

Project Evidence Brief #3

Disability inclusion and economic empowerment

Inclusive Savings and Loans Associations in Uganda



Project partners: The National Union of Disabled Persons of Uganda (NUDIPU), Katalemwa Cheshire Homes (KCH), Organised Useful Rehabilitation Services (OURS), CBM Uganda
Funding partner: The National Lottery Community Fund



Overview

Opening opportunities for persons with disabilities to join Village Savings and Loans Associations (VSLAs), alongside providing vocational and financial literacy training, not only encourages their participation in income-generation activities, with consequent increases in income and savings, but can be empowering in other ways too. Inclusion and economic empowerment help individuals move towards greater self-reliance. Increased economic decision-making enhances the social status of persons with disabilities in their communities, leading to increased self-esteem and improved well-being.

Introduction

80–90% of persons with disabilities in low- and middle-income countries work in the informal sector or do not work at all. Persons with disabilities report limited access to financial services and income-generating opportunities.

The inclusive VSLA model (see box) seeks to overcome these barriers by targeting savings and loans to persons with disabilities and their caregivers, to support self-employment, alongside improvements in family welfare and self-confidence.

Project: Inclusive Socio-economic Empowerment through Village Savings and Loans Associations (VSLAs)

Location: Uganda

Timeframe: Aug 2018 - Apr 2022

A partnership between:

- **The National Union of Disabled Persons of Uganda (NUDIPU)**
- **Katalemwa Cheshire Homes (KCH)**
- **Organised Useful Rehabilitation Services (OURS)**
- **CBM Uganda and CBM UK**

The main objectives of the project were:

1. To enhance the quality of life, economic outcomes, participation in decision making and respect for persons with disabilities in the community.
2. To improve disability inclusion in mainstream livelihood projects and services through supportive VSLAs and advocacy activities.

Under the VSLA model, associations are formed by persons with disabilities, caregivers and other community members. The associations combine their savings in order to offer basic financial services, including interest-on the savings, short-term loans which members can use to invest in income generating activities, and to provide an emergency fund as a social safety net.

Methodology

The evidence presented in this brief draws from key informant interviews, Focus Group Discussions (FGD), observation, and the collection of Most Significant Change stories as part of the final project evaluation in Mityana, Kyotera, Mbarara, and Ibanda districts, Uganda. A range of local stakeholders were consulted including persons with disabilities, caregivers and community members, as well as CBM project staff, implementing partners' staff, and representatives of civil society organisations, microfinance and other finance institutions. A survey was also conducted with 864 of the almost 2,000 project participants (who were persons with disabilities, their caregivers, and other community members).

What the evidence tells us

1. The VSLA model enhanced income generation activities, increased incomes and savings, and supported a mindset shift for participants towards greater self-reliance.

When encouraged to save in VSLA groups, persons with disabilities engaged in various income-generation activities including poultry rearing, vegetable growing, beekeeping and pig keeping. Their ability to save and to access loans was increased. 98% of the survey respondents were able to save; 63% reported increased savings as a result of belonging to a VSLA group; 83% had accessed loans via the VSLAs. Of the respondents, 56% were persons with disabilities, 32% were caregivers and a further 12% were other community members.

“The loan I got from the group, I used to increase my piggery stock and now I have more which are also expecting to give birth soon.”

Kyotera FGD participant

59% of the respondents reported that their income had increased. Staff from organisations of persons with disabilities (OPDs) emphasised how the model had empowered persons with disabilities to start income generation projects.

“With support from the project, people with disabilities now look at themselves as capable of making it in life. They used to be looked at as beggars but nowadays they can work for themselves to meet basic needs.”

National Union for Disabled Persons in Uganda (NUDIPU) Mbarara

2. The VSLA model enhanced overall financial inclusion.

In addition to increased and direct access to finance through their VSLA groups, the groups and individual members were now able to qualify for and access financial services from formal Savings and Credit Cooperative Organisations (SACCOs) and microfinance institutions, including banks. More than 70% of the VSLA groups in all targeted districts developed constitutions, registered with District Community Development Offices, and opened bank accounts as legal entities, with support from the project.

After disability awareness training, the microfinance institutions, and NGOs developed action plans to increase inclusive services to their clients. For example, in Kibaya People's SACCO in Nyakayojo Division, Mbarara City, the action plan led to re-adjustment of accessibility in and around their offices, increased the number of groups that could access loans, and increased disability awareness of their members. However, there remain bureaucratic barriers in microfinance institutions and banks which inhibit persons with disabilities from accessing government funding for poverty alleviation.

"I was able to buy myself a mattress, a thing I have dreamt about in my life. I never imagined I could ever be able to achieve that but VSLA made it possible."

Kyotera FGD participant

3. Vocational and financial literacy training was useful for persons with disabilities to develop skills, generate income and sustain living by themselves.

Persons with disabilities were able to gain vocational skills through attachments to local artisans through the project – for example skills in shoe repair, motorcycle and bicycle repair, computer and accessories repairs, mobile phone and radio repair. Many of them were then able to set up businesses by themselves or in groups.

"We gained skills in improved farming as a group through the trainings that are organized by Katalemwa... Our saving and investment culture has also greatly improved because of the financial literacy trainings we receive."

A participant with physical disability in Kyotera district

4. Enhanced economic decision-making of persons with disabilities had a knock-on impact on their increased participation in political decision-making.

By the time the project ended almost half of participants with disabilities had taken up leadership positions. A number of them were elected to representative offices especially local council leadership positions. This created a strong advocacy opportunity for persons with disabilities to lobby for local government support and inclusion in all government programmes. Also, through representatives at City and other local councils, groups of persons with disabilities benefited from government-funded livelihood and income generating programmes.

5. The VSLA project reduced the stigma of persons with disabilities and their caregivers, leading to increased self-esteem and improvements in social status and overall wellbeing.

It was reported that members formed friendships and bonds, and that caregivers found social support from members and friends. They felt more confident to socialise with others in the community, including with persons without disabilities. 91% of respondents reported a significant change in their social status, especially at group and village levels, demonstrating the wider benefits to persons with disabilities from VSLA membership and increased economic participation. 38% of respondents reported increased self-confidence and esteem, while 34% reported improved wellbeing and health.

“Ever since I joined the group, my family and especially my spouse consults me when there is something to decide on in our family. This has greatly improved our family relations and opened more development opportunities.”

FGD participant Nyakayojo Mbarara

Learning from experience

- Equipping persons with disabilities with the knowledge, skills and networks to raise locally available resources for improved and sustainable livelihoods leads to increased incomes and greater self-determination.
- Group saving models create a supportive culture within which individual members encourage each other to start saving even when they have no previous experience.
- Bringing on board all stakeholders – persons with disabilities, local governments, local councils, faith-based organisations, other civil society organisations, microfinance and other finance institutions and NGOs - and sensitising them to inclusive VSLA concepts can enhance support and overall financial inclusion.
- Improved economic status and participation of persons with disabilities in economic and political decision-making enhances social status and community respect.
- Financial empowerment, together with other strategies like raising awareness among stakeholders, can reduce stigma of persons with disabilities and their caregivers, resulting in increased self-esteem and improved wellbeing.

General recommendations

1. This model of disability inclusion could be scaled up to other districts in Uganda, recognising its value in improving economic resilience but also for its positive effects on participants’ confidence and status within their families and communities.
2. Thriving VSLAs should be encouraged to register with the Ministry of Cooperatives as formal Savings and Credit Cooperative Organisations (SACCOs) to enable their better access to commercial credit/loans.
3. To support their sustainability, consideration should be given on how to better integrate the inclusive VSLAs with the branch activities of the National Union of Disabled Persons of Uganda in each district (‘District Unions’). These District Unions could be trained to maintain some ongoing support to VSLAs, although work is still needed to establish how the District Unions could best fund their involvement in this.

4. Support District Unions to set up and run inclusive SACCOs themselves, to facilitate access to savings and credit for persons with disabilities on more favourable terms than commercial banks and other lending institutions.
5. Future interventions should scale up investments in growth and management of successful enterprises by persons with disabilities. This may entail formal and informal training for persons with disabilities at an early stage in the project, in areas such as business opportunity identification, business planning and development, risk management and insurance, skills enhancement, marketing, human resource management, taxation, resource mobilisation and partnerships.
6. Since cash flow remains difficult for persons with disabilities, particularly those unable to raise sufficient savings, their access to SACCOs, banks and microfinance institutions should be facilitated.
7. Advocate for sustained mainstreaming of disability inclusion in planning and implementation of government, private sector and civil society organisation economic empowerment programmes. Persons with disabilities, for example, should be among those prioritised to benefit from government poverty eradication and livelihood programmes.

Conclusion

The evidence gathered through the VSLA project in Uganda provides valuable insights into how economic empowerment can increase the participation of persons with disabilities in economic and political decision-making, through promoting their financial inclusion, and can have important additional benefits such as increased social status and enhanced wellbeing. This model holds much potential and could be integrated and scaled-up to enhance other livelihood initiatives with persons with disabilities.

Acknowledgements

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Main image: A meeting of Tusse-Kimu Group in Kyotera. A woman is collecting money (monthly savings) from group members. Image copyright CBM.

For further information, please contact Advocacy@cbmuk.org.uk

Disability inclusion through economic empowerment

Lessons from VSLA Uganda & SaveAbility Rwanda

A combination of financial inclusion interventions can together drive economic empowerment of persons with disabilities

Inclusive Village Savings & Loans Associations (VSLAs)

- Collective access to basic financial services
- Mixed groups of people with and without disabilities
- Vocational & financial literacy training
- Shared space for peer-support

• SaveAbility Rwanda: Business mentors with lived experience of disability served as role models, reducing self-stigma and inspiring greater self-reliance

Disability Awareness & Training

- For Savings and Credit Cooperatives and Microfinance institutions (including banks)
- For local government and councils
- For NGOs and faith-based organisations (Uganda)

• VSLA Uganda: After disability awareness training, microfinance institutions developed action plans to increase inclusive services to their clients

Economic Empowerment

- Income & savings
- New income generation activities
- Mindset shift towards greater financial self-reliance
- Acquisition of new livelihood skills
- Ability to set up new businesses that are self-supporting
- Social fund for members & their families in case of emergency

Disability Inclusion

- Increased provision of & access to inclusive financial services by formal sector
- Stigma reduction, self-esteem, & improved social status
- Increased disability rights awareness
- Enhanced participation in political decision-making

The loan I got from the group, I used to increase my piggery stock and now I have more which are also expecting to give birth soon.

VSLA member, Uganda

People with disabilities now look at themselves as capable of making it in life. They used to be looked at as beggars but nowadays they can work for themselves to meet basic needs. **National Union for Disabled Persons in Uganda**

Persons with disabilities were a burden to the districts, now they are a solution to the communities they live. **District authority representative, Rwanda**