

Jailing PDM defaulters undermines poverty fight

Recently, the media was awash with reports that several districts had issued instructions directing that Parish Development Model (PDM) loan defaulters be arrested and jailed if they failed to repay the money they received.

Around the same time, the President also warned that those who default on PDM loans could be sent to prison farms to work for months as punishment.

While such statements may be intended to enforce accountability, imprisoning defaulters risks undermining the very objective for which the PDM was created.

The PDM was introduced as a flagship government programme to support poor households across Uganda's 10,594 parishes. Through parish Saccos, beneficiaries receive about Shs1 million as a revolving fund meant to finance income-generating activities such as crop farming, retail trade, or small enterprises.

Its main goal is to move 39 percent of Ugandans from subsistence farming into the money economy.

However, loan recovery has remained a challenge. According to various government reports, recovery rates stand at about 49 percent in many areas, with thousands of beneficiaries failing to repay their loans on time.

The reasons for default are varied. In many communities, some beneficiaries misunderstood the nature of the PDM funds.

Because the programme was strongly associated with political messaging during its rollout, a section of the public perceived it as a government gift rather than a revolving loan. As a result, some households spent the money on consumption instead of investing in productive activities.

Other beneficiaries genuinely attempted to invest the funds but faced challenges beyond their control. Climatic shocks such as droughts and floods have disrupted agricultural production in several districts.

Fluctuating market prices have also affected small businesses and farmers who relied on the funds to start enterprises.

Governance challenges within some parish Saccos have also contributed to the problem. In some cases, allegations of poor vetting, favouritism, and even extortion by local officials have affected how funds were distributed and managed, making it difficult for beneficiaries to run viable projects and repay their loans.

Against this background, the proposal to jail defaulters raises serious concerns. Imprisonment does little to solve the economic problems that caused the default in the first place. Instead, it risks pushing already vulnerable families deeper into poverty.

When a household breadwinner is sent to prison, the family loses its main source of income. Children may drop out of school, farms remain unattended, and small businesses collapse.

Rather than recovering the money, the system may end up worsening the economic hardship of the very households the programme intended to uplift.

Fear of punishment could also discourage communities from participating in government livelihood programmes in the future.

Development initiatives work best where there is trust between citizens and institutions. Turning a poverty-reduction programme into a punitive system risks weakening that trust.

This does not mean accountability should be ignored. PDM funds are public resources and must be managed responsibly. However, there are more constructive ways to improve repayment without criminalising poverty.

For instance, loans could be restructured for beneficiaries who faced temporary setbacks such as drought or market shocks.

Strengthening oversight at the parish Sacco level is also critical. Training Sacco leaders in financial management and loan appraisal can ensure funds are given to beneficiaries with viable business plans.

Government could also introduce incentives for compliance. Beneficiaries who repay on time could qualify for larger loans, encouraging a culture of responsible borrowing.

The PDM remains an important opportunity for Uganda to tackle rural poverty. Its success, however, will depend on balancing accountability with support for the people it is meant to serve.

Ivan Munguongo, ivanmungu12@gmail.com