

# **Contribution of Village Saving and Loan Association (VSLA) to Household Welfare Improvement in Bala Sub-County, Kole District, Uganda**

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The study was conducted to examine the effect of VSLA loan activities on poverty reduction in Bala Sub-County. Specifically, the study examined the effect of lending modality on the household welfare improvement in Bala Sub-County, assessed the effect of financial literacy on the household improvement in Bala Sub-County and assessed the effect of small business financing on the household welfare improvement in Bala Sub-County.

The study employed cross sectional design and the approaches used were both quantitative and qualitative; the sample size of the study population was 110 respondents comprising of members of VSLA in Bala Sub-County, the District Commercial Officer and Community Development Officer. From the target population of 110, a sample size of 86 respondents was determined using Krejcie and Morgan. Simple random sampling and purposive sampling techniques were applied to sample the respondents. Questionnaires were used to collect quantitative primary data while interview guide and Focus Group Discussion was employed to collect qualitative data. Data analysis was done using the help of the SPSS version 23. Correlation coefficient was used to test the strength and the direction of the relationship between the variables.

The findings of the study revealed that household welfare was positively and significantly correlated with lending modality, financial literacy and small business financing. Finally, the results of the regression revealed that VSLA lending modality, financial literacy and small business financing all had a positive significant effect on the level of household welfare hence poverty reduction among members of VSLA in Bala Sub-County.

Based on the findings, the study concluded that all the credit activities of the VSLA that were studied by the researcher affect the level of household welfare among the members of the VSLA in Bala Sub-County.

The study therefore recommended that government should support the VSLA activities as it is playing a big role in reducing the level of poverty among the poor people at the grassroot level who can not access credit facilities from the formal financial institutions in Uganda.