



**LIVELIHOOD IMPROVEMENT
THROUGH VOLUNTARY
SAVINGS AND LOANS
ASSOCIATION INITIATIVES –
A CASE OF GRACE ASIO**

By Dorcus Apio

Lack of financial institutions in Asuret sub county, Soroti district, many of the farmers could hardly believe that savings initiatives can be successful in the long term. When consulted about how much each of them was saving per week, per month, and per year, the farmers responses in unity that “savings is a practice of the rich and the educated, but most especially those who have access to banking institutions”.

Asio Grace is one beneficiary of a saving initiate established by CIDI in Soroti district. Grace is a member of Asuret Women’s’ Farmers group in Otaaba, Asuret , she reports that before the idea of savings at group level, she always kept her money which she made from brewing alcohol at home in their grass thatched house which one day caught fire and burnt her belongings including her money. Upon being trained on savings, credit and financial management by CIDI. She started saving at her group level, which started with only ten members saving only 500 shillings every week, at the end of the year, they distributed their savings to the members, and this built the confidence of other group members to join. The saving was increased to 1000 shillings where the member base increased to fifteen in 2011. But still, the amount saved was always low to cater for her overwhelming financial need in school for her children and other needs too.

Borrowing money at a sufficient level is still a challenge in this sub county. In pursuit for this, she had to move to Soroti town to look for a farmer friendly micro finance but unfortunately it had bad conditions. For instance, it required a farmer to undergo a training in how to use the borrowed money for two months before money is given to you and she had her pressing issues already at hand that needed the money immediately, the interest rate for the loan was at 10% but paid every week which is a very close interval compared to her income expectations. The guarantors to sign her loan form

must be from her own farmer groups and this caused loss of funds of some guarantor who had to pay the money including herself for farmers who defaulted.

In 2012, Grace joined ACIFA savings scheme which was initiated and supported by CIDI that started saving 2,500 UGX , increased to 5,000 UGX and at the moment at 10,000 UGX every fortnight for the years 2012, 2013, and 2014 respectively. The loan borrowing process is very short money can be received in one day. The interest rate is 10% per month payable on monthly basis for at least three months, the saving member base is higher and the money saved is high to give adequate amount of loan demanded. With this conducive savings and loan environment, Grace managed to save her money that has enabled her son to complete A level in a good Kampala school, her daughter completed a course at YMCA, and is progressing to a commercial farmer where originally she used to cultivate half acre of cassava, but now she can cultivate at least 2 acres and sells the produce through the association. This is ready for uprooting and sale.

To date, Grace has been able to construct two permanent houses, one for her mother already complete and the other for herself half way under construction and she is likely to complete it this year. She also borrows the loan from ACIFA and uses it to make bricks. She uses some of the loans to grow good acreage of short term crops like beans, groundnuts that matures in three months time to support her paying back her loan and balance used for buying cement for her house construction. The future is getting brighter and brighter and her business have increased to the extent that she can sell some of the produce to earn money that she can save even up to 700,000 UGX per year. Grace proudly reports that sharing her personal experiences with non members of the savings group has attracted new members and strongly believes many other will eventually join the her savings group.

During a focus group discussion with the farmers of ACIFA in Asuret sub county which was conducted by CIDI team, the attendants reported that the results of Voluntary Savings and Loans Associations (VSLA) have been a pillar of the program. VSLA has been appreciated and registered tremendous progress in ACIFA groups and association. The practice is that the association started with a fortnight saving of 2,500 UGX = in 2012 and currently at 10,000 UGX every fortnight. Going by the records as at the end of the year 2014, ACIFA's savings and loan interest portfolio stood at 19,800,000 UGX. The chairperson of the association reports that farmers have gone through tremendous change.