

**THE RELATIONSHIP BETWEEN INCOME GENERATING ACTIVITIES  
AND PERFORMANCE OF MICRO CREDIT SCHEME IN REFUGEE  
SETTLEMENTS IN ARUA DISTRICT**

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## **ABSTRACT**

This research focused on establishing the relationship between income generating activities, micro credit scheme administration and performance of micro credit scheme in a refugee settlement in Arua District. A conceptual framework was developed using the indicators of the two variables. The researcher reviewed literature about income generating activities, micro credit scheme administration and performance of micro credit scheme. The research used a longitudinal and explanatory research design. Pearson's correlation and regression statistical method was used to determine the relationship between income generating activities, micro credit scheme administration and performance of micro credit scheme.

The study revealed that, there is significant positive relationship between small scale business, services activities and performance of micro credit scheme in terms of client numbers. While there is significant negative relationship between initial capital, disbursement time and performance of micro credit scheme in terms of percentage. The research results asserted that, if small scale business and services activities are financed, performance of micro credit scheme in terms of clients numbers will be enhanced, while high initial capital requirement, delay in disbursement time after approval will adversely affect the performance of micro credit scheme in terms of percentage. Therefore the study recommends that selection of income generating activities to be financed is based on objective appraisal, while the micro credit scheme management should charge reasonable initial capital and make timely payment once micro credit funds are approval is given.

Finally, further research areas were also highlighted that a study should be undertaken in a refugee settlement in another District in Uganda or outside Uganda which are engaged in

providing similar services to the refugees in order to see the impact at different locations or Countries.