

**‘The Influence of Christian Microfinance on the Welfare of Rural
Households in
Masindi, Mbarara, and Rakai Districts of Uganda’**

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Abstract

This study was designed to examine the contribution and influence of Christian Microfinance (CMF) on the welfare of rural households in Masindi, Mbarara and Rakai Districts of Uganda. The study was mainly based on the operations of three CMF organisations, namely UGAFODE, MEDNET, and HOFOKAM. Their clients and Loan Officers were interviewed as the primary sources of information for this study. The three Districts lie in the Central and Western regions of Uganda which represent the differences in the larger part of the country that has been peaceful since 1986.

The hypothesis of this study was that CMF is not too small to act as a catalyst of the rural engines of economic growth in order to create employment and increase livelihoods of rural households. The hypothesis was tested through field research where primary data was collected using structured personal interview schedules that were complemented by archival and extensive bibliographical research. The key informants and focus groups were held to minimize the attribution problems and potential bias within the sample variation. The data was carefully interpreted and presented in Chapters Four, Five and Six. The conclusion and recommendations are presented in Chapter Seven.

The study findings indicated that the poor, particularly women, have reported some benefits from CMF. It influenced the welfare of some households in terms of employment, education, health and self esteem. In some cases the households made negative benefits like loss of property, businesses and time. Hence it can be said that programme participation in many cases led to welfare changes that were both positive and negative depending on the capacity of the household. Generally, the majority of 63.5 % experienced some positive influence in terms of employment and household incomes. It helped them to keep their children in school and expand markets. In other cases, some households lost their property and reported negative welfare influence.

This study therefore suggested that CMF had some positive and negative influences on the welfare of rural households. Its influence in reducing poverty in rural communities is not definitive in terms of household welfare because of its numerous problems because of socio-economic and political problems. This makes a case that joining CMF helps households to improve their livelihoods and welfare. CMF should be considered as one of the practical financial interventions that have potential to influence welfare of rural households despite its challenges.