

# The Micro Loans Project Progressive Report

(March - July 2020)



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*“Hope Changes Everything”*

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## **Acknowledgements**

We would love to appreciate the inputs of the different stakeholders whose involvement, support and cooperation contributed to the production of this report.

In the same spirit, we express our deepest gratitude to Impact Nations for funding the micro loans project. As a result of this project, people's lives are being impacted positively, the lost hope is being awakened while at the same time people are experiencing their business dreams.

Finally, we thank the SCMC, the Local Government authorities, all the beneficiaries and the community of Kalonga whose commitment and determination has contributed to the successful implementation of this project and ultimately production of this progressive report.

## Abbreviations/acronyms

<b>HOCAM</b>	Hope and Care Ministries
<b>SCMC</b>	Start-up Capital Monitoring Committee
<b>UGX</b>	Uganda Shillings
<b>WHO</b>	World Health Organization
<b>UNHS</b>	Uganda National Housing Survey

## 1.0. Summary

The overall purpose of this report is to offer an account of how the micro loans project that was launched last year in July and Commenced in November is performing. Particularly, the report builds on the progress that had been made by end of February 2020, hence covering the period March-July 2020. The report is divided into 4 sections namely, summary, back ground, project performance in details (achievements), challenges and how they were mitigated, lessons learnt, conclusion and recommendation.

10 (4 men and 6 women) out of the 15 beneficiaries started their businesses of boutiques, saloon, stationary shop, poultry, making of counter books and carpentry and they were making profits. On average, most of the beneficiaries were earning between UGX: 50,000 and 150,000 per month and at least one of the groups (**Kalanga Youth Entrepreneurs**) had saved UGX: 100,000 as at 21<sup>st</sup> March 2020. These had been joined at the beginning of March by other 5 (1 man and 4 women) beneficiaries. 2 women engaged in boutique business, 1 woman in saloon business, and another woman engaged in popcorn business while the man is engaged in vegetable farming (growing of tomatoes) .

*However, this whole progress changed from 22<sup>nd</sup> March 2020-end of June 2020 as a result of the COVID 19 pandemic. On 11 March 2020, the World Health Organization (WHO) declared the coronavirus outbreak to be a Global pandemic-a classification used once an epidemic grows in multiple countries and continents at the same time.*

*In Uganda, the first case of the 'novel' coronavirus was reported on March 22 2020. In an attempt to curb spread of the virus, President Museveni subsequently announced an extensive list of measures including, closure of school and places of worship, a ban of both public and private transport, 21-day lockdown followed by a 7 pm curfew, closure of all non-food item markets and shops, food markets and shops, restriction on public gatherings, compulsory quarantine and testing for suspected cases, and strict observance of hygiene through regular hand washing and use of alcohol-based sanitizers.*

*These measures paralysed much of normal economic and social life in the whole country with severe impact on the vulnerable persons including the beneficiaries of the micro loan's project majority of whom have been surviving on hand to mouth.*

*As a result, these stay-at-home restrictions and other measures restricting the movement of people threatened severely affected the different businesses (boutiques, saloon, stationary shop, poultry, making of counter books and carpentry) run by the various micro loans beneficiaries. Sales were hardly made between March and May 2020 due to government directive of closure of all markets and shops dealing in non-food items. For the beneficiary who was dealing in broilers, he managed to sale off his stock but could not restock since his clients were mainly roadside chicken vendors engaged in selling roasted chicken at the trading centres at night (from 7pm until late in the night) but because of the measures put in prevention of coronavirus and the curfew (from 7pm-6am) directives he lost the customer base.*

Nevertheless, the beneficiaries have become creative to operate their businesses in the new normal caused by the COVID 19 pandemic. As of June 2020, the government had loosened up on most of the stay home restrictions, hence enabling most people including the micro loans beneficiaries to fully resume work.

Three of the beneficiaries engaged in the boutique business have diversified their stock to include other items like body creams, pair of shoes, pampers and sanitary kits to earn them more income. In July they hardly made any sales but as of end of July 2020, the sales picked up with an average profit of UGX 40,000. Emma one of the entrepreneurs that attended the first business training is doing well in her tailoring

business and now supplying reusable sanitary pads, masks and dresses that she makes from home to the kalonga boutique entrepreneurs.

The beneficiary engaged in carpentry equally devised means to earn more income. Out of the profits earned from the carpentry business prior to the lock down, he purchased a hand saw, more timber and has been engaged in roofing residential houses. As of end of July, he had earned an average profit of UGX: 90,000 as profit per month.

Similar, the beneficiary who was engaged in the breeding of broiler chicken, used the proceeds he earned to purchase a sewing machine that he uses to sew community members torn clothes at a fee and he also sews and sells his own designed clothes. In addition, he procured 35 local chicken and currently they are laying eggs. As of end of July 2020, he had made an average profit of UGX: 30,000. Furthermore, the popcorn business is gradually picking up at the trading Centre and Shawin as of end of July had made an average profit of UGX. 200,000.

Generally, all the 15 beneficiaries are doing record keeping and are able to support their families with basic household items such as balanced diet, soap, salt, shelter and medication which was not the case before they acquired the start up capital and invested it in business.

In terms of the number of people being impacted, while it is still early to ascertain impact of the project, there is evidence that the project is improving on the livelihood status of the community members mostly the household members of the 15 beneficiaries. **According to the Uganda National Housing Survey (UNHS) 2016/2017, on average a Ugandan Household is comprised of 6 persons, implying that so far 90 household members are benefiting from the project in terms of access to improved livelihood.** This is attributed to the fact that the beneficiaries are now in position to support their families with basic household items such as balanced diet, soap, salt, shelter and medication which was not the case before they acquired the start-up capital and invested it in business.

In regards to savings, one of the groups **Dream Big Youth Entrepreneurs Kalonga)** comprised of 8members had saved UGX: 800,000 as of the first 22nd July 2020. The other group resumed saving in July since they had scheduled their second saving's meeting for the last weekend of March 2020 but that did not take place due to the tough COVID 19 restrictions. So they resolved to rely on the sales and commence savings in July.

In conclusion, amidst all the challenges faced as a result of the negative impact of the closure of businesses and stay home restrictions as a means of preventing the spread of COVID 19 starting from 22<sup>nd</sup> March to end of May 2020, the micro loans project is gradually progressing with overwhelming evidence towards the realization of the overall project objective of meeting the severe needs of the most vulnerable people affected by biting poverty, increased standards of living and high level of unemployment in a way that builds resilience, hence Households self-reliance and economic development in Kalonga Village in particular Mubende District and Uganda in general.

## 2.0. Background

Kalunga community is described by high levels of illiteracy. Majority of the people in Kalonga are primary school dropouts and in the long run ended up into child marriages hence poor standards of living.

Through observation and simple surveys, quite a number of people in Kalonga have started businesses and failed. This is due to ignorance. Most people cannot start up a business and maintain it. A number of the youth are willing to start but are limited by resources such as start-up capital and knowledge on how to run a business. This has promoted a vicious circle of poverty in the community.

Considering the above challenge, Hope and Care Ministries in collaboration with Impact Nations decided to take business training to Kalonga in order to improve people's standards of living economically. Our follow up results indicated that out of the 15 people who were trained, one person had closed business while majority of the other businesses had not break even in spite of being equipped with new skills and knowledge in business management mainly due to lack of capital for startup or to boost their businesses by enabling them to either acquire new stock, new equipment or expand their operations.

It is because of the above challenges that HOCAM sought funding from Impact Nations to implement the Integrated Micro Loan Project to enable all the trained entrepreneurs' access easy, quick, accessible, affordable and sustainable loans in form of startup capital through the SHGs that will be cultivating the art of savings among the members hence promoting self-reliance and resilience.

The project is running for 12 months and its overall objective is "to meet the severe needs of the most vulnerable people affected by biting poverty, increased standards of living and high level of unemployment in a way that builds resilience, hence Households self-reliance and economic development in Kalonga Village in particular and Mubende District and Uganda in general" with 2 specific objectives namely; Specific Objective 1: Households have increased access to income to help families meet their basic needs and Specific Objective 2: Livelihood opportunities are increased for vulnerable households, increasing grass-roots resilience.

### 3.0. Details of Project progress

All the 15 (11 women and 4 men) beneficiaries had started their businesses by 21<sup>st</sup> March 2020. All the established business are making profits and on average the beneficiaries are earning a profit between UGX: 20,000 and 80,000 month as of end of July 2020. The decline in profits from 50,000 to 150,000 at the end of February to the current 20,000 to 80,000 is attributed to the impact of COVID 19 directives by the ministry of health of Uganda that among others saw most businesses closed from 22<sup>nd</sup> March to end of May 2020.

**The current operational businesses include; 6 boutiques, 3 saloons, 2 stationary shops, 1 carpentry workshop, 1 poultry farm, 1 vegetable farmer and 1 popcorn vendor. All these businesses are being run on a retail basis. Besides, some beneficiaries have diversified their businesses as a strategy of adapting to the new normal birthed by COVID 19.**

Three of the beneficiaries engaged in the boutique business have diversified their stock to include other items like body creams, pair of shoes, pampers and sanitary kits to earn them more income. In July they hardly made any sales but as of end of July 2020, the sales picked up with an average profit of UGX 40,000.

The beneficiary engaged in carpentry equally devised means to earn more income. Out of the profits earned from the carpentry business prior to the lock down, he purchased a hand saw, more timber and has been engaged in roofing residential houses. As of end of July, he had earned an average profit of UGX: 80,000 as profit.

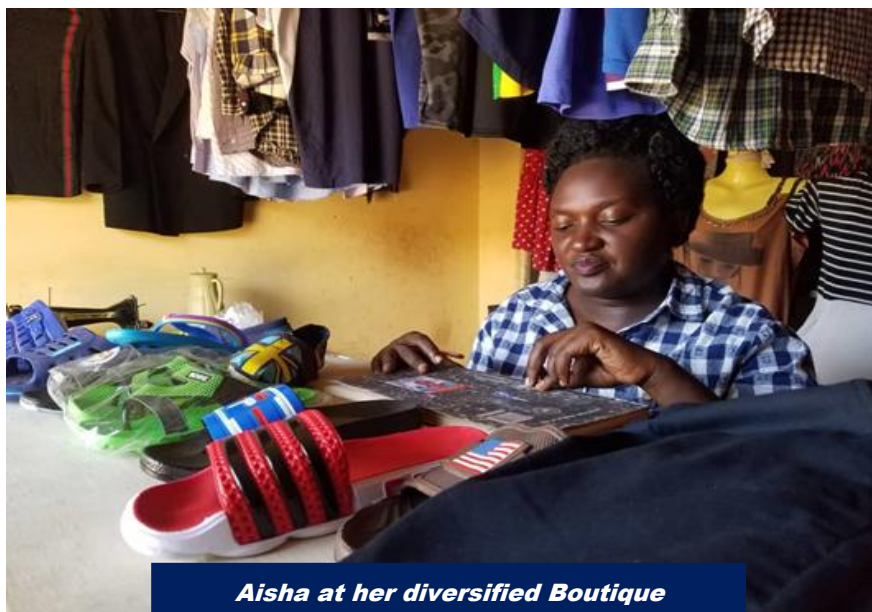
Similar, the beneficiary who was engaged in the breeding of broiler chicken, used the proceeds he earned to purchase a sewing machine that he uses to sew community members torn clothes at a fee and he also sews and sells his own designed clothes. In addition, he procured 35 local chicken and currently they are laying eggs. As of end of July 2020, he had made an average profit of UGX: 30,000. Furthermore, the popcorn business is gradually picking up at the trading Centre and the lady as of end of July had made an average profit of UGX. 200,000.

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### 3.1. Individual quotes from some of the beneficiaries

*"The lockdown changed most of the things in my Boutique business but I have managed to maintain the business to date. The income reduced to the lowest percentage in that I could spend a week without selling anything. Rent kept on accumulating yet I was not earning normally. I lost some customers because there was no way to supply their demands due to transport issues. However, I got new ideas like having a show case which I didn't have before for a good display and selling of baby diapers, sanitary pads, Vaseline, and jewels to keep the business moving."* explained Aisha one of the boutique owners.



**Aisha at her diversified Boutique**

*"My workshop was shut for 2months and I was not earning any money in that time. During the lockdown i tried to continue with my workshop but sourcing material was too hard because of transport costs and the increment of material prices left almost no profit. I decided to go for farming and in the same period I started using my other skill of building houses to cope up with the challenges. The house construction skill helped me a lot and I was able to feed my family and I also bought two pigs which I now keep at home hoping to have them multiply. My furniture workshop is now open with a lot of work coming in. ." said Amos.*



**Amos carrying a hand saw at construction sites**



**Amos displayed furniture for sale at his workshop**

*"During the lockdown most of the businesses were affected as well as my poultry farm. I was specifically dealing in broilers for meat and I was supplying people that roast chicken in the towns. Feeding the birds became very expensive. The people I was supplying were stopped to work in prevention of Corona virus. The expenditure increased in terms of feeding and treating the birds yet there was no buyers except a few individuals buying for their families. Nevertheless, the lock down brought many changes in my business, I switched from keeping broilers to local chicken because they are cheap to maintain. I did this to keep my business thriving. The hens are laying eggs and I expect more chicks in a months' time. I also bought a sewing machine that is bringing in extra income for me", narrated Micheal.*



**Micheal with his sewing machine and products of his local chicken.**

*"I am one of the entrepreneurs that delayed to start a business because money was not enough to start a stationery shop as i had planned but in the process i got a new idea of selling pop corns because there was no one making them in Kalonga. I bought the charcoal Popcorn machine and remained with only 60,000Shs to rent a place and to buy supplies. I decided to work from a friend's front door (a boutique of an entrepreneur in our group) and used the 60,000shs to buy supplies and started business. I was overwhelmed by customers and by the time of lock down almost everyone in Kalonga knew about my business, I continued making Pop corns inside my house and people still came for them because they are affordable (starting at 500Shs a person can have some to eat) . I make between 10,000shs to 20,000shs profit per day. In a period of 4months, I have bought a second Charcoal popcorn machine and employed someone to work and also completed my group savings". said Shawin*



**Shawin's Employee with the popcorn machine**



*"I am thank full that finally the government allowed the saloons to operate. I had just procured my saloon stock in March when the government directed businesses to close. I never stopped attending my salon during the lock down, Yes I closed the door of the business but I kept on going to work every morning and sat on a stool besides my hair salon, people greatly feared to come to salon In the fear of corona virus and I only registered one to 4 heads per week from the 6 to 10 heads I used to register on a daily. A few of the customers called me to work on them from their homes and this gave me an idea of having a mobile salon. Generally, people had no money to spend on hair, secondary they feared corona and thirdly there was no way of meeting customer needs because there was no way of getting new stuff. Right now after easing the lockdown business is picking slowly and customers are coming and I can work on at least 2heads per day. Though its all like that, I have not stopped saving with our group on every amount I get as I also save for rent.". Said Prossy*



*"I have not been affected much by the lock down because I do farming. In my own opinion, Its evident that there is a 40% chance of having a good harvest if a farmer depends on rain seasons in our community. And for that reason I decided to grow vegetables on small scale so that I can water the garden. Currently I have 25decimals of tomatoes that will be due in about 3 weeks and I expect a great harvest. I have a challenge of not being able to save on a weekly or monthly as some members were doing because I get money seasonally but still I clear the dues". Said paul*



## **4.0. Challenges**

The overall challenge has been the delay in commencement of business by 5 beneficiaries due to failure to secure space, inflation and poor weather. These have been addressed as follows;

Searching for alternative space among a number of land lords has yielded positive results as far as accessing business space is concerned.

Stocking goods in bulk is addressing the issues of inflation in that the goods are gotten at a discussed while poor weather is being addressed by preparing for the second season

## **5.0. Lessons learnt**

- I. It is very important to acquire a number of skills and knowledge in that this increases one's ability to engage in a number of livelihood opportunities, hence being able to survive at all times including moments like the stay home restriction that saw a number of businesses closed and peoples' movements restricted. while some peoples' businesses have collapsed, people like Amos, Aisha and Micheal have not only continued to run but also diversified their businesses to adapt to the new normal using their extra skills and knowledge.
- II. There is need for a contingency fund to support the beneficiaries when faced with challenges beyond their control such as the outbreak of COVID 19 and its impact that has significantly affected most businesses. This contingency fund can among others be used to boost the businesses in form of restocking and diversification.
- III. Need for continuous entrepreneur trainings to equip beneficiaries with more skills so as to increase on their engagement in other livelihood opportunities in the new normal as a result of COVID 19 impact. Topics of discussion could include online marketing, packaging, delivery channels etc.

## **6.0. Recommendations**

- I. Need for continuous entrepreneurship training and mentoring of the beneficiaries so as to equip them with a number of skills and knowledge to continue thriving by maximizing livelihood opportunities even when faced with challenges like COVID 19 lock down measures.
- II. There is need for a contingency fund to support the beneficiaries when faced with challenges beyond their control such as the outbreak of COVID 19 and its impact that has significantly affected most businesses. This contingency fund can among others be used to boost the businesses in form of restocking and diversification.

## 7.0. Conclusion

In conclusion, amidst all the challenges faced as a result of the negative impact of the closure of businesses and stay home restrictions as a means of preventing the spread of COVID 19 starting from 22nd March to end of May 2020, the micro loans project is gradually progressing with overwhelming evidence towards the realization of the overall project objective of meeting the severe needs of the most vulnerable people affected by biting poverty, increased standards of living and high level of unemployment in a way that builds resilience, hence Households self-reliance and economic development in Kalonga Village in particular and Mubende District and Uganda in general.

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