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## Income Generation in the Nakanyonyi SACCO Community: Case Study of Community-Based Development in Jinja, Uganda

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## **Income Generation in the Nakanyonyi SACCO Community: Case Study of Community-Based Development in Jinja, Uganda**

### **Abstract**

To involve students in community-based development, the Foundation for Sustainable Development (FSD) sends students to intern at organizations in various countries, where they work with the community to complete a project based on local priorities. This case study details the experiences of three interns at Nakanyonyi Savings and Credit Cooperative Organization (SACCO) in Jinja, Uganda. The interns and organization developed and implemented an income-generating project, connecting individuals in different parts of the community to create a hairdressing salon and training school that teaches youth job skills. They also helped train locals in basic financial literacy skills and helped increase familiarity with the SACCO. The case study explains the project, challenges, outcomes, and future opportunities.

### **Context**

#### Community

Bugembe is a small town located about five miles from Jinja Town, the second largest city in Uganda. It has several neighborhoods, including Nakanyonyi, Wanyama, and Wanyange. Bugembe, like other towns in Uganda, has a very high unemployment rate amongst people aged 15 to 24: estimates by for youth unemployment in Uganda range between 62% and 83% (Mwesigwa, 2014). Unemployment prevents many people from saving money, as families must rely on limited financial resources to buy day-to-day necessities, leaving them incapable of putting earnings away for larger expenses or emergency situations.

Many individuals in the region have grown mistrustful of organizations which claim to help them with their finances. Over the past decade, several companies have taken advantage of locals by gathering their money under the pretense of creating a bank account for them, later shutting down and keeping the money. In other instances, banks intended to help the community but failed and were unable to return individuals' assets; Uganda experienced eight such bankruptcies during the 1990s and early 2000s alone (Tumusiime-Mutebile, 2012). Fearing further bank closures, some individuals try to save money in their own homes, but it is often stolen or lost as individuals who have hidden money pass away before they can tell their family members about the money.

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### Nakanyonyi SACCO

In 2011, in response to failing banking institutions in their community, a group of staff at Nakanyonyi Primary School in Bugembe created a small savings organizations to save and loan money amongst themselves due to the lack of reliable banking institutions in the area. Sixteen years later, the Nakanyonyi Savings and Credit Cooperative Organization (Nakanyonyi SACCO) opened to the public; today, it has approximately 2,000 members. The main goals of the SACCO are to help individuals save for school fees, invest in their businesses, improve their dwellings, and prepare for emergencies. Since the Nakanyonyi SACCO is a community-based organization, it frequently partners with local organizations to extend its reach within the area and achieve these goals.

### **Foundation for Sustainable Development**

The Nakanyonyi SACCO accepts international interns from the Foundation for Sustainable Development (FSD), an international organization headquartered in California. It has offices in various locations throughout the world, including one near Bugembe, and places interns at organizations in the surrounding communities. Prior to beginning work at their organizations, all interns are trained in FSD's values and goals, one of which is sustainability. Sustainability entails that as interns work on projects in their communities, they rely on the assets of the communities themselves, rather than from international organizations; it also requires that the communities can continue the project themselves after the interns leave.

The offices at each of FSD's locations have staff members who work with community organizations such as the Nakanyonyi SACCO in order to support development work. They track intern progress to ensure that the project is proceeding according to plan and meets sustainability requirements. In addition, they help international interns adjust to the new environment and their work in the organizations.

### **GESI Team**

We—Karolina Skarzynska, Callahan Corcoran, and Maxwell Dean—are a group of three students participating in Northwestern University's Global Engagement Studies Institute (GESI). We were placed at the Nakanyonyi SACCO in Bugembe, Jinja, Uganda. Our goal is to cooperate with the community to create a project based on its own values and priorities and which met FSD and GESI standards of sustainability.

### Assets

#### Community

- Land and buildings
- Skills in various income-generating activities
- Knowledge of profitable activities
- Connections within the community

### Nakanyonyi SACCO

- Assets from which they draw to lend out money and fund projects
- Connections within the community
- Knowledge of information about the community
- Understanding of banking and savings cooperatives

### GESI Team

- Experience in finance and technology
- USD 600 (UGX 2,100,000) seed fund from FSD to use for the project

### **Planning Project**

Introduction to Community: At the beginning of our internship with the Nakanyonyi SACCO, our supervisor introduced us to a series of organizations with which they were working to reach more individuals within the community. Many of the individuals in these organizations spoke Lusoga, rather than English. This formed a communication barrier as we could not speak directly with community members, but our supervisor spoke both languages and was able to translate during our conversations. We met with four groups of people: women at the Wanyama market, two Boda-Boda Associations, and the Wanyange Youth Empowerment Center (WYEC).

Wanyama Market: Wanyama, a neighborhood of Bugembe just southwest of Nakanyonyi, is comprised of homes surrounding a central street lined with shops where a group of women sit during their free time. Many of these women are unemployed or take on odd hard labor jobs, such as digging holes.

Several women told us they wanted to start a business, but faced obstacles in doing so. One of them remarked that she was very experienced in farming and would want to grow and sell produce, but could not due to her deteriorating health and lack of initial capital to start a shop. She wanted to open a storefront in the main Bugembe market, but doing so would entail costs such as obtaining a stall in the marketplace, as well as buying farming equipment, land, and seeds, none of which they had.

Boda-Boda Associations: Boda-bodas are motorcycles which local men use to drive people around for a fee in a system analogous to the taxis found in many countries. Groups of boda-boda men organize around stages, which are stops along main roads, in associations named after the stages where they are located.

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We met with the Wanyama and Wanyange Boda-Boda Associations. Each association was highly organized, with a director and leaders assigned to specific tasks. Both associations had programs in place to help their members financially. The Wanyama Boda-Boda Association had a group account with the Nakanyonyi SACCO to which their members regularly contributed and used some of their collective funds to help the families of association members who had passed away from AIDS. The Wanyange Boda-Boda Association also saved money as a collective, but they did not do it with the Nakanyonyi SACCO because they believed its interest rates on loans were too high. The Nakanyonyi SACCO's interest rates are about average for community-based savings groups, at 3% per month, but the association was not willing to pay them, so they decided to form their own fund for loans. They were in the midst of a five-year plan to collect money from their members on a weekly basis, which would then be used to provide loans to their members.

Wanyange Youth Empowerment Center: WYEC trains teenagers and young-adults in income-generating activities in order to decrease youth unemployment. When we met with them, they were involved in juice-making, jewelry-making, painting, cobblery, and rug-making. Currently, individuals would go door-to-door selling items, and they wanted a storefront or stall in the market so that they could more effectively sell their products. They also wanted to open a vocational training school so that they could train others in the area in these skills, while making money by charging tuition.

### **Partner Organization Decision**

Though the Nakanyonyi SACCO works with many partner organizations, including the three aforementioned, our project could only focus on one of them in order to maximize the impact of our resources and abilities. Thus, the first step of developing a work plan was deciding with which organization we would work.

Ultimately, we decided not to work with the women in the Wanyama market because the projects they wanted would require startup capital and little else on our behalf. Additionally, the women in the Wanyama market did not meet together regularly or have a structure amongst themselves, and if we were to work with them, we would have had to try to organize a group of individuals who may be unable to work with each other.

We also decided not to work with the boda-boda associations because they already had an established organization with their own projects which had already been fully implemented. Additionally, our supervisor and the SACCO manager expressed that they wanted as part of our project for the organization with which we worked to open an account with the SACCO, but the

Wanyama Boda-Boda Association already had an account, and the Wanyange Boda-Boda Association had their own savings group and was uninterested in opening an account with the Nakanyonyi SACCO.

WYEC had a strong organizational structure and a plan for what they wanted to develop in their organization. During our initial meeting with them, they had pitched a few potential ideas, such as a hairdressing vocational school and agriculture, and they already had a background in these skills and had many connections in the community who could help with these projects. The Nakanyonyi SACCO manager and our supervisor also knew individuals who could help. It seemed that we would have the most impact working with WYEC, so we decided to proceed with this partner organization to create a sustainable project that incorporated their and our own skills and resources.

### **Planning Project**

Choosing income-generating activity: When we first met with WYEC, they expressed that they were most eager to begin an income-generation project that would allow them to expand their organization. We met with them a second time in order to discuss the specifics of the plan. The center had several ideas: developing an agriculture department for the organization, including growing various vegetables and rearing animals such as goats and chickens; expanding the income-generating projects they currently had; and building a vocational hairdressing school.

Our team knew little about agriculture, and the center did not have enough land for a farm, so we decided against the agriculture project. In order to expand the projects they currently had, they simply needed more capital to buy specialized tools. We decided to proceed with the hairdressing school due to the high demand and strong potential for generating income for the center with the hope that, once the hairdressing school generated income, they would be able to purchase the specialized tools for their other departments.

Two of the women members of the center already had some knowledge of hairdressing, but they would need additional skills, specifically bridal styling and a specialized form of hairstyle known as pencil braiding, in order to teach hairstyling as part of a vocational training school. The members of the center also discussed a possibility of providing manicure and pedicure services at the hairdressing center. One member already had those skills, so we knew that he would be able to teach others how to provide those services.

To create the vocational school, we would have to improve the professional image of WYEC and

develop the members' skills in hairdressing. The primary tasks of the first goal were plastering the walls and smoothing the floors, as well as creating a sign for WYEC. The organization members had the necessary construction and painting experience, and knew people who would help them acquire materials at a discounted price so that we could stay within our budget. For the second goal, since none of us were familiar with the specific styling that WYEC needed, we decided that we would find a professional who would be able to teach them.

Trainings: Our supervisor at the Nakanyonyi SACCO approved of the project and helped develop the plan for its implementation. We also wanted to meet with the manager of the SACCO in order to gain her support, but she was a bit more wary of the idea. She had imagined that our role would be to participate in what she called "trainings" for the community in order to convince individuals and groups to sign up for accounts. We met with her to say that this project would not satisfy GESI and FSD's, as well as our own, value of sustainability. The organization had hosted trainings several times before; though we may have been able to help with some of them, it would be impossible for us to do so once we left country. The manager argued that the project would be sustainable because it would have effects that lasted after we left.

After some conversation, our group realized that the conflict was caused by our different understandings of the word "sustainability;" while we defined a sustainable project as one that the organization could continue without us, the manager believed it to be a one-time event that had long-lasting impacts. When we discussed this, the manager still wanted us to perform the trainings regardless, so we decided to perform them to a smaller scale. We knew that the training could not become our entire project because it would not satisfy our value of sustainability, but decided to incorporate it as part of the project with the WYEC.

The SACCO manager knew a speaker from a national organization of savings cooperatives who had presented at previous trainings and whom she wanted to present at the training we organized. We met with him and he told us about the content he typically presented at trainings. He said that it would be best if we attended and participated in the trainings in order to help publicize them. We had noticed that information on budgeting and bookkeeping was missing from the training and asked if we could present about that since we knew about it, and the speaker agreed that it would be a good idea for us to do so.

### **Implementing Project**

Training: Since Callahan had the most experience in financial matters, she developed a curriculum on basic bookkeeping. The module included instructions on how to make and keep track of budgets for individuals, families, and businesses. It also delivered information on the

positive impacts of bookkeeping, catered toward their interests: for example, we noted that tracking value added to goods sold in the market and initial and final selling prices could help determine profitability of different business ventures. We also explained that bookkeeping and other simple financial training could help people become more financially stable and would allow them to save for larger expenses such as school fees.

We held three trainings for the community. The trainings were well-attended, with over fifty community members listening to the information presented at each training. We delivered our bookkeeping module at each training, and our supervisor helped translate it into the local language so that attendees could understand.

Vocational school: We met with a hairdresser in Wanyama whom we had met when we first arrived in Bugembe and asked her if she would be willing to train people from the WYEC in hairdressing in exchange for payment. The Wanyama hairdresser agreed, and we decided that she would train one woman who would train the others at the association after she learned in order to cut down on costs.

We then began planning and building the hairdressing vocational school. After meeting with WYEC to create a list of items that would need to be purchased, we first planned to travel to Kampala, the capital of Uganda, to buy items at a lower cost. However, we realized that it would cost a significant amount of money just to travel to Kampala, and decided that it would be just as money-efficient and far more time-efficient to buy materials in Jinja Town.

We began construction by purchasing materials at a discounted rate from a vendor whom the leaders of the center knew. They also knew a construction director who volunteered his time to oversee the project and help with building. Several of the members of WYEC had construction experience, and we all worked to even and plaster the walls and even the floor. One person also fixed a gap in the roof, and WYEC painter created a sign for the vocational school.

### **Outcomes**

We hosted three trainings about the Nakanyonyi SACCO and benefits of savings for WYEC and surrounding community. The trainings encouraged individuals to open accounts with the Nakanyonyi SACCO in order to keep their money secure and access loans.

We were able to improve the professional image of WYEC by plastering the walls and evening the floors so that they could attract students and customers to the salon. The center had already signed over a dozen people up for hairdressing classes by the time we were leaving the country,

and were planning to start the classes soon. The hairdresser from Wanyama is in the process of training the woman from WYEC. Many of the other women from the center had also been practicing their skills separately so that they can learn more quickly once the representative who was sent to the Wanyama hairdresser has completed her program.

When we were working on the vocational school, the director of WYEC expressed that he thought a website might be helpful to advertise the school to others. I had experience building websites, so I created a website for the center and its vocational school. The website had no setup or maintenance costs, which meant that the center can use it without concern that it has to pay bills.

### **Conclusion**

Reflection: Our team was pleased with the success of our project, and the feedback we received from the Nakanyonyi SACCO, WYEC, and FSD indicated to us that they were equally pleased. During our time in Bugembe, we were able to expand the presence of the Nakanyonyi SACCO, inviting new members, and train many people in the community in basic financial literacy skills. We also connected a woman from the WYEC with a hairdresser who can teach her advanced skills, and enabled her to soon pass her skills on to other members of the WYEC, increasing overall income generation through hairdressing and other skills.

Our team had a valuable experience in Bugembe: we learned about community banking and finance from our supervisor at the SACCO, development work from FSD, and Ugandan culture from our host families and communities. We remain in contact with many community and host family members to share project and personal updates. Through these contacts, we have learned that the project is progressing well: a great number of people have signed up for hairdressing courses, and the members of WYEC are excited to further develop the vocational school.

Future Opportunities: As the training attracted many individuals to the Nakanyonyi SACCO, those individuals are able to save money in their accounts. Savings brings countless benefits to the people who open accounts, the SACCO, and the community at large, including increased wealth and economic security. The SACCO requires its members to hold accounts for a certain amount of time before they can access loans; once that time passes, the members will unlock the extra benefits of loans.

Once the representative hairdresser completes her training in advanced hairdressing techniques, she will be able to teach other individuals at WYEC these skills. The center will be able to generate income by offering hairdressing services to the community, and will also be able to make money by offering courses in hairdressing. After some time, they will be able to start

offering classes in some of the other skills they possess (e.g., juice making, cobblery) and will be able to sell some of the products they make in the salon.

After WYEC generates sufficient income, it hopes to expand its vocational school. The organization owns a plot of land on which it hopes to build an expansion to their current building which could be used to hold additional classes and income-generating projects. WYEC's long-term goal is to create a shop in the market, the busiest part of the village where many individuals go to purchase items. Increasing the number of people who see their goods would likely increase their revenue.

The center hopes to acquire more advanced tools that could help them produce higher-quality goods. Additionally, the center is also interested in expanding their farming and animal husbandry projects. Currently, the center has a small garden and a few chickens, but they could make more money by expanding the land on which they could farm, and purchasing and building shelter for larger animals such as goats.

### **Acknowledgments**

I am grateful to Callahan Corcoran and Maxwell Dean, my intern team members at the Nakanyonyi SACCO, as all of the project was developed and implemented together with them.

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