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An Evaluative Study on the Contribution of Microcredit Schemes to Rural Development in Uganda: A Case Study of BRAC Soroti Branch.

This study focused on evaluating the contribution of microcredit schemes to rural development in Uganda. The overall purpose was to assess the extent to which microcredit schemes have influenced rural development taking a case study of BRAC Soroti branch. Specifically, the study examined the level of access to BRAC microcredit schemes, the contribution of micro-credit facility of BRAC to rural transformation and the challenges faced in utilising microcredit facilities. The study was carried out with BRAC Soroti branch. A case study design was adapted in combination with the analytical research design. The study targeted BRAC beneficiaries within their groups of which most were women. A sample of 116 respondents was obtained while data were collected using interviews and an administered questionnaire as well as a focus group discussion guide. The study thus found the respondents knowledgeable about BRAC services which enabled them to seek them. Generally the requirements for accessing microloans were relatively fair as most beneficiaries simply had to belong to a group. Microloans offered range from two hundred thousand shillings to six hundred thousand shillings for those in groups while individual borrowers may receive up to one million shillings. The microloans were mostly used to establish small scale ventures more so in the agriculture sector with a few cases engaging in businesses. The findings also pointed to most beneficiaries earning less than fifty thousand shillings before obtaining the loans but after using them, the incomes improved fairly to not more than five hundred thousand shillings. Not many beneficiaries reported increase in assets though a substantial number reported saving part of the incomes. Challenges faced related to untimely processing of loans, a high interest rate in comparison to business operations, a short repayment period and group dynamics. Fewer reports of defaulting were reported not forgetting poor loan management skills. The study, thus, recommends BRAC to address the challenges through **direct** community involvement in policy adjustment, improve on loan management skills among borrowers and re-developing its model in order to include men on the scheme.

Key Words: Microcredit Schemes, Rural Development, BRAC, Soroti Branch.