

## **An evaluation of the contributions of FINCA to the economic welfare and poverty alleviation in Kampala central division**

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### **ABSTRACT:**

The purpose of the study was to evaluate the extent to which FINCA (U) Ltd as a Micro Finance Institution has contributed to the economic welfare and poverty alleviation to the people of Kampala Central Division. Despite FINCA being successful in lending money in form of loans to the people of low income, there is still a noticeable high incidence of poverty among the people of Kampala Central division. The objectives of this research therefore were to assess and establish whether FINCA (U) Ltd contributed to the economic welfare of the people in Kampala and find out how it has contributed and to identify the strategies on how to improve its performance. The study examined the beneficiaries who were customers for the years (2002-2006). In the methodology, the before and after study design has been used. The design was used to evaluate and assess the contributions of FINCA (U) Ltd and the changes on the people's welfare. Interviews, questionnaires and personal observations were used to collect vital data. The data collected was basically from primary and secondary sources. The data was categorized and analyzed under different sections according to objectives and finally coded and tabulated. The findings of the study were that FINCA (U) Ltd had made remarkable contributions to the economic welfare of the people in Kampala central. It was also established that as a result of the people (clients) receiving money in the form of loans their consumption of the most important needs in the improvement of their standards had changed compared to the past. The study further established that accessibility to credit facility had tremendously provided economic activities in the area hence the economic welfare and at a certain degree poverty alleviation.

The recommendations were that macroeconomic welfare to exist the macro-economic environment and political climate must be favorable for a development of sustainable MFI operations of which FINCA (U) Ltd is no exceptional if large scale operations are to be strengthened. Also, Bank of Uganda Government and FINCA (U) Ltd should continuously extend sensitization programmes to cover persons including low income earners about

savings and borrowing in small size which will increase deposits and also foster economic welfare in form of increased economic activities and improved standards of living and the welfare of the population.