised of five members, whose functions ideally are to

assess the loan applications, conduct interviews, recommend funding, conduct some market researches, and suggest policy guidance regarding the credit and savings. The monitoring committee is comprised of three persons whose functions are to supervise the borrowers and see how the loan is being utilised, advise the loan recipients in corrective measures, link the recipients to technical experts to their projects, and make relevant recommendations to the executive committee. The savings committee consists of three persons whose role it is to encourage members to continuously save and also train members in saving techniques. The disciplinary committee is comprised of three members who are mainly responsible for good conduct in the scheme, settling conflicts, and administering sanctions and fines. Though this structure has limitations, it is contrary to neo-classical view of individual money lenders and thus reinforces the co-operative perspective of working collectively.

The members of the management team are supposed to be elected by the majority vote in the general assembly. Although there is no written group constitution that govern the undertakings of the scheme, it is commonly agreed that members can withdraw any member of the management team when deemed incompetent though this has not yet happened. The management team still consists of the same volunteer members since the beginning of the scheme. This does not mean that there is no need for rotational management or everything is smooth with the team, as shall be seen in chapter four. Some members of the team have failed to perform as expected but still hold offices and even then many complain of the hard and demanding work.

3.3.4 Funding

The scheme is essentially funding itself from the membership contributions and savings. This is mainly to reinforce the idea of self dependency and self-reliance by the scheme. The scheme mainly gets its funds from two sources, the local and internal source; This consists of the membership fee and membership savings, and interest on loans. The membership fee is usually 1.5 US\$ and 10 US\$ if it is a group. It is paid when joining the scheme and not returned on withdrawal from the scheme. Individually each member is supposed to save 1.5 US\$ per month or else one ceases to be a member. But as revealed in the annual earning of the women in Kagadi (appendix 2) it is usually difficult for women to save 1.5 US\$ per month. The scheme charges 20% interest on loans compared to 22% interest with commercial banks in Uganda. It is usually charged on declining balance basis. The second source of income is expected to be through loans, grants, and if possible through fund-raising both at the local and national level. Apparently the scheme received a grant of Ushs. 40 million from KULU-Women and Development (URDT annual report, 1995; KWRCSS annual report, 1995:1; Musirika review report, 1996:14) which was given to supplement the efforts of women and enable them expand their activities. By January 1996 the total amount disbursed to loan applicants was Ushs. 39 million and the scheme had generated accumulative

total savings of Ushs. 56 million in Uganda Commercial Bank (UCB) Kagadi Branch (URDT annual report, 1996).

3.4 Operations

3.4.1 Credit procedures

The credit operations are done in a number of stages which include; **Stage I**; Potential clients write a brief project proposal, stipulating the objectives of the project, the required resources in terms of money, and expected results. It is presented to the credit committee. Who either accepts it or guides him or her to choose another venture or re-write the proposal. This project must be initiated by the client, he or she must ensure good management of the project. Whoever's proposal is accepted then is given an application form (appendix 4) to request for a loan. The application forms are assessed and a short list is made. By the end of 1996, the group had received 279 project proposals and accepted 246 for the verification stage (KWRCSS annual report, 1996). Any member of the group is allowed to apply for a loan whether new, old in terms of entrance to the group or regardless of sex though women are given first priority. This questions the elements of equality and equity in the scheme. How has KWRCSS dealt with it and what can be done to increase members consciousness about such important developmental elements? Regardless of these questions on equality, stage 1 is in line with the empowering process of women borrowers in a sense that they are required to think about a project of their own and make plans on how to implement it before they request for support. This hinges on a belief that women like men have the wisdom to do what they want to do.

Stage ii; This stage involves verification and site seeing. It helps in ascertaining the project area, training needs and the business environment in terms of market, infrastructure, religious and physical environment and the general viability of the project. This is one level of screening applicants where some are dropped and others are pushed to the next stage. Recommendations are written to the management and the client is informed accordingly to consider re-writing the proposal in case the project is not viable, and or identify witnesses and guarantors for training. By end of 1996, 219 project areas were visited and verified among whom 157 were approved as viable projects. 27 of 246 could not be verified because in four incidents the applicant's homes could not be reached because of impassable roads, the other ten were not at home, the six could not be physically located by the team, the other three applicants had shifted to new areas of residence, one had died and the other three did not welcome the team homely due to class differences and disrespect. These again are some of extraneous factors that need to be taken into consideration by money lenders. In total, 62 projects were not viable for funding, where some were advised to choose new project areas and other told to re-write the project proposals (KWRCSS monitoring committee reports, 1994, 1995, 1996).

Stage iii; This stage involves organising training for the beneficiaries or applicants themselves and also the guarantors and witnesses, mainly about their responsibilities and the use of the loans. The witnesses usually are husbands and or wives to the applicant while the guarantors are usually friends residing in the same local council with the applicant. In the case of a group, it is self guaranteeing and members may use their group as a guarantor, this means that money is given through the group. Those who fail to get guarantors and fail to turn up for training are always dropped out and those who qualify are pushed to the next stage. Among the 157, approved projects, their owners attended training with their guarantors. From my own experience I noticed that few witnesses especially men attend training but the day to sign the agreement most borrowers turn up with the two guarantors and their witnesses. After a period of three months KWRCSS organises centralised workshop training for both new applicants and the old beneficiaries. To the scheme, the issue of a witness being a husband or wife if married was emphasised upon as a matter of openness to the partner in terms of loans and its use. In case of death of the borrower the loan can easily be paid back because one of the partner was a witness. This however reflects the idea of being concerned with loan repayment even though it has elements such as openness which are crucial for the co-existence of men and women.

Stage iv; This involves signing a loan agreement, by both the client, the guarantors and the witness which is sealed by the KWRCSS management committee member's signature and stamp of the group. Those who do not know how to read and write are usually assisted to put their thumb print. All the technicalities of the loan are explained. This agreement stipulates the amount of loan borrowed, terms of loan, scheduled payment, the nature of business and its location. It is in this stage that transactions are made, money is deposited on the borrower's account within two weeks time. The borrower is notified that the money has reached her account and is free to utilise it as per agreement. In case of changes in the project he or she is supposed to inform the management before she or he diverts the money. There is no need for physical collateral security but the guarantors act as the collateral security and in case one fails to repay the loan the guarantors are eligible to pay. In case a group fails to repay the loan then the groups assets equivalent to the loan can be taken by KWRCSS. In case of total defaulting, though it has not yet happened, guarantors are pressurised to pay and also court redress are planned measures.

Stage v; This involves the investment of the loan by the client and on the part of the management committee it involves monitoring, follow up and evaluation. This is a supervisory and advisory stage mainly intended to fill the gaps existing in the client and lenders relationship. Since it is the most demanding exercise like in verification stage, all members of the management get involved. 94 funded projects have been monitored and those in need of technical advice it is given by the group members or referred to URDT. Since the beginning, KWRCSS, has done four formal monitoring exercises among all project beneficiaries and several informal monitoring which information is used to strengthen the files of

clients. This is a stage where loan rescheduling may occur, since its initiation none of the loans has been rescheduled.³⁰

3.4.2 Loan size

KWRCSS loan size ranges from Ushs 50,000 to 2 million Uganda shillings. At present the loan can not go beyond Ushs 2 million because the loan fund is still small and limited. This in fact questions the aspects of the availability of credit.

3.4.3 Loan Repayment

The annual loan repayment rate of KWRCSS has been estimated to be 46%. Compared to other schemes like the GB in Bangladesh this repayment rate is low but it is slightly high compared to other credit schemes in the area (refer to chapter four for further discussion). Anyway borrowers repays the loan between 9 months and one year. At this level it is assumed that each borrower is trustworthy and has the capacity to repay the loan. Also this depends on the nature of business, life of a commodity and its marketability. For instance those who deal in trade have three month grace period without paying interest nor capital. The next three months they start repaying and by the end of 9 month will have finished to repay the loan. A farmer is given one agricultural season (6 month in Uganda) and then after that she starts repaying according to the loan agreement. Repayment is done through the UCB Kagadi branch who issues receipts which are approved by KWRCSS.

3.4.4 Savings

Saving is part and parcel of the scheme. This is an important aspect of the scheme which is more related to financial discipline because it shows how committed the borrower is to the undertakings of the scheme. Not only that but financial savings are a new culture being introduced in the process of women's empowerment and therefore women's ability to save could be a good indicator to their empowerment. In this case the savings are used as a loan fund to members and in a way making profits to the group. Each member gets 15% annual interest on savings and that is when and only when someone saves monthly (KWRCSS project proposal, 1994:34). In event of ceasing to become a member these savings are given back to the member with interest. The problem has come about where one pays money in January and the next payment is after eight months where she or he pays for all those eight months and even one may pay money for the whole year at once which has complicated the calculations of interest on savings. Not only that but also this reveals some of the problems involved in the implementation of credit programmes among poor communities.

³⁰ Loan rescheduling is only possible in cases of extreme loss by weather vagaries, epidemics and when it can be documentary proved. The borrower must report his or her possibility to fail to repay the loan before the original agreement come to an end. The re-negotiating the new terms of credit can occur (KWRCSS project proposal document, 1994).

The scheme is still in its young stage with both internal problems such as poor targeting, low repayment rate, lack of loan fund, and external constraints such as government policies, the cultural barriers, poverty and so many others (refer to chapter four for further discussion) which hampers its progress. The social-economic and historical factors of the area together with the nature of projects borrowers engage in also determines the success of the scheme and its impact. Notably is also the closure of the UCB Kagadi Branch. Since mid 1997 the bank has been closed down as part of the privatisation process in the country. Though there is no data yet regarding its impact on the scheme, obviously many borrowers of KWRCSS have been affected and even the scheme in general.

In conclusion of this chapter, the role of NGOs in facilitating both rural development and women's empowerment is very crucial. This is seen in their ability to support rural initiatives mainly through training and availing of other factors that can not be locally available rather than using community members to make their ends meet. NGOs facilitating credit programmes have a tremendous responsibility to make credit process right for the beneficiaries otherwise credit may never achieve what it is supposed to achieve. The development and operations of KWRCSS seems to be logically organised which to me is a strength of the scheme. However, the impact of such logical framework can also not be assumed as it is affected by so many social, economic and political or even government policies which may influence the framework and change the direction of the scheme. Thus there is need to analyse the impact of the scheme on its members and more so on its borrowers so as to answer the question whether credit makes a difference to rural women. In so doing chapter four below shall analyse the impact of KWRCSS to rural women's empowerment using indicators that were developed in chapter two together with the above information regarding the scheme.

CHAPTER FOUR

The analysis of rural women's empowerment through credit

4.0 Introduction

This section of the paper entails the analysis of the impact of credit to the lives of rural women in Kagadi sub-district. It will reflect on the impact of credit on these women in relation to their power to influence decisions at both the household and society level. In order to bring out the social, political, economic, welfare benefits and other aspects of credit, I will use the following indicators as suggested in chapter two above; reaching the target group, control over loan use, loan use within the household, productivity, ownership of factors of production, time management and labour changes, participation in leadership, networking, acquisition of wealth, repayment rate, status in society, equality, changes in ideologies and attitudes and lender-borrower relationship. Using these indicators will help in bringing out my argument that the evaluation of the impact of credit should not only be limited to economic benefits analysis but also other aspects of development. The section ends with a brief outlook on intervening and confounding factors to women's empowerment through credit.

4.1 Impact assessment

4.1.1 Reaching the target group

The impressive achievement of KWRCSS is making services available to a large number of women who previously had no access to credit. As seen in chapter three KWRCSS has a total of 1081 members and has already funded 94 projects (KWRCSS annual report, 1996:1). The scheme has so far verified and monitored borrowers' projects at least twice a year, thus its achievements are worth noting.

However the project's regulations and targeting principles are evidence of continuous hindrance to women's access to credit. For instance, since 1996, recruitment of new members to the scheme has been stopped which means that women who are interested in becoming members have to wait until entrance is re-opened. Secondly, the principle that a full member must be a regular saver with the scheme, hinders women who can not afford the monthly savings from becoming members. Therefore women who are still at the level of basic survival needs are usually left out. This widens the gap between the rich and poor women. In addition to this, and in line with the neo-classical approach to credit, the scheme only funds particular projects which must be income generating, profitable businesses and those that ensure quick returns. But most of these projects are controlled by men as compared to women. Thus most of the women's businesses can not effectively compete with those of men because most women are less 'experienced' and they have less capital. This stiff competition pushes some women out of their original

business. From my own observation, it is common to find a woman changing from one business to another without making any market surveys.

The scheme does not necessarily benefit the poorest women. For example, the mini study conducted in June 1997, showed that KWRCSS deals with a class of women who are enterprising and whose mobility is not restricted and can write a project proposal or can defend it if written on their behalf. The project assumes that all women are good business women and therefore those who can not run 'profitable' businesses are not funded. During the verification exercise by KWRCSS, the loan committee decided that members who would not explain what was written in their proposals should not be considered for funding (KWRCSS verification report, 1996). This was because such applicants were regarded as inconsistent and not aware of what they wanted. Though some of them were in need of the loan more than those who could defend their proposals. In a similar or a worse situation are members who need loans to build houses, pay school fees for their children or run small projects like mat and basket making. As seen in chapter three such projects are not given loans on grounds that they take long to give valuable returns. Such targeting principles are the ones that hinder the poorest women from getting access to credit, although the management attributes it to poor choice of the investment activity.

The other factor that acts as a barrier to women's access to credits is the condition that each individual borrower must have a guarantor³¹ who should be a friend and a witness who should be a partner if applicable. To KWRCSS this principle is intended to bring harmony in homes and encourage men to have a sense of responsibility over the women's loan and be supportive. Women have however expressed dissatisfaction over the idea of husbands acting as their witnesses because it encourages misappropriation of the loan. In the mini research, some women reported that the moment their husbands learned that they had got money from the scheme, they pressurised them to release it to them, which is not the case with women witnesses. They were quoted saying 'this witnessing principle of KWRCSS makes us reveal our money to our husbands, yet they never reveal to us what they earn'. For many poor women it is also not easy to secure a guarantor because of the fear that if this woman fails to pay, then the guarantor will be held responsible. During my informal visits and interviews with some member of scheme, I was told '*it is hard to guarantee a woman because in case she separated with her husband it would not be easy to trace her*'.

Women's limited access to credit loan is also compounded by the limited funds available in the scheme as loan funds. For instance as at 31st December 1996 the scheme had a total receipts of 6,092,400 Uganda shillings minus expenditure of 346,600 leading to 5,746,800 net surplus (KWRCSS income and expenditure account 1996, refer to appendix 5). A productive project in the present economic situation of

³¹ Guarantor is term which KWRCSS uses to refer to a person who assures the lender that the borrower has the ability to repay the loan.

Uganda would require an investment of above three million Ugandan shillings, while the maximum loan size is only two million. This means that some feasible projects are left unfunded.

Having examined women's accessibility to credit, there is still a pending question of the extent to which this credit has made a difference in the lives of the women who get access to it. This difference can be measured in terms of both collective and personal empowerment of borrowers. This question can therefore be dealt with by assessing the changes in the power relations in the household and the society, ranging from controlling the production process to gaining self autonomy.

4.1.2 Women's control over loan use

To illustrate this I will use the results of the mini research in which 50 KWRCSS borrowers (43 women, 7 men) were interviewed. In assessing the data, to analyse women's control over loan use³², I will use an index suggested by Goetz and Gupta (1994:10). **Full** = full control over the entire productive process including marketing and consumption. **Significant** = control over every aspect of the productive process with the sole exception of marketing. **Partial** = loss of managerial control over the productive process but the provision of substantial input of labour. **Very limited** = minimal input to the production process, for example small labour contribution. **No involvement** = these were cases where women stated that they had no idea how their men had used their money. The short comings of this index, as pointed out by Gupta, are that it heavily relies on a subjective assessment of loan control in which case a long term participant observation would be preferred. Nonetheless since the study was conducted through RRA techniques there is a high degree of reliability in using these data for assessing women's control over loan use.

The table (2) below presents the primary activity in which the 43 women invested their loans. It does not take into consideration the secondary or the diverted activities.

Table 2, showing control over loans by the women borrowers

Category	Numbers
Full	8
Significant	15
Partial	11
Very limited	6
Non involvement	0
Those who could not give account	4
Total Number	43

Source: Mini study report, 1997:14.

³²During the mini study as explained in chapter one, a range of questions regarding the control over loan use in the production process were asked. These included but not fixed to; what activity women invest in, where the inputs and productive assets come from, who procured them, where did the money for procurement come from, what they cost, how they were put to use, where output were marketed, who the main user of the loan was in terms of labour input and in terms of controlling accounts and general management.

The results clearly indicate that women have limited control over loan use. Considering the narrated loan use histories, it was observed that women's control over loans was affected by their ability to influence decisions in the household. For example it was observed that the widowed, separated and or divorced women borrowers are likely to retain full control over loan use. Although these women, may divert the loan to a different purpose, they fully determine the way the loans are used. For the married women, their partners partially or fully control the loan use while for some young unmarried women, it is their parents.

The issue of control over loan use has often caused conflicts with households as in the case presented below. I have personally intervened in settling some conflicts that emerge over this issue. This incident happened in June 1996 and almost lead to the break up of the Luka family.

Nakabugo, 41 years, married with four children is the youngest member Kyakabugashya Senior citizens group which was founded in 1989. Nakabugo has a double membership to KWRCSS both through individual entrance and through the group. She is often involved in market vending of food stuffs such as rice, beans and cassava. She visits the market three times a week, and the other days of the week are devoted to household farming, group work and or community projects. Mr. Luka, her husband is a local council Chief and also does market vending, dealing in rice.

Nakabugo, received a loan of 0. 5 million Uganda shilling from KWRCSS in 1995. The money was intended to enable her to expand her rice stock so as to make more profits. Mr. Luka was a witness over Nakabugo's loan. After seven days she withdrew Ushs. 270, 000 to do her purchases. She purchased three sacks at the beginning which was welcomed by the husband who later gave her one store room inside the house and also assisted in carrying the rice with his bicycle to the store. During the second purchasing, Luka asked her to stay at home and do coffee picking, claiming that it was easier for him to do the purchase since he had a bicycle. Nakabugo gave him money to purchase seven sacks of rice. At the end of the day Luka returned with only three sacks claiming to have kept the four with his friend.

As days passed by without receiving the four sacks, Nakabugo requested for the money in order to do the purchase herself. Luka then confessed to have used the money to repay his loan which was overdue for the last one year and he promised to pay her soon. It was then that Nakabugo now became aware that her business may not work as she envisaged and she vowed never to give him money again.

In another incident but related to the above, Luka bought brown rice unknowingly. Unfortunately this rice was not selling in the market as white rice. In his efforts to sell it he mixed it with Nakabugo's white rice without her consent. Realising that her rice was mixed, Nakabugo demanded an explanation from Luka which earned her a beating. This made her miss some days out of her market routine. She reported this to KWRCSS management committee and alerted them on how her project may not prosper.

From then Nakabugo refused to withdraw any money in fear that Luka would take it. Another time Luka requested for a one week loan amounting to Ushs 100,000 from Nakabugo. He claimed to quickly invest the money in selling local gin, so as to get enough money to pay school fees for the children

and also buy farm hoes. Thinking it was a genuine cause Nakabugo withdrew all the money that was left in the bank and gave it to Luka. Unfortunately, Luka's business did not take off, he only used the money to pay school fees for the children and also bought himself a suit.

Nakabugo informed KWRCSS Management committee and her guarantor to rescue the situation by selling the stored rice in order to recover some of the schemes money before it was too late. It was at this moment that I was approached by the loan committee members to intervene in the situation. Nakabugo's story reveals how control over loan use creates conflicts and division within families. However the situation is so controversial for women because both the marriage and the loan are important for their survival, thus Nakabugo could not substitute her marriage with such small loans from KWRCSS.

The choice of the investment activity and the loan size were also observed as important determinants of women's control over loan use. It was found out in the mini study that the bigger the loan the more the male appropriation of the women's loans and vice versa. The scale of the business also determined the control over loan use. For example, those who were involved in small activities, which were mostly carried out at home were found to have full control over their projects. Appropriation of the women's loans, was not only in cash but also in kind. For example husbands whose wives invested in activities dealing with home utilities such as soap, salt, sugar and foods, would automatically expect their wives to meet the family demands of the same. This was an indirect form of husbands controls over a woman's loan.

The study also showed that, the more experienced a woman is in group activities, the more she can assertively control the loan use. This was evidenced when members of groups like the Ruteete and Rubona women's groups took loans from KWRCSS. For instance, during my work experience I noticed that members of Rubona women's group with their original experience gained through running their own revolving credit schemes, had better techniques of recovering the loans given to group members, although some of these techniques may be a source of conflicts among group members.

Related to the borrower's life circumstances, it was also a general observation that, the more the women take loans the more they become vulnerable to appropriation and themselves failing to invest the money in primary projects. Hossain's (1988) study of women's use of Grameen bank loan indirectly suggests that borrowers divert high proportions of follow up loans to non productive activities. Some women borrowers in Kagadi have diverted the loans to more luxurious activities.

4.1.3 Loan use within the household and women's spending circles³³

As seen in the literature above a household ideally is seen as a joint venture where the gender division of labour determine social relations and also the productive process. Accordingly, when women

³³ Spending circles is a common terminology used in Uganda to refer to expenditure cost centres.

get loans, it is not only assumed by their husbands but also themselves that, their income earning capacity automatically increases which is not always the case. They are thus expected to meet more family needs than before. For example, it was found out from the mini study that more than 67% of the women had increased their spending circles to include paying school fees for the children and relatives, covering medical expenses, and other related family requirements. Indeed from my own experience, for most rural women there is no clear demarcation between their businesses and the household. This affects their businesses bearing in mind that there are monthly savings to KWRCSS. Some women finding themselves with financial shortages to make ends meet have to request their husbands for financial assistance, although many women would be hesitant to do so. As Goetz and Gupta point out that this is something that women do not normally do because of the fear that it creates new gendered patterns of dependency and may also produce new sources of tension (1994:18).

Women's priorities also change when they receive credit. This can be illustrated by Seabajungu's experience. 'The day I received a loan of 1.8 million Uganda Shillings from KWRCSS, my thinking and priorities suddenly changed', she told the research team (Mini study report 1997). Seabajungu's loan came at a time when she had not finished repaying the old loan she had got from URDT in 1994. At the same time she is a member of Ruteete Women's group which also has a loan equivalent to 18 Million Uganda shillings from URDT. The availability of this loan, prompted her to divide her loan among her three children's as to avail them with capital for personal businesses. She only demanded good management of the loan and little interest which would enable her to repay the loan.

Changes in priorities create problems for women not only in terms of poor management of the loan but also tension because of the fear of failure to repay. Having divided the loan among her three children, which was a change in her previous plans, made Seabajungu bear all the problems associated with failure of her children to use the loan productively. Telling her story Seabajungu was at one time about to collapse when the son whom she had given part of her loan got involved in road robbery. Secondly she had to increase her farm labour time in order for her to convince the lenders that the loan was being used in the intended project. Besides that, the daughter whom she had given part of the loan dropped out of school because she could not cope with market vending and schooling at the same time.

Although there are many problems associated with women's ability to use the loan effectively, the availability of the loan is beneficial in enabling women meet some of their family needs. In line with Ackerly (1995:56), credit can improve borrowers' living standards, especially in terms of health and nutrition, although it may not be sustainable through the loan.

4.1.4 Productivity and women's ownership of factors of production

Credit is expected to facilitate borrowers to increase production and also improve the quality of production at the household level. Although Goetz and Gupta (1994:8), negate the use of productivity to

measure women's empowerment,³⁴ I personally consider it an important variable. Taking an example of agriculture projects, in some instances credit has enabled farmers to increase production while in others it has not made any difference because there are other factors that determine the general production process. In 1994, the production of maize in Kagadi increased by more than half of that of the previous year (URDT agriculture department annual report, 1994:7). This increased production was mainly attributed to credit which enabled farmers to purchase, high quality seeds, farm implements and pay for extra labour. Families also had enough to eat and surplus, although there was a problem of limited market for the produce. This, compounded by lack of proper storage facilities led to wastage of much of the produce.

However, productivity cannot be totally determined by credit alone but also by other factors such as rains, fertility of soils, skills in production and information. For instance following the high productivity of maize of the year 1994, the availability of credit in the year 1995, did not yield the same or any comparable results because some farmers instead of planting maize had changed to sweet potatoes which were affected by potato weevil leading to meager harvests. Those who planted maize got low yields because of drought. These problems of agriculture credit are very common in countries like Uganda where people depend mainly on natural climate for production. Agricultural credit is a high risk to farmers especially where they can not control natural hazards. This indicates that credit alone does not guarantee increased productivity and neither does increased productivity guarantee empowerment of women. To clarify on this, increased maize in 1994, did not lead to improved diet of household members. It was found out that families overfed on starches with limited vegetables and proteins.

Ownership of factors of production such as land, skills and technology is another important factor in determining the effective use of credit, although the latter may not guarantee the acquisition of such factors. KWRCSS enables its members to acquire basic skills necessary to run their project but it does not give loans to purchase assets like tractors, horses or even other technologies that may increase production. Owing to the fact that the social arrangements affect women's land ownership, credit cannot change their situation overnight. This has affected women's productivity and empowerment in general. For example women cannot invest in permanent crops like coffee, which would yield highly simply because they do not own land. Thus availability of credit has not challenged the traditional control of the production process though it has enabled some women to acquire new skills, knowledge, and information.

4.1.5 Time Management and Labour Changes

Time is a very important factor of production. In most credit programmes, it is taken for granted that credit enables women to have extra time, free from work. It is assumed that credit enables women to

³⁴ The writers differentiated productivity from empowerment as simply representing the difference between asking whether a concern to integrate women in the development process is about harnessing women's labour for development or whether it is about development for women (Goetz and Gupta, 1994: 8).

hire extra labour to run their projects thus relieving themselves from the heavy burden of both productive and domestic work within the household. From my own working experience, I observed that credit only enabled women to participate in activities outside the household but did not relieve them of the routine duties performed in the household circles. Although participation in activities outside the household enabled some women to increase their incomes, it was disadvantageous in that it increased their workload and spared them less free time. Thus credit has not challenged time management and routine time utilisation.

In the mini study, the working schedules of the Ruteete women reflected that women neither had leisure time nor a relief in their domestic duties. The table (3) below demonstrates women's weekly activities during planting and harvesting periods presented by Ruteete women's group.

Table 3, showing women's weekly activities and time scheduling;

Day	Activity	Hours spent
Monday	Working at the family farm	4hrs
	Attending to private projects	4hrs
	Domestic work	3hrs
	Attending URDT training	4hrs
	Attending village council meetings	2hrs
Tuesday	Working at the group project	6hrs
	Working at the family farm	2hrs
	Working at the church projects	2hrs
	Office KWRCSS	4hrs
	Domestic work	3hrs
Wednesday	Working at the family farm	2hrs
	Market vending	8hrs
	Working at the community project	2hrs
	Domestic work	3hrs
	Attending to private projects	4hrs
Thursday	Working at the group project	6hrs
	Attending literacy classes	3hrs
	Office KWRCSS work	4hrs
	Domestic work	3hrs
	Working at the family farm	1hr
Friday	Market Vending	8hrs
	For Moslems attending mosques	4hrs
	Domestic work	3hrs
	Attending to private projects	2hrs
	Domestic work	6hrs
Saturday	Attending URDT training	3hrs
	Attending IFAD training	3hrs
	Attending churches	4hrs
Sunday	Attending IFAD meetings	4hrs
	Domestic work	3hrs

Source: Mini study report 1997:28.

From the above table, it is recognised that women's average workload ranges from 16 to 18 hours a day. The researchers observed that although some duties like meetings, training and office work were not heavy, as compared to farm work, it takes a lot of their time, thus leaving them less leisure time. Women reported that before they joined the groups, they used to work at least 14 hours a day including farm and domestic work. There was a general observation among these women, that despite the longer hours they worked, some of their work was left undone.

The changes in women's time management not only had implications on women but the entire family. For example, it brought about shortages in food supply for most families. This meant that women had spend some of their incomes on buying food.

Although availability of credit has brought about some changes in labour patterns in communities, it has not created significant benefits to the women. For instance, most of the unemployed youth now have the opportunity to get income through casual labouring. However casual labouring is mostly done by men as they are considered more fit for these jobs than the women. Among the 43 women respondents only six reported to have used women as casual labourers and to have paid them in cash. Even women who give their fellow women casual jobs rarely consider paying them in cash but rather in petty commodities such as food and other necessities like salt, sugar paraffin and so on. Women have not changed their attitudes towards fellow women labourers either by prioritising them in giving jobs or giving reasonable payment. This case challenges the feminist view that credit to women would change women's attitudes towards fellow women (refer to chapter two). The Kagadi case shows that credit has not totally challenged gender labour patterns and the women's attitudes towards fellow women.

4.1.6 Women's participation in leadership through credit

Participation has been synonymously assumed by development practitioners in most cases to mean empowerment. KWRCSS was founded and is managed by women who were leaders with smaller women's groups. Leading a bigger organisation like KWRCSS is a change in status of these women and also a source of pride which they would not have achieved without credit services. Winnie Tabaro the secretary of the scheme told the research team that, the husband usually welcomes her when she is coming from KWRCSS offices unlike when she is coming from the farm. This gives her a lot of confidence within her family and among her fellow women. In addition to this, these women's participation in leadership enables them to acquire more leadership skills and capabilities. The fact that women themselves can lead big schemes, whose membership includes men, is a good example to other women in the area. Despite a few problems they face in their leadership, these women consistently co-ordinated their members quite well, do sufficient monitoring of projects, and share their expertise as trainers and leaders with other women and there is no doubt that this is itself an empowering effect.

It should be noted that credit only cannot automatically make a woman a leader even though the success and organisation of credit schemes needs a strong leadership. There are several factors other than credit, such as the ability to assert themselves, organising and co-ordinating skills and ability to secure people's trust. Even before the establishment of KWRCSS some women were already participating in various leadership positions.

However, leadership presents a challenge to women, affecting their performance at both family and community levels. Many women especially the uneducated still feel shy, lack confidence and the competence to lead. At times leadership tasks do conflict with women's roles and demands, making them unable to take up leadership positions or perform their duties well. Asumin Mupalya's story reveals the conflicting nature of women's roles and the tension under which women perform their duties. With her primary education, she is trusted as a chairperson of KWRCSS, Kyakabugashya Ageteraine group, at the same time a manager of Busumirayi group hotel and lodge.

During the mini study, Asumin was quoted saying "every Tuesday morning I get up at 4:00 am, do hotel and food utensil cleaning, prepare breakfast for customers and immediately rush to the market to buy hotel food or rush to the village to catch fish from the pond. Lunch at the hotel must be ready by midday. I work around the clock with the help of one 'tea girl' to make everything available. When lunch is over I must rush to open KWRCSS offices and attend to people's complaint and or go for project monitoring. Tuesday is a day for my village council meetings of which I have to pay a fine of Ushs 500 in case I do not attend. At the same time Tuesday is also my working day at the group level. Besides that URDT some times plans meetings or training on Tuesdays which I have to attend because I feel it is my responsibility. Evening tea at the hotel must be ready at 4:00 p.m. and then dinner at 6:00 p.m. otherwise customers shall go to other restaurants. The tea girl usually reports on duty at 8:00 am and leaves the hotel at 8:00 p.m. The other unfortunate part is that she does not know how to write and read and yet I have to keep standard books for the hotel. I usually spend some 30 minutes with her trying to recall what she sold so as to balance books before she ends her working day. The rest of the time I am all alone. I normally go to bed at 1:00 am in the night but on busy days I prefer spending sleepless nights because customers would need full time service. My husband also needs attention from me, sometimes he comes to stay at the hotel but I have little time for him. I do not know whether I am usually efficient in my work because I have to do everything in a hurry. I have abandoned my house in the village and sometimes I thank God because I have no young children. I like to work but I will soon resign from too much responsibility" (Mini study report, 1997:12).

Asumin's story reflects the additional and various duties she has to perform throughout the day. Credit has been one of the causes of her tension and consequently shows that there are some crucial factors missing, that should be added in order to ease a woman's workload. For instance if there were many more 'capable' women like Asumin in terms of ability to organise, mobility, read and write then it would be

easier for her to delegate her duties. The major question related to the above is therefore the sustainability in the fulfilment of such roles. In the case that Asumin decides to withdraw from the scheme then what will happen? How has the group prepared itself to deal with such events in case they occur?

In addition to that, KWRCSS has caused a leadership gap in the mother (original) groups of these women. This resulted from the fact that leaders of KWRCSS are at the same time leaders in their mother groups. This has affected their performance both in KWRCSS and their mother groups. These women are no longer as effective in their original groups as before and consequently there is weak management and leadership in the mother groups which may eventually result into the collapse of some of them. For instance it was found out that Kyakabugashya Senior Citizen group had spent more than four months without holding group meetings because its chairperson is always off to KWRCSS offices on Thursdays, the day they used to have meetings. Other members seemed not to be confident enough to hold a meeting in the absence of their leader.

4.1.7 Networking

Credit is expected to increase women's accessibility to women's associations and networks. KWRCSS is an umbrella organisation that unites most women's community based groups. Through KWRCSS members have come to know each other's work especially through training and general meetings. KWRCSS organises exchange visit and or study tours to other organisations dealing with similar activities (KWRCSS proposal document, 1994:16) mainly for learning purposes. KWRCSS is supposed to link with other women and lobby the authorities on behalf of disadvantaged groups or agitate for changing policies that affect women negatively in the area. From the mini study, it was observed that KWRCSS has organised one exchange visit to Iganga women's group in Eastern Uganda. All members of the committee participated for one week in this study tour which revealed a relative change of attitude towards women. The fact that their husbands allowed them to travel away from home is a shift in thinking on the side of both men and women. This exchange visit however seems to have benefited the KWRCSS management committee team compared to other members. This shows a difference among members in that the nearer to the centre the nearer to such benefits of the scheme.

To facilitate women's networking abilities, and as part of both rural and human development strategies, URDT often organises residential training workshops. KWRCSS women members have had a reputation of attending these workshops in high numbers compared to men.³⁵ For instance in a four day workshop organised in October in 1995 (after the Beijing conference for women) 65 % of participants

³⁵ It was until 1992 that women's participation in workshops started to raise. When URDT started working in Kagadi, women were extremely shy and not free to participate in URDT's work. But when it started the Village Level Approach 1991 Women's participation increased up to now (URDT self evaluation report, 1993:1).

were women and 35% were men (URDT-Gender department annual report, 1995:26). KWRCSS women members continued sensitising the communities about these resolutions thereafter. In line with the feminist point of view, the participation of these women in such activities reveals an attempt to challenge gender subordination in communities and a collective nature of dealing with such problems. However I can not solely attach these changes to credit but the fact that members of KWRCSS are more often willing to participate in these training is of great change in the lives of women. Credit therefore has acted as a good mobilising tool for women's participation and makes it easy for URDT to intervene in their development process.

It was also found out that the majority of women in Buyaga county are a member of one group or many. URDT alone works with 38 groups, IFAD works with 22 groups and there are many others which are not yet associated with the two organisations. These groups have supported members both socially, economically and psychologically. In an evaluation report done by KULU among the partner groups in Kagadi, the following are noticed changes among the members of Kyakabugashya Senior Citizens as extracted from Musirika (1996:7).³⁶

Since URDT and KULU the women witnessed the following changes in their lives;

a, "personally, the way I started in 1986 until now 1996, I have a lot of changes. The good food I eat, the strength I have to join the group are all thanks to URDT and KULU. Only when it rains do I begin to worry, because then rain enters my house which is grass thatched."

b, "For me, I would have died long time ago if it was not for the support I get from the group."

c, "we come to know each other, made friends; we work together therefore there is unity. Our families are feeding well."

d, "I also became a person (omuntu), talking to my friends. We have our garden and we get our food like cassava, potatoes. Except my old house has holes in the roof. I need to build my self another house."

e, "For me I have orphans- that is my problem. But through this group I have gained good feeding. Except where I sleep. When it rains the house leaks, and also where the children sleep. But feeding is good. cabbage, tomatoes etc."

From the above extract, individually women have somehow benefited from their groups. This can not be attributed to credit *per se* although it has an influence in as far as the group facilitates its members to borrow money from KWRCSS. However, if other needs such as shelter which are still very crucial to women are not met then at what level can we talk of becoming 'omuntu' in its totality through groups or credit? I also observed that these groups still operate at individualistic level, I have not seen any group lobbying or advocating for changes in wider political issues in the area or at the district level.

³⁶ I choose to give an example of Kyakabugashya senior citizens because it is a group of old women aged 70 years and above. Just as one of them said most of them would be dead by now, but because they made a group which is supportive and thus increasing their livelihood.

4.1.8 Income and Asset accumulation

Increased income and accumulated capital are indicators to economic empowerment of women. To KWRCS this is an indicator to women's changing attitudes towards the culture of savings and future prospects. In some cases, increases in income among members have been significantly, noticed especially among women traders compared to agricultural farmers (especially those with crop production).³⁷ For example Mama Odongo, 42, a widow with 7 children managed to increase her income through credit. Before taking the loan she was running a retail shop with a stock of Ushs 370.000, which was the only source of money to support her family including the extended relatives. Mama Odongo with a loan of Ushs 1. million, enlarged her stock in her retail shop and opened up a small room to sell local gin. By the time she paid back the loan, she had a stock of 700.000 almost twice the original stock and her local gin business was booming (URDT-small scale micro enterprises department annual report, 1995:26). This increment in income is not only attributed to credit, but also to Mama Odongo's special arrangements with her customers, in that she extends loans to her customers (government workers, civil servant) who usually pay her at the end of the months. Also Mama Odongo's business is located near a guest house which make her serve at least more than 30 customers a day. While telling her experience with credit to the research team, Mama Odongo said, "the problem is that I do not have time to work in the house, shop, local gin room and garden, so I have to work the whole day starting at 6:00 am in the morning up to midnight. Another thing I can not go for market vending even though there can be high sales in the markets because I have small children. So I make small profits but I am happy that I am every day growing more and more independent and helping the household financially." This is one of the successful and empowering stories of the scheme that need to be recognised.

Secondly, it was also observed that income generation correlates with age and tribe which reflects the influence of one's life cycle to the process of empowerment. Compared to young women, elder women have a number of advantages in income generation. They have a higher status; they can move more freely; they have more time to engage in income generating and they have grown up children who can help in daily work. Thus elder women can obtain higher degree of economic independence than young women and elder women are likely to find support in grown-up sons in conflicts with their husbands, because inheritance still follows the rules of house property. Observed also is that the Bakiga women, generally can move freely, do more riskier businesses than the Banyoro and Bakonjo women in the area thus their income levels are more likely to be higher than those of other tribes, thus reflecting differences among women (although income data as per tribe category was not available).

³⁷ For women traders their business are flexible and are likely to ensure everyday income unlike agriculture projects which are seasonal. In Kagadi the farmers are more prone to weather failures than retail shops which usually deal in diversified stocks.

Questioning whether this growth in income reflects the issues of equity³⁸ and changes income distribution, firstly, it is assumed that the higher the amount of the loan, the higher will be the growth of income of the household and the higher the incomes of the household the more women, children and other groups in the household get access to it and thus changes in income distribution. Accordingly it was found out that increases in the income levels of the household did not match with changes in income distribution. As seen above, loan appropriation is quite high in most households which reflects limited consciousness about equitable distribution. Unequal distribution of income for different groups of the household is still evident despite the availability of credit. Therefore credit from KWRCSS has not promoted equity as a necessary element of the development process.

In addition to that, there are numerous cases of women who have not increased their incomes despite the availability of credit. For instance, it was found out that in 1996, the agriculturists, did not benefit from credit. This was because the loans were extended at the wrong time when rains were almost disappearing leading to a serious drought heating the late planted agricultural crops (KWRCSS annual report, 1996). Among the traders, it was found out that some market vendors complained of market saturation. Therefore they see less prospects of increasing their incomes from the existing activities even though income generation standards out to be a major objective of the scheme. Under normal circumstances the women who are normally working for survival find it difficult to save, thus they achieve lower levels of capital accumulation.

Contrary to the neo-classical point of view that credit will enable borrowers to accumulate capital, it is almost impossible to accumulate and own immediate assets such as tractors, houses and other machinery through KWRCSS loans. Firstly, KWRCSS gives such small loans that demand investing in immediate income generating activities rather than fixed assets. KWRCSS does not give loans to buy assets. The individual asset accumulation is only possible after savings and profit making and this is only after repaying the loan. However, asset accumulation is still minimal among many borrowers. This is attributed to the rates of return on investment that seem to be generally low to most borrowers. This is attributed to the nature of activities invested in, which are usually agriculture related and competed by so many people. Secondly from the literature above, most people in the area live below the poverty line which makes their purchasing power very low. And thirdly, the gender relations in the household determine who owns assets such as land, income, houses, machines, which usually excludes women.

At the scheme level, according to the 1996 KWRCSS balance sheet, the scheme had fixed assets totalling to Ushs 90,000 and the current assets equivalent to Ushs 54,447,200 (refer appendix 6). The scheme has no assets like vehicles, or motor cycles that would help in easy facilitation of the programme

³⁸ Equity for the most decades has not been on the development agenda. Development was regarded to be growth until recently when growth with out equity is being discussed in development arenas as a barrier to people's development. I take equity to mean giving some thing to some one who deserves it most.

and there is limited funds that guarantee buying such assets soon. This implies that volunteers have to consistently work under difficult conditions for the success of the scheme.

4.1.9 Repayment rate

Repayment is often used as a proxy indicator for increased income (Mayoux, 1997: 28; Hossain 1988:50). Repayment is essential in credit service management because if it is too high or low it indicates whether the parties involved have good financial discipline. Not only that but it might be used to reveal whether loans have been given to the wrong people and projects, whether the credit management is feasible and the methodology is correct and also whether the people's capacity to repay was taken into consideration at the beginning of the credit programme. Therefore notwithstanding limitations of using repayment rate as a measure of women's empowerment, low repayment rate reveals a big problem to the credit scheme. As noted in the literature the repayment data must be treated with caution. Nevertheless according to KWRCSS financial report (1996:2), women's repayment is higher in the scheme than men's repayment even though the general repayment rate is poor. This repayment is attributed to the fact that women see themselves as the owners of the scheme unlike men and therefore find it hard to cheat themselves. To those women who have not paid, some are new members of the scheme who have not internalised the mission of the scheme and others at least have explained reasons attached to their failure such as theft of produce, delayed sales and so on. Such repayment rate among men borrowers is seen as men's curiosity for money and they keep extending their repayment period yet making more profits. The repayment rate of KWRCSS (46%) is high compared to village revolving fund scheme which is 24% (URDT small scale micro enterprises annual report, 1996:7). Accordingly the general repayment rate in KWRCSS is increasingly worse than before. For instance in the 1996, the total outstanding loans were Ushs 48,538,400 compared to Ushs 29,020,00 in 1995 (see appendix 7, 8 and 9). What does then such repayment rate tell us? Such repayment rate shows that the scheme in the long run may totally fail to recover its loans. Therefore the question is what is the future of the scheme and what can be done to reinforce repayment? And also if women in most credit programmes are known for good repayment rates, then why is it so poor with KWRCSS? What has been the role of the husband witness? These are some of the questions that may be given critical attention by both URDT, KWRCSS and women borrowers themselves. However the repayment rate though very important in measuring the performance of the scheme it is not an enough indicator to measure the increase in incomes of borrowers and their empowerment levels.

4.1.10 Respect in society

In many credit programmes it is assumed that credit will enhance the respectability of the borrower in both the household and community arenas. Co-operation and maintenance of peace are basic

to the survival and reproduction of society; hence the importance of norms about respect, helpfulness and hospitality. These norms are valid for both male and female members of society. Respect is shown to senior member of society signifying an unequal relationship between juniors and seniors, thus a wife respects her husband as a senior regardless of credit. Women earn respect if they have children, work efficiently in the field and take proper care of livestock. These systems of respect have been institutionalised as part of the local culture and it is unbelievable that credit can revert this type of behaviour. It was observed that for women, having credit from KWRCSS, does not make them superior in a home compared to men. Some women told the research team that, credit has instead made them prisoners in their own homes. Nakabugo, told the team that if one has got a loan from the group, it is wise for her to keep silent, work hard to utilise the loan so as to repay it in time. She noted that having a loan makes women prisoners because even though she would want to escape from the male harassment, she can not due to the responsibility of repaying the loan.

However in some families women confessed their husbands were excited about their participation and progress in utilising the loan. The ideas about respect and mutual interdependence between men and women is prevalent among families. It was observed that there is a changing attitude towards women members of KWRCSS in some villages and thus their ability to command respect. Members of KWRCSS are respected as women who want change and who are committed to bringing change in their communities. They are characterised as women who have encouraged others to work on community projects and or start group projects. They are women who are not shy to take up leadership positions in their villages compared to other women, even those with loans from the village revolving funds. These are the women with high nutritional status in their homes compared to others. They are the women at least earning money in the household, they are the women who dress well for meetings. For instance during the study some men were overheard saying, 'those women are rich, you can not joke with them and if your wife joins the group be aware that you have to cook at home because she is ever in Kagadi in their offices balancing books' (Mini study report, 1997:9). Some women members of KWRCSS have been taken to be role models in their villages. This however can not be wholly attached to credit, because the fact that most of them belong to certain women's groups gives them the opportunity to be different from others and learn different things. Even then in line with feminist point of view, women are heterogeneous and therefore it would be ridiculous to attach their both exogenous and endogenous change to credit only.

4.1.11 Women's changing ideologies and attitudes in relation to

a, Women's self perceptions, and future prospects; Change in women's attitudes is one of the most important indicators to women's empowerment because it show that women are conscious of whatever direction they are taking. In the region there are cases of women who have changed their perceptions about themselves in particular and development in general. This is exemplified by the

following achievements narrated by Mafuta Munube, a member of Kagadi LC1 women's group who has already received an individual loan from KWRCSS as extracted from Musirika (1996:11). Mafuta is a single mother with four children and she perceived the following benefits accruing from belonging to the group: "Before, I used to be shy and could not speak in public but now I can. Before I used to feel I could not manage anything but now I am confident and powerful, I can do what I want. I have learnt that a woman can also own something in the home. I did not know how to run a business. Now I earn money, I am able to pay school fees for my children. I am working and I am happy. I have learnt to plan and cost my labour and other expenses. I know when something is going to be profitable. Even my family has learnt to look after chicken. I also learnt about sustainable agriculture and how to use chicken dropping for my vegetables garden. The credit money has raised our status, we women of Kagadi. Other people, especially men respect us." There are many women like Mafuta, who have changed their thinking and feel proud about their groups and the scheme in general though the scheme is a more recent venture.

However there are some women who despite the availability of credit still feel a sense of powerlessness and incompetence to change their way of living. This is because there are still traditional barriers and prejudices that hamper their livelihood. To others credit has given them temporary feeling of happiness and power but not really sustainable change. For instance, Mary Katsiba got a loan and kept poultry for one year. During the year she made profits and built her mother a permanent house. After repaying the loan, the second year her project did not perform as previously because the chicken was underfed and could not sell. By the time of the mini study, Mary had no income generating project and she was still on the waiting list for funding from the scheme.

b, Women's attitude towards girls education; As seen in the literature girls enrolment in primary schools is higher than that of boys in the area though their dropout is high. Credit does not mean education and in fact there are many more rich people in the area whose children do not go to school. Girls in Kagadi marry at a young age of 15 years even when their parents have money. From the Sebjungu's case seen above, women borrowers tend to use their girl children's labour in their businesses. Thus some girl children are dropping out of school to help their mothers utilise the loans. This is a disempowering act to the girl child and not only that but KWRCSS loans are not for paying school fees directly unless parents pays from the profits made.

It was however observed that whatever money the woman makes, she will try to take all her children to school. Women have paid school fees from other sources of income even without credit. The girls discrimination in education in the area existed until the 1990s when parents realised the importance of girls education. This realisation is also attributed to the local council system where if a parent does not take children to school is taken to village courts and made to work on village projects so that the village pays school fees for such children. Not only that but since January 1997, primary education for four children in a family is free country wide, so some parents have benefited from it. However looking at the changing

attitudes of women in groups toward their girl children, it was noted that most group constitutions recognise the girl child to be the woman's next of kin.

c, Capacities to invest in personal well-being and capacities to assume control over their physical integrity and reproductive rights; Although loan from KWRCSS is primarily intended to be invested in income generating project, there is evidence that women's increased income is spent on household consumption and children's welfare. It was observed that most women spent money on buying food, clothing for their children, their own clothes, medical expenses and school fees respectively. Secondly, it was observed that women's increased contribution to family welfare has considerably improved domestic relations. Winnie Tabaro, told the research team that she no longer depends on her husband entirely since she can afford to buy most necessities at home. She noted that even though much of her income is spent on everyday well-being of the household, she is not bothered, she is happy because it has reduced quarrelling in the home. This is male withdrawal from such responsibilities but rather a peace making action for women.

During my own experience, I observed that some women are still abused in families. Credit has not challenged violent abuses to women in families though it has helped divorced women to have funds to supplement their projects. According to the monitoring committee report (March, 1996:34), 11 visited women were seriously abused when they tried to challenge the gender norm of controlling funds and determining its use in the home. This is a major limitation of these women to the utilisation of credit where by they have to bargain with patriarchal structures (Kandiyoti, 1988). Besides that, women's expenditure patterns may replicate rather than counteract the gender inequalities. It was found out that women borrowers employed their daughters in law, daughters, as unpaid family labourers increasing their workload and decreasing their ability to attend school respectively.

The reproductive right women in Kagadi is determined by biological potentialities and limitations. Women who get family planning services do so entirely on their own but not because they are motivated by the scheme or loan. Family planning campaigns in the area are not yet common. Besides that, the sexual behavioural (unions) among partners is an obligation to each other. During the study it was difficult for respondents to relate credit with reproductive rights, despite its importance to women's empowerment.

4.1.12 Equality in the scheme

Equality³⁹ is a major element in the women's empowerment process and if credit is to increase its impact, then women's equality should be taken into consideration by most credit programmes. In KWRCSS, women are seen as similarly situated in the scheme in that they are all residents of Kagadi and

³⁹ Liberalism defines equality as sameness (Catherine. A.M., 1987:22). According to Ratna K. and Brenda C.(1993: 2), equality has been interpreted as 'treating likes alike' particularly in western thoughts. This does not only require those who are similarly situated to be treated similarly but emphasises the aspect of sameness with in the prevailing perceptions. Formal equality, recognises that men and women are the same and thus they deserve equal treatment.

are women. The rest of the differentiation's based on class, tribe, religion education, levels of income and the like, have not been considered in the scheme though it is important in such development projects. Individual women or men need to be treated differently so that they can be equal. KWRCSS has not challenged the question of equality both substantively and correctively.⁴⁰ There are no special treatment in the scheme regarding the most disadvantaged women like, the disabled women, the widows, single mothers, and or refugees. The scheme does not affirmatively specify such disadvantaged groups as the priority cases to get funds. This is reinforced by the argument that the scheme supports productive projects and women who are credit worthy rather than grant worthy or bank worthy. Women and men are treated as equal members of the scheme and giving of loans is based on the individuals ability to write a good project proposal, and to repay. Men members are given the same membership privileges as women thus this brings out my argument that equality among women themselves has not been internalised and taken seriously. Just like in conventional development approaches men have to compete with women even when the ground is not levelled. However this situation presents a number of questions which may not be answered in this paper which include; Under what conditions can a rural woman be eligible for credit? What can be eligible criteria or what can not be in the context of rural credit programmes? Is discrimination in giving credit to rural women empowering?

4.1.13 Lender-borrower relationship

In most credit programmes it is taken for granted that the lender-borrower relationship is smooth and perfect. From the on set this relationship represents unequal power relations in that the lender is more powerful than the borrower. These unequal power relations are further deepened by sets of rules and regulations to control the relationship to which the borrower usually obeys with limited flexibility. For example in KWRCSS monitoring is a rule that each borrower is supposed to abide. To the scheme this is mainly for supervisory purposes, and guarding against loan diversion. But to some borrowers this looks like a burden; they would not want KWRCSS to keep on supervising and investigating the loan use as if the borrowers do not know what they are doing even though they are debtors. This has been an area of tension between borrowers and the management of the scheme because borrowers would want to use their money in any way they want rather than insisting on the proposed project. I personally intervened into a case where a borrower had to drop out from KWRCSS because she was not satisfied with the monitoring report regarding her loan use status, after the monitoring team could not ascertain whether she diverted the loan or not. Thus the lender-borrower relationship is usually not ideal because it is influenced by unequal power relation and other factors such as class, educational levels, internal qualities such as self-awareness and self confidence and family status.

⁴⁰ Substantive model of equality, begins with the recognition that equality sometimes requires that individual be treated differently. It is based on corrective premise, that men and women are different because of social, economic, cultural, and historical differences and the difference therefore justifies differential treatment (Catherine, A.M., 1987:33).

4.1.14 Impact on the general community

Credit in an area is expected to influence the entire community compared to other communities which do not have such credit schemes. KWRCSS is the first biggest credit scheme in the area and the general impression is that the scheme works for the empowerment of women. It encourages women to save. It is believed to be easy to get a loan from KWRCSS compared to other private lenders and other schemes run by URDT such as the *entandikwa* and the PAP programme. Though the number of direct beneficiaries to the scheme are its members, there is the unknown indirect beneficiaries which include members of the household, extended families and others who benefit in different ways. One way to mention, is in the form of 'spin off' from the women's projects.⁴¹ There are so many income generating activities coming up since 1993 that have registered to work with URDT as compared to projects that were existing in 1989. According to the small scale micro enterprise report (1996:1), during that year the department worked with 313 individual income generating project promoters. This can not be entirely attributed to KWRCSS because it only funds 94 project holders and there are other credit programmes. It is likely also that changes at the individual, household and community level are interlinked and the individual women who gain respect from the household then act as role models for others leading to a wider process of change in the community perception and members willingness to accept change, men inclusive. KWRCSS presently is generally held in high esteem at the community level and even at the district level because of its organisation ability.

4.1.15 Impact on the overall economy of the area

The positive or negative impact of the loans on its beneficiaries would suggest that KWRCSS is able to effect the economy of the area as a whole. Lack of data regarding this area prevents me from making any conclusions. However, one would expect that the loans would influence; amount of money in circulation, income distribution, inflation levels, wage levels, market relation or both demand and supply of goods and services to mention a few. Also I am aware that economies of the area are not only influenced by credit but also other factors ranging from the country wide political situation to international relations.

4. 2 *Intervening factors and or extraneous factors to credit and empowerment of rural women.*⁴²

Just as noted earlier, the impact of credit on the power relation of women in the area can not be assessed without taking into consideration the effectiveness of the intervening factors such as, the training from URDT, the government policy about credits and so on. Taking an example of training from URDT

⁴¹ This usually happens when other project holders learn from loan beneficiaries in the villages and they establish relatively similar projects or different but inspired by those women.

⁴² Intervening factors in this case are factors that are put in place to supplement credit towards women's empowerment, the include training, political stability and the like. Extraneous factors are unintended factors that in one way or the other influence the progress of the scheme, for example climate, land, culture and the like (Rossi and Freeman, 1993:222).

to the members of the scheme, it was observed that women have tended to grasp more the technical issues of credit such as, project management, book keeping, group lending and loan recovery rather than the strategic issues such as the influence of gender relations in the household to the loan usage.

Related to the above are the government credit policies. In Uganda the government policies on paper favour women's access to credit and in fact most of the government credit programmes are intended to benefit women, the poor and the youth. But in practice this has not been the case, for instance in 1995, with the *entandikwa* scheme in Buyaga county, women were 28.6%, youth were 14.1% and adult male were 53% (*entandikwa* report Kibale district, 1995:3). Many women have been left out in the government institutionalised funded credit scheme.

This development rhetoric in Uganda is compounded by globalisation and international economic policies, including policies of international trade, market liberalisation, and other structural adjustment programmes. It is ridiculous to assume that the small income generating projects all of the sudden shall compete with big enterprises in the market. Firstly the production is low and in some cases of poor quality compared to production in big technologically equipped enterprises. Accordingly this poor quality shall never be accepted in the international markets. How then can rural poor women dealing in small income project ever utilise the international market? Secondly, the reduction in government expenditure to services like health and education do not favour increased impact of credit given to women. From the above some women borrowers have diverted their loan use from the intended projects to pay medical bills and sometimes school fees for their children. These are the immediate needs of women of which governments and international funding agencies are gradually losing control and leaving it all to the women. How do money lenders expect efficient loan use from the women borrower when her immediate needs are not catered for? These policies are some of the extraneous factors that affect the women's ability to utilise the loan. And in a way these policies determine the modes and relations of production where women have tended to either produce only for local markets or produce what they can not consume and in the process marketability becomes a problem.

In a nutshell, the above discussion of KWRCSS, reveals that in its fourth year of implementation, the scheme is neither a welfare organisation, nor a financially profit making agency although in some aspects it has found itself entangled in balancing the two elements. From the analysis some women have benefited from the scheme, in terms of increased income (refer to example of Mama Odongo), skills in their projects, mobility to and from farm and non farm activities and also to groups and local net works which has given these women a feeling of belonging to a group and which is an empowering effect to them. However if many more women are to attain increased empowerment through credit both collectively and individually a lot remains to be done so as to challenge, increased workload on women, appropriation of loans, negative attitudes and false expectations about the scheme and so on.

From the study, it is understood that the impact of credit to rural women's empowerment is contextually determined by many factors. Factors such as the gender relations in the household, levels of poverty in the area, ownership of factors of production and the entire production process, technological development, government policies, availability of social services, climate vagaries, cultural and traditional beliefs, and the women's own ability to carry out income generating projects heavily determine women's control over loan and the empowerment process therein. In this case, the extent to which KWRCSS has challenged these factors in Kagadi is still minimal and a lot must be done both at the organisational level, micro and macro levels. The theoretical and practical lessons learnt from the above discussion as presented below are therefore very important for increased impact of credit. Government agencies, other developmental agencies and women themselves, need to understand these issues so as to be able to change the gender power relations of the borrowers.

CHAPTER FIVE

Lessons learnt, Conclusions and Recommendations

5.0 Introduction

This section of the paper presents the theoretical and practical lessons learnt from the above discussions and the conclusions made. It shows the methodological advantage of using indicators, and women's own experience thereby bringing the political aspect of women's empowerment through credit on the development agenda. It ends with some specific recommendations regarding KWRCSS and the general recommendations on how the impact of credit to women can possibly be increased. The general recommendations can also be applicable to KWRCSS situation.

5.1 Lessons learnt and conclusions

The analysis of the neo-classical, co-operative and or community development and feminist perspectives to rural women's empowerment through credit shows the divergent views held by scholars, policy makers, practitioners, community workers, financial agencies and other development agencies regarding this strategy. The result is different models, and approaches of giving credit and therefore different expectations in terms of its impact. It also shows the different development rhetorics among policy makers and development agencies. Some credit programmes uphold financial sustainability as a major objective others uphold charity, welfare and others empowerment of borrowers. The theories stress that the impact of credit is contextually determined. The feminists and the co-operative perspectives closely relate to each other in that they all opt for giving credit through groups so as to increase its impact. However in general giving credit for profit making projects is more successful when it is preceded by the presence of basic need among borrowers. From the discussion, it is clear that these different perspectives to credit not only supplement each other but also they helped to analyse the impact of credit both in terms of collective and individual empowerment of women.

The use of case study, indicators and the participatory methods of research based on women's own experience have been useful in writing this paper. Indicators helped in organising the analysis of the case and more so in linking credit to the empowerment process which seemed to be a far fetched goal. The use of women's experience and involving them in the study is the strength of this paper. In a way it contributes to participatory research methodology and to feminist research studies. Women's own participation will enable them to own this study and use its recommendations for the improvement of their scheme and thus an increased impact of the scheme.

The concept of empowerment is differently conceptualised and used in certain contexts. As a strategy and an approach it is differentiated by its strong emphasis on power. It has been widely accepted

by development agencies especially in the 1990s due to its ability to bring about structural change beside being people centred. It does not only specifically problematise power in gender relations but it also generates new notions of power sharing and giving. Batlivali Srilatha (1993:9) noted that, women's empowerment has gained support of mostly poor men because it enables women to bring much needed resources into their families and communities, and or challenges power structures which oppress and exploit poor men as well as women. Empowerment of women therefore is more than giving them credit.

Even though the empowerment process seems to be quantitatively difficult to measure, it can be qualitatively measured through the use of indicators. The UNDP Report (1995:130), shows the computation of the gender empowerment measure (GEM) which includes the relative empowerment of men and women in political professional and economic spheres of life. From this case study (KWRCSS) many more indicators have been used to show rural women's empowerment through credit. These indicators include; women's income levels and control over income, access to networks and market, giving wider experience of the world outside the home, access to information and possibilities for development of other social and political roles, enhancing perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfare. Empowerment is therefore qualitatively measurable and many more indicators can be added to this in future for further exploration of women's empowerment through credit.

Credit is an important ingredient as an entry into an area with abject poverty and differentiated powerless classes of people. To feminists credit is a planning tool with women which increases women's networks, bargaining power in household and community levels. If a credit programme is to have an appeal of powerless people living in abject poverty, it must offer them clear and immediate prospects of economic improvement. Which means that as a financial service it can be extended as grant or as credit for welfare and or business purposes depending on the category of borrowers. Credit does have a positive impact on women borrowers' financial status and well-being. This is true whether or not loans are directly invested in proposed activities or diverted activities. Credit has enabled rural women to increase their income, gain skills, and improve their nutrition status. However, it is not a sufficient factor to both poverty alleviation and changing structural power relations. Changing the gender power relations through credit alone is not possible because it does not totally challenge the control of loan use, equality, and changing attitudes of ones' self. Credit is important but not sufficient to ensure self reliance for women.

Power inequalities in most societies, Kagadi inclusive, tend to be deeply rooted in their beliefs, values and norms and therefore changing them demands changes of people's traditions, customs, cultures, and the intra-household relations which are not possible through credit alone. For instance, the intra - household relations vary widely both by culture and class and therefore the effects of credit given to a woman differ greatly, though there are some commonalties among the rural women entrepreneurs. The

empowerment process to rural women is more than giving credit or rather the economic improvements. It involves changing social, cultural, political, financial, economic, legal and many more aspects of life.

More so, rural women who have credit and would like to expand their enterprises are hampered by so many constraints such as access to markets, other resources, poverty, culture and new technologies. Women micro entrepreneurs too, lack education and lack proper training business related skills. Credit is therefore necessary but not sufficient condition to women's empowerment.

In this paper the issue of credit targeting, came up as one of the prominent factor to the success or failure of credit programmes. Many credit schemes like the Grameen Bank has managed to reach most of its borrowers because of its ability to define its target group correctly. KWRCSS has its own target group viz., the rural women of Kagadi sub district, however various definitions may be attached to rural women. Rural women are different basing on their social, economic and historical positions in society. This has been a limitation to KWRCSS undertakings. The scheme assumed that rural women are the same category which is wrong. Consequently some women have not got access and control over loan use and yet others have. Credit has had a different impact to different classes of women despite its general objective of increasing members income and enabling them to be self reliant.

However the question of targeting is not only problematic to KWRCSS. Available literature on credit schemes in different parts of the world show that many would want to target borrowers who can repay the loan quickly so as to enable the continuity of revolving credit and savings. In the same way this possibly explains the heterogeneity of KWRCSS clientele in this study. Even then, if repayment is very poor schemes like KWRCSS will collapse. Therefore, development practitioners should be careful to clarify whether they are dealing with the question of effective demand for credit or need for credit. In this case therefore the question is do poor women in Kagadi demand or need credit or free money? Another question could be, should KWRCSS leave them out or not? If yes then who shall empower them or shall they just be condemned to die of poverty? How can then such organisations like KWRCSS reconcile poverty, empowerment, viability and sustainability of their programmes?

The functionality of most credit programmes depends on their viability and sustainability. Viable credit programmes need to develop sustainable credit services in the long run so as to sustainably promote women's empowerment. As seen above, KWRCSS institutional arrangement is still associated with hindrances which not only affect the success of the scheme but questions the viability of the scheme. For instance, 'decentralising' power in KWRCSS is still minimal given that the founders are still the leaders despite the enlargement of the scheme to include other women groups and individual women. The number of volunteers (18 leaders) is small compared to the coverage of the scheme and its rough working

conditions. More so the available volunteer leaders are not highly motivated which affects performance and the general functionality of the scheme.

In addition to that, the sustainability of the scheme financially and economically remains questionable. Firstly the scheme's largest percentage of loan fund comes from external funding (mainly from KULU- Women and Development in Denmark) and if at all they pull out, the scheme may not survive. Secondly most members are apparently reluctant in paying their monthly savings and even repay the loan itself thus the scheme may eventually have no loan funds. If we measured the success of KWRCSS from the neo-classical point of view that is using the repayment rate which is 46% to date then the scheme is unsustainable. That implies that external agencies have to continue funding KWRCSS which however reveals unsustainable empowerment of KWRCSS.

The KWRCSS is not yet a sustainable institution, even its profit margins are very low if any. Profitability of KWRCSS shall remain an issue because it relates to the financial viability and sustainability of the scheme. However, the scheme's profitability could be the question of values. That is the extent to which it is able to serve the women. The KWRCSS can not be used as a model for women's self reliance at this stage because in itself it is not self reliant and sustaining. However the question remains whether KWRCSS should be a commercial enterprise or a welfare organisation?

The paper also reveals that however unsuccessfully, KWRCSS has been more concerned with the financial sustainability of the scheme rather than the empowerment of borrowers. This is evidenced by its emphasis to quick loan repayment of one year on average, use of volunteers so as to cut on the operation costs and the funding of only income generating activities as reinforced by neo-classical thoughts. However, both at the scheme and borrowers have remained financially unsustainable. The group's financial sustainability still hinges on; the extent of the recovery of the loan, which can be attributed to the extent scheme is able to confine credit to the targeted beneficiary, strong management system including decentralising power and responsibilities and intensive training of scheme volunteers, dedicated service of URDT workers who are highly motivated by the management. and above all the collection of repayment in small amounts suitable to the circumstances. However financial sustainability does not mean organisational sustainability. KWRCSS's organisational sustainability shall depend on its internal functioning including favourable institutional growth trends and organisational policies.

KWRCSS's experience, shows the possibility of credit with the bottom up approach and peoples participation in their own development. In that the scheme was initiated by women and being run by women for their own benefit. This is the strength of the scheme and it challenges the conventional economists beliefs of the trickle down of growth because it takes into consideration the social and human aspects. It also furthers the women's capacities to gain political power and redeem themselves from powerlessness, and to be able to participate in decision-making processes as well as economic improvement.

The experience also reveals that lack of material collateral security does not hamper a woman from being credit trustworthy. Women can get credit, utilise it and repay it in time if conditions of the loan are mutually understood. However, the presence of a guarantor is very important to foster repayment.

Accordingly whether formal or informal credit is believed to have an influence on the lives of rural women in different ways. Formal financial institutions could effectively ration and direct national funds to target groups and activities (Padmanabhan, 1988:31). And as stated by Kabeer (1994: 34), increasing access of the poor to formal credit does not imply displacement of informal credit sources in the lives of the poor but does increase their options and strengthen their bargaining power in the credit market. Informal credit programmes are common in the rural areas and have created positive impacts to the borrowers though most of them still have organisational and operational problems which affect their functionality.

The KWRCSS's experience also demonstrates the role of women's groups in reinforcing the success and progress of credit programmes. Group lending is another way of increasing access of rural women to credit and stimulating quick loan recovery. Groups act as intermediaries as well as guarantor to its members. Groups give women the opportunities to better define and articulate their economic, financial and other interests and build the skills needed to interact in the larger community outside their households (Mehra *et al*, 1995:104). Success experiences in utilising group strategies from other countries like, Bangladesh, Nicaragua, Malawi, India and Dominican Republic and many others are good examples KWRCSS can benefit from. In addition to that the experience also reveals the important role of NGOs in facilitating women's empowerment process. URDT played an important role to the progress of KWRCSS.

5.2 Recommendations

Credit impact studies should recognise that credit programmes require not only the analysis of economic efficiency and sustainability, but also of how they affect individual work demands, household relations, community and national economies and the overall position and or status of the majority of the targeted population. In a gender differentiated context, the non- economic impacts of credit are also of interest because factors such as lack of status and power (both at home and in the wider society) directly affect women's ability to change their economic situation.

5.2.1 Specific recommendations

KWRCSS should determine a smaller manageable group of women as its target group. The women should have at least common features among them not only based on location and sex but also on other issues like, class of income, marital status, levels of poverty, enterprising activity and so on. This

shall alleviate the current problems facing the scheme due to poor and unclear targeting principles. The scheme should define clearly who the borrowers are and in which circumstances they live before they can qualify for the loan. Rural women are different, there are those on survival stage, those on take off stage, and those working for self esteem; all have different needs for credit and thus credit will have different impact onto their lives. Besides that, proper targeting reduces the administrative costs and makes planning easier.

KWRCSS should endeavour to understand the borrowers diverse situations by establishing cross cultural indicators of checking them. KWRCSS should try to establish the real needs of its borrowers before releasing loans to them. This is in line with the general eligibility and selectivity criteria of credit services. Pischke quoting Penny (1981:15), argues that it is not credit that the rural women lack but motivation to use resources for development and it is after they have improved their technical knowledge and skills of using new technology and methods, proved their willingness to innovate, learnt to sacrifice their present income consumption for future development, that they become creditworthy.

Just like other existing credit schemes such as the Grameen bank in Bangladesh, KWRCSS should start assessing the impact of its financial services on users' livelihood. However, the problem for gender differentiated studies is that women borrowers do not generally distinguish between household and business expenditure, making it difficult to isolate the impact of credit on women's business and other aspects such as women's own endogenous growth. These assessments need not be expensive conventional studies but could slowly be institutionalised in every day activities of credit schemes.

For purposes of sustainability, KWRCSS should start charging interest rate on loan equivalent to that of commercial banks in the area. Poor women can take and repay the loan at interest rates which contribute to costs, especially if repayments are organised in a way that relate to their flow of income. The interest rate charged should not only be based on the commercial bank calculations but also should take into consideration the effective costs of delivering credit services. The same interest should also be given on members saving so as to encourage them to continuously save with the scheme. The scheme should endeavour to mobilise savings both through constant members' savings and starting off group income generating projects. More so it would explore linking members to other funding organisations (both formal and informal) so as to reduce pressure on its limited loan funds.

The scheme can also explore the possibility of guaranteeing its borrowers to commercial banks. This will not only increase accessibility of credit to many members of the scheme but also increase on the amount of loans given to the borrower. However this is only possible when there is a good working relationship between the bank and the scheme and or in this case if there is a nearby commercial bank to take up responsibility.

The issue of volunteer motivation is also crucial to the viability and sustainability of the scheme. There is need to institutionalise a higher level of incentive for volunteers. This would include a certain

sustainable amount of pay to the volunteers among other incentives and the enlargement of the numbers of volunteer leaders. The scheme should also employ someone with developed book keeping skills or give intensive training to its treasurer for proper record keeping. The scheme should employ some one who is specialised in management of financial services. Who has basic understanding of credit and can easily tell that credit is different from grant and more so who has the ability to differentiate borrowers needs.

KWRCSS in order to enlist the support of the community and creating a change in their attitudes towards its work should endeavour to work with existing community structures. This should be a deliberate choice to respect the local social context, and take advantage of its inherent strength. At the same time, the scheme has to be aware of the intra group and intra communal struggles which inevitably occur, and to find ways of counterbalancing the schemes activities. This can be done by instituting strong rules which therefore calls for KWRCSS constitution that would govern the undertaking of the scheme.

If women are to benefit from credit, they must be able to retain control over loan use and over its benefits. KWRCSS should devise means to ensure women's control over loan use both at the individual and household level. This is possible through intensive follow up visits and discussions. And cases of diversion of the loan should be punishable. The more effective and long-term solution however is to strengthen women's decision making roles and power within the households and in society (Goetz and Gupta, 1994:2-17; Kabeer, 1994:76) through education and information sharing. Not only that, but such fundamental change needs commitment from development workers and a long-term investment in local level processes of social change as well as a willingness to cope with the sometimes violent and disruptive consequences of challenging class and gender privilege. Also the borrowers should be trained in conducting feasibility studies of their projects so that whenever loan diversion occurs, there are limited risks to loan productivity.

Also if women borrowers are to benefit more from the scheme, they should be given ample time to stay with the loan. The present given time of one year is not enough to enable women to engage in productive and competitive income generating projects. Besides this, the income generating projects should be guided by a feasibility study (especially marketing) so as to avoid some losses incurred by omissions in the production process.

In order to ensure sustainable empowering credit services, the scheme should institutionalise financial discipline. The scheme should ensure that borrowers are committed to their agreements in repaying the loans. The scheme should not only be concerned with repayment rate but also be able to mobilise members' savings. This can be done by reviewing the credit service methodology, target group, organisational policies, and many other related issues. At this moment therefore I recommend an immediate critical review of the scheme.

5.2.2 General policy recommendations

Researchers should avoid making unrealistic conclusions about the reason why certain classes of rural women are left out in many credit programmes and why credit has created negative impact to those who get it. Intensive studies and most preferably longitudinal studies using participatory approaches should be conducted to avoid such conclusions. These reasons of women's participation in credit programmes may lie on the demand side (small borrowers' aversion to risk or their attempt to maintain reserve credit in case of consumption emergency) or on the supply side (high administrative costs of small loans or the covariance of risks upon local small loans).

Intervention in local financial markets is an area that should be approached with great care. It is necessary to understand for whom, in what ways and under what circumstances the array of local services adds to options people have for maintaining and developing their livelihoods or contributes to their further impoverishment. NGOs can play a useful role in financial services but they should carefully assess themselves whether they have the appropriate skills and resources to intervene in the schemes work. NGOs should stop targeting the same groups of people for credit services. This has ended up confusing masses and keeping them in the circle of indebtedness. There should be co-ordination among NGOs working in the area so as to limit this confusion.

In line with Adams *et al.* (1984), designers and policy makers should stop viewing credit to rural women as an input similar to fertilisers, labour, seeds or breeding stock. Rural credit should be viewed as a claim on resources that allow the borrower command over goods and services that may or may not be used for the stated purposes. Though credit might be used to generate more income and profits, it is entirely not the same as capital.

Policies aiming at strengthening women's productive and entrepreneurial capabilities through access to credit should avoid replicating former welfare oriented policies and practices, which did not address sufficiently the issues of empowerment. Credit schemes for women should endeavour to utilise participatory approaches and develop more tools to support the empowerment process. In addition, it is necessary to re-think the methods of operation, viability and sustainability of credit programmes. Credit policy needs to create self-sustaining viable institutions (in the long run) not reliant on subsidies to cover losses and not dependent for ever on injection of external funds from foreign aid donors. However the empowerment objective should not be seen as replacing the economic perspective. These theories and policies of credit should be used together for an increased impact of credit onto the lives of the users.

Poor rural women should be given priority to access credit, otherwise most credit programmes shall continue to increase the gap between the poor and the rich. Not only that, but the gender and the

generational gaps should be considered of major importance in credit programmes. Young women, poor men, the youth and other disadvantaged should be given priority in accessing credit.

Organisations that aim at empowering women through credit should design their programmes to create for workers, borrowers, and husbands incentives that promote women's empowerment through well defined and observable evaluation criteria. As seen in the literature above factors that affect the women's empowerment are plentiful and thus are the causes of poor performance of credit programmes. These factors range from individual life circumstances, societal norms, values and sanctions, local economies, loan conditionalities, to household intra-relations. Organisations should be able to put such factors into consideration while thinking of credit services.

Credit schemes that claim to be working for the empowerment of rural women, need to carry out intensive gender awareness training for men so as to enable favourable negotiation of competing gender interests within the household. Not only that, but the training is seen as an important tool to address women's heavy workloads and consequent problems of children and other vulnerable family members through measures to reduce the burden of domestic work and make arrangements for child care. However, this training for both men and women should not totally occupy them all the time. People may never practice what they learn if all the time they are preoccupied with training. The training should be systematic and originating from people's needs and experience.

Donors, policy makers and NGOs facilitating the development and growth of such credit programmes should endeavour to link borrowers to both local, regional and international markets. Borrowers should be facilitated to diversify their projects to avoid local market circulation. Donors should not stop at giving only loan funds but should facilitate the acquisition of skills among borrowers so that borrowers can get new ideas in implementing their projects. In line with Ackerly (1995:64), productivity alone does not ensure women's empowerment rather, knowledge and empowerment comes through market access. However, donors should be careful not to take charge of the borrowers production modes in terms of what to produce and what not to produce.

From the above literature and analysis, briefly I suggest three possible general strategies that can be adopted by most credit schemes to increase their impact onto their users and especially as far as their ability to make decisions are concerned. These include; a, Support services, including general training and awareness for both individual and group operation, including aspects of group management, networking, fund-raising and leadership training. It can also consist of business and skills development related services such as record keeping, planning, insurance and marketing. The support system should also take financial support and legal aspects such as legal registration of business and licensing and also the provision of infrastructure and social service support including health, roads and social, cultural, gender training into account. The legal system also should involve laws to reinforce women's ownership of factors of production and above all the retention of the ability to control loan use. Besides that the provision of social

infrastructures such as good roads and hospitals is very important for the success of credit programmes because it reduces loan diversion and ease marketability of produce.

b. The impact of credit on empowerment is likely to be increased if loans are given to groups. Any group that is not based on sectarian basis can be feasible for the utilisation of credit. Some are usually cheaper to work with, they ensure cohesion, maximum participation of members and above all ensure high repayment rates. However the structure and management styles of these groups heavily influence their behaviour. Credit schemes should endeavour to avoid bureaucratic structures thus should have structures that enable members to take economic, social and political decisions pertaining their groups.

Secondly, the success of most credit schemes generally depends on committed and visionary leadership in a sense that these leaders remained focused to the objectives of the project and its target group. Credit programmes should endeavour to have a leadership which is not only concerned with the financial sustainability of the programmes but also the social and political empowerment of its members or borrowers.

c. Participatory planning is crucial for both the sustainability of credit programmes and the extent to which members benefit from the scheme. Credit programmes should ensure the participation of users so as to avoid conflict that arise due to the user's limited participation in decision making. The impact on empowerment shall only increase when members needs and problems are addressed in a participatory manner. This brings a sense of confidence among members and it is crucial for the survival of credit programmes. More so participatory planning is essential for accountability purposes and transparency in the undertakings of the scheme.

Another crucial area of concern is that credit programmes should also endeavour to experiment their programmes before selling their ideas to the massive members of the community. In addition to that, credit schemes should clearly spell out the gender related objectives when designing credit programmes and steps to ensure that women are supported in developing their own use of financial services.

Last but not least, in order to increase the impact of credit, policy makers and development practitioners should endeavour to alleviate poverty in the first instance which appears to be a major problem to the people and even a hindrance to the successful performance of credit programmes. Secondly, policy makers should endeavour to link credit to more strategic issues such as women's right, women's organising, women's consciousness raising and many others so as to bring about fundamental change in the lives of women. From the above theoretical and case analysis, it is clearly revealed that credit in itself is an important tool for women's empowerment (credit is not a problem) but the problem is that it is affected by many social economic, cultural and political factors that lead to diversion of its intended use by the women borrowers. Poverty to rural women is a multi dimensional problem and therefore in this case it should be tackled through a multi-disciplinary approach especially in addressing the patriarchal power dimension.

In conclusion, this paper has illustrated the way credit affects rural women's decision making abilities and general livelihood standards. Establishing a strong credit scheme that can be able to cater for the needs of all different classes of women living in a particular location, challenges most development agencies. These challenges involve issues of cultural behaviours and prejudices, project funding, sustainability and the extent to which borrowers can participate in the programme. Financial behaviour is part and parcel of the economic behaviour which otherwise consists of choosing and managing alternatives in production, consumption and marketing. Such credit policies are the outcome of the political, economic and social systems of the country in which such credit programmes by themselves can not undo the damaging impact. For better or for worse credit to rural women will continue to be a powerful mechanism in most developing countries. Through the spirit of enquiry and experiment, and preparedness to change, be innovative, credit experts and rural development workers and rural women themselves should see that it goes for the better.

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APPENDICES

Appendix 1

The map of Uganda indicating the area of the study i.e. Kibale District.

UGANDA DISTRICTS



LEGEND

- International Boundary
- District Boundary
- Buyaga county
- ////// Buyanga county
- ≡ Bugangazi county
- ▨ Kibale District

Source: internet.

Appendix 2

Shows the women's annual incomes in 1988 as extracted from Kakooza (1988:13) and it explains the income situation of women in Nyamacumu parish , which reflects the general situation in Kagadi area which has not significantly changed.

Box The Women's Annual Income in Shilling:

Group Frequency	
1,000 - 6,000	51
7,000- 12, 000	29
13, 000- 18,000	0
19,000- 24,000	4
25,000- 30,000	1
31,000- 36,000	0
37,000 - 42,000	0
43,000- 48,000	1
Total	86

Source: Kakooza 1988:13.

Appendix 3

It shows the activities invested in by KWRCSS borrowers and where these enterprises are located.

Types of enterprises of KWRCSS members (those who have already taken the loans);

Activity	female	male	location: Trading Centre (TC) or Village.
Restaurant	4	0	TC
retail shops	10	1	TC/village
produce buying	1	3	TC / village
Hair saloon	2	0	TC
agriculture-crop	29	1	TC
piggery	6	1	TC/ Village
poultry	3	0	TC/ village
Second hand clothes	6	1	TC
Food staff Vending	8	1	TC/village
bakery	2	0	TC
tailoring	4	0	TC
brick making	0	1	Village
Handicraft	9	0	Village
Drug shops	0	1	Trading centre
Total	<u>84</u>	<u>10</u>	

source: URDT -small scale micro enterprises departmental quarterly report June 1997.

Appendix 4
KAGADI WOMEN REVOLVING CREDIT AND SAVINGS SCHEME (KWRCSS)
LOAN APPLICATION

- i, Full names.....
- ii, Date.....
- iii, Membership number.....
- iv, Location.....
- v, Address.....
- vi, Purpose for the loan.....
- vii, Nature of business.....
- viii, Profitability.....
- ix. a, Amount required.....
- b, Amount in wards.....
- c, Inputs
- Available.....
- Not available.....
- x, Repayment schedule.....
-
-
- Signature of applicants.....

Appendix 5
KAGADI WOMEN REVOLVING CREDIT AND SAVINGS SCHEME (KWRCSS)
INCOME AND EXPENDITURE ACCOUNT
AS AT 31ST DECEMBER, 1996.

	1996	1995
	USHs	USHs
RECEIPTS		
Membership fees		658.000
Affiliation fees		280.000
Interest on loans	6.092.400	4.484.000
	6.092.400	5.422.000
Add Grants from KULU		40.116.500
	6.092.400	45.538.500
 Less EXPENSES		
Office rent		190.000
Meals	117.400	122.300
 Transport		7.000
 Stationary	102.700	
Advertisement	35.000	
Bank charges	11.500	25.000
Audit fees	65.000	60.000
 Depreciation	15.000	15.000
 TOTAL OPERATING COSTS	346.600	419.300
NET SURPLUS	5.746.800	45.119.200

Appendix 6
KAGADI WOMEN REVOLVING CREDIT AND SAVINGS SCHEME (KWRCSS)
BALANCE SHEET AS AT 31ST DECEMBER, 1996

	1996	1995
	USHs	USHs
	NOTES	
FIXED ASSETS (2)	90.000	105.000
CURRENT ASSETS		
Debtors (loaned funds) (3)	48.588.400	29.020.000
Bank balances	5.858.800	17.956.200
	54.397.000	46.976.200
Less CURRENT LIABILITIES		
Members Savings	3.827.000	1.902.000
Accrued expenses	65.000	60.000
	3.892.000	1.962.000
NET CURRENT ASSETS	50.505.000	45.119.200
TOTAL ASSETS	50.595.000	45.119.200
FINANCED BY;		
ACCUMULATED FUND	45.119.200	
NET SURPLUS	5.475.800	45.119.200
	50.595.000	45.119.200

ASUMINI MUPALYA
CHAIRPERSON

JOSEPHINE TUSUBIRA
TREASURER

Appendix 7

KAGADI WOMEN REVOLVING CREDIT AND SAVINGS SCHEME (KWRCSS)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLIES

a, KWRCSS was set to facilitate the members and their families to attain good health through committed local entrepreneurship through monthly savings and at the same time create a loan scheme for its members to borrow easily.

b, Depreciation is calculated to estimate the usefulness value of assets over a period of time.

2. FIXED ASSETS

FURNITURE-	120.000
Less Dep. 1995-	15.000
Dep. 1996-	15.000
Written down value	90.000

3. DEBTORS (LOANED FUNDS)

	1996	1995
Outstanding loans	48.538.400	29.020.000

4. MEMBERS SAVINGS

	1996	1995
Savings accounts for members	3.847.000	1.902.000

Appendix 8
KAGADI WOMEN REVOLVING CREDIT AND SAVINGS SCHEME (KWRCSS)
TREASURES' REPORT

To all members

I have the pleasure to present the audited accounts for the year 1995 and 1996.

Operations

During the period under review, KWRCSS successfully registered a number of achievements, with a boost of over 40 million from KULU which formed the base of the revolving fund. A total number of 94 members have borrowed and over 55.6 millions has been loaned resulting into interest of USHs 10.574.400 for both years.

Savings from members were properly done in 1995 and the first half of 1996 but later on, members became relaxed in the last half. However, the savings have grown to USHs 3.827.000 which should have been more double by the end of 1996.

RECOMMENDATIONS,

Members are urged to save more and at the same time actively pay back the loans so that other members who have not yet benefited also get the chance.

Thanks go to those members who have volunteered and participated in the operations of the scheme leading to minimal costs of the recurrent expenditure, and I can not forget to thank URDT for the contribution both financially and administratively. Lastly our sincere thanks go to our donors KULU who laid a permanent foundation for the scheme.

By order of the board.

Appendix 9

KAGADI WOMEN REVOLVING CREDIT AND SAVINGS SCHEME (KWRCSS)

AUDITORS' REPORT

We have examined the books and other financial records of KWRCSS in accordance to general auditing standards and the observation hereunder were registered.

1. Considering the extent of the scheme currently, a competent book keeper is required to have a proper flow-up of loaned funds and also enhance both the accountability and recovery schedule for the betterment of the scheme.

2. The members should be sensitised and educated about the objectives of the scheme before approving their loans so that defaulters are minimised and funds not diverted from the original application which may be detrimental.

Nevertheless, we received both information and explanation deemed necessary for our audit purposes and the accounts as herein, do agree with books.

In our opinion, the balance sheet together with the accounts and note thereon, exhibit a true and fair view of the financial status for both 1996 and 1995.

**SEMAKASA ASSOCIATES,
AUDITORS AND ACCOUNTANTS.**

8TH MAY, 1997.