

**COMMUNITY BASED MICRO FINANCE AND POVERTY ERADICATION
IN UGANDA-A CASE STUDY OF KITEEZI PARISH, NANGABO SUB-
COUNTY-KYADONDO EAST CONSTITUENCY, WAKISO-DISTRICT.**

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ABSTRACT

This study investigated Community based Microfinance (CBMFs) in Kiteezi Parish. The purposes of the study were to identify CBMFs in Kiteezi Parish, assess their contributions to poverty eradication, and examine the challenges faced by CBMFs in the struggle to eradicate poverty.

The study was qualitative in nature and was carried out among 120 respondents both males and females. Out of the 120 respondents, 73 (61%) were females while 47(39%) were males.

The study found out that CBMFs in Kiteezi Parish are set up on such bases like gender, occupation, neighborhood and friendship. The study further found out that CBMFs are open for individuals who are above 18 years of age(both male and female) with due respect to their religious affiliations. It was also found out that CBMFs are helping people come out of poverty via such aspects like teaching and enforcing a culture of savings, and availing sources of funding for borrowing. CBMF members use the savings and incomes (interest) earned from the CBMFs to cater for such issues like paying school duties, setting up IGAs, cater for medication, buy plots and build their houses.

The study again noted that amidst their contributions to poverty eradication, CBMFs face a number of challenges like default risk by some members, limited funds as compared to loan demands, short term-period on borrowings, mismanagement of funds due to the absence of records, rules and regulations, and loan agreements, lack of business skills to diversify investment opportunities, lack of transparency among some leaders, loan amounts being too small to be invested productively, high interest rates on loans, and lack of market for CBMFs' products.

To address the challenges faced, respondents proposed such measures as financial management lessons to members, setting up strict and tight rules and guidelines, local councils should get involved such that in case of any serious default, they can provide support as far as recovery is concerned, and the government should support them with funds geared towards local development.

The researcher recommended that further research should be done to establish the relevancy of government initiated programs as far as eradicating poverty among the households in rural and

semi-urban areas is concerned. Once this research is done, the government would be in a better position to identify the best channels through which to direct funds to the “poor” people.