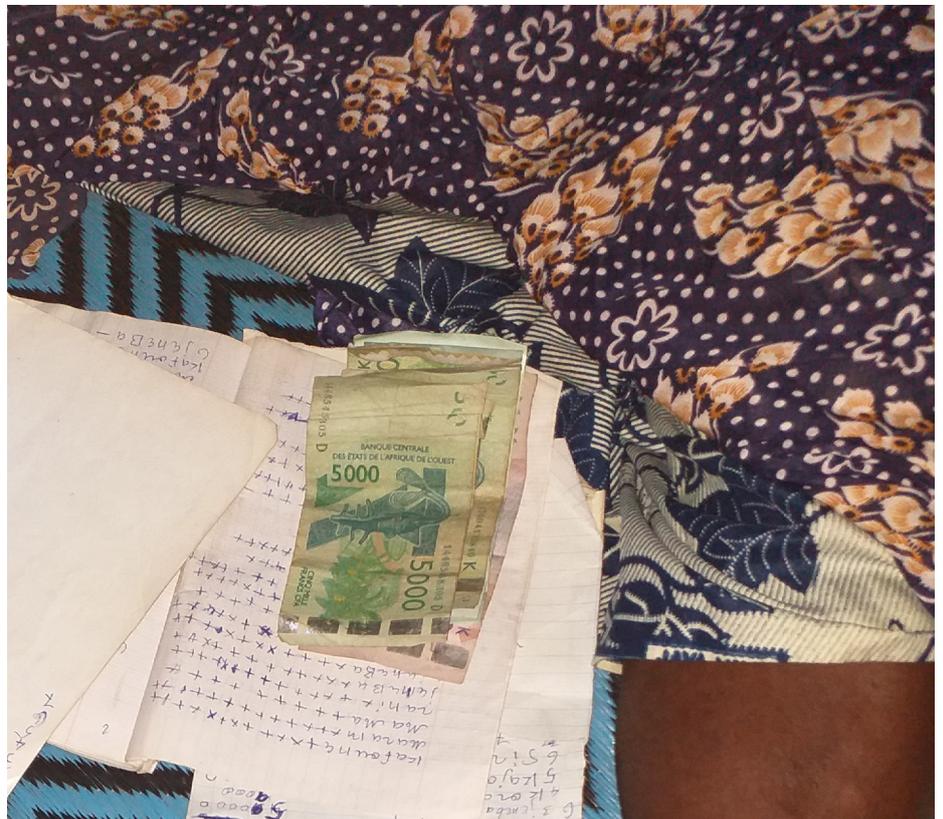


# LIFT

Low-Income  
Financial  
Transformation



## Final report The Long-Term Performance and Evolution of Savings Groups

Prepared for SEEP Network

## FINAL REPORT

### Long-term Performance and Evolution of Savings Groups

This report was developed by L-IFT in partnership with the SEEP Network and FSD Africa.

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# Abbreviations

ASCA	Accumulating Savings and Credit Association
CBO	Community Based Organisation
CFA	The West African CFA franc (currency in Mali)
FSP	Financial Service Provider
GM	group meeting
IPA	Innovation for Poverty Action
L-IFT	Low-Income Financial Transformation
MFI	Microfinance institution
MIS	Management Information System
NBER	National Bureau of Economics Research (US institution)
NGO	Non-Governmental Organisation
RCT	Randomized Controlled Trial
ROSCA	Rotating Savings and Credit Association
SACCO	Savings and Credit Cooperative Organisations
SEEP	Small Enterprise Education and Promotion
SGELI	Savings Groups Evaluation and Learning Initiative
UGX	Ugandan Shilling (currency)
USD	United States Dollar (currency)
VA	Village Agent
VSLA	Village Savings and Loan Association

# Acknowledgements

The team leading this study is grateful to a large number of people. Particularly all the members of the Savings Groups that we studied, which were in fact more than 8000 women and men in nine Communes across two *Cercles* in Mali and nine Districts across three Regions in Uganda.<sup>1</sup> Thank you, group members, for hosting our team, for generously offering your time, experiences and insights.

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# 1. Executive Summary

**Scope of Study** This research examines the current situation of over 300 Savings Groups established in Mali and Uganda more than eight years ago.

**Methodology** The study revisited 308 randomly-selected groups established in 2010-2011, by Oxfam America in Mali and CARE International in Uganda. The research team conducted multiple interviews with each group, capturing different perspectives and experiences from group members, management committees, and chairpersons. The researchers tracked each group over the course of three months, which helped reduce the biases of a one-off visit and allowed the study to delve deeper.

**Group survival and replication** Both countries showed that the level of participation in Savings Groups continued at about the same level almost a decade after the groups were trained. However, the paths to this outcome were different in the two countries; Mali had higher group survival and less replication, and a slight decrease in members per group, while Ugandan groups survived less well but replicated more, and had a slight increase in average group membership.

**Table 1:** Group Survival and Replication Overview

Country	Surviving groups per 100 formed	Replicated groups per 100 current groups	Groups now active per 100	Membership per group at formation
Mali	78	18	92	22.5
Uganda	64	71	109	29.7
Country	Total membership at formation per 100 groups	Membership per group at present	Total membership groups at present	Increase or decline in membership in %
Mali	2250	20.8	1914	-15%
Uganda	2970	31.3	3412	+15%

Group survival rates may be lower in Uganda due to a substantially greater number of savings group promoters in Uganda, giving members a greater choice of groups to join.

**Group procedures** The groups mostly follow the procedures and rules of the methodology they were trained in. They mostly meet weekly, run their cycles for one year and lend savings funds out at substantial interest rates (10% per month in Mali, 5% or 10% per month in Uganda). Attendance at meetings has declined, a little in Mali (88% down to 78%) and substantially in Uganda (90% down to 50%).

**Group evolution and innovation** Only sparse methodological innovations and changes were discovered which often offered a solution to some members wishing to save (and borrow) more than others. In a few cases, groups started using both the ROSCA and ASCA methodology alongside each other. Other changes include that Malian groups have mostly started to keep written records although they were trained in an oral memory system. Another interesting development is that some groups meet daily (16% in Mali and 10% in Uganda). Some groups (27 percent in Mali and 8 percent in Uganda) initiated additional activities, such as joint production, bulk buying or bulk selling.

**Group performance** In the groups visited, financial performance is, on average, stronger today than in the first year of group existence. In both countries, the annualized savings per member, adjusted for depreciation, has increased from USD23 to USD25.44 in Mali and from USD56 to USD72.31 in Uganda.

Average outstanding loan has stayed practically the same in Mali, increasing from USD18.62 to USD19.15; in Uganda, the average loan has grown from USD45.23 to USD67.98.

Annualized returns on savings in Mali were unexplicably high. After removing three outliers it remains 79 percent, higher than would normally be possible and had substantially increased. In Uganda annualized returns on savings were modest (24%), had decreased by almost half and suggested that in many groups some returns had disappeared. In both countries one in five groups had negative returns, meaning they were making losses on savings. The study could not find good explanations of what caused these losses. Since this is putting groups at risk the issue deserves to be studied in more detail.

**Effectiveness of other programme components** In Uganda 40 percent of interviewed groups came from CARE's Banking on Change program in Uganda, which focused on financial linkages; 17 percent of those groups have an account at a financial institution. Among these groups, 40 percent have any savings in these accounts. Only a handful of the groups surveyed (4 percent) had a group loan.

Likewise, limited or no results could be identified for Savings for Change's efforts in Mali to increase women's representation in local government, a key additional component of that program.

**Cost effectiveness** The programmes surveyed had a strong focus on value for money and worked to create ‘minimum viable’ groups, that is, groups with just enough training to function, without wasting resources on superfluous training. They have succeeded: the facilitating agencies reported that the average cost per member was about 10 USD in Uganda and 20 USD in Mali, which is a very modest cost when considering the survival and replication rates and general sustainability of the groups.

**Groups’ desire for continued contact** The groups only received training and support during their first year. In the study it was found that nearly a decade after the training, most groups have retained their learning and still apply it. Nevertheless, the groups themselves expressed disappointment with the lack of follow up and several groups communicated that they felt abandoned.

**Savings Groups successful at providing long-term financial services at low cost** This study established firmly that the sampled Savings Groups that were formed in Mali and Uganda more than eight years ago on average, are in majority still active, have achieved significant replication, and have overall deepened the access to savings and loans as compared to year one. Members report that participation in a savings group improved their economic situation. Because the study lacked baseline data on economic indicators and a randomized control group, it could not establish whether participation in the sampled Savings Groups has positively impacted the economic and social situation of the members. However, there is a growing body of evidence that membership in Savings Groups provides benefits to members, as does saving at formal institutions; this evidence, combined with the fact that members apparently perceive enough value in the groups to stay in them for many years, strongly suggest a positive impact.

**Recommendations to sector stakeholders:**

- Concentrate efforts and funds on the core task of forming quality Savings Groups at scale. Do not curtail outreach or compromise quality by diluting efforts across multiple additional activities and goals.
- Focus improvements in savings group methodology on avoiding conflicts and non-repayment of loans.
- Respond to the groups’ call for some continued contact and support beyond the one-year training period.

**Recommendations for further research:**

Conduct additional research to overcome the gap in data and understanding identified in this study:

- the reasons one in five groups, across both countries, have negative returns, and the implications on group and member welfare.
- the causes and dynamics of group collapse and when this typically happens and how group collapse affects individual members’ access to Savings Groups;
- the developments over time of economic and social impact of Savings Groups.



## 2. Introduction

### 2.1. Background of the study

Since 2005 various local and international NGOs became increasingly active in forming and facilitating Savings Groups. This report refers to the organisations and people involved in Savings Groups together as the 'savings group movement'. The savings group movement attracted funding for increasingly larger numbers of Savings Groups across more and more countries, cultures and languages. An estimated 250 million USD<sup>2</sup> has been invested in multiple programmes and projects and a substantial part of those funds were spent in the period 2010-2015.

End of 2016 VSL Associates carried out their last survey of Savings Groups formed with funding from various international and local NGOs. This report identifies almost 14 million people had been trained by these dedicated projects. In addition many groups were formed by organisations not reporting to VSL Associates, including Savings Groups formed as part of multi-component programmes.

Most savings group facilitators limit the time they will work with groups to one year only. NGO projects have a duration of three to five years, and while many of them are designed to leave behind volunteer trainers, often called *village agents*, the village agents are not equipped to track groups in the long run. As a result, there is little or no long-term tracking of Savings Groups, and as a result there is little hard data on their long-term survival and performance. Most evaluations reviewed groups that existed for maximum two to three years and what happens after that period has mostly been unknown territory. While several large-scale independent Randomized Controlled Trials took place on Savings Groups in a number of countries, these also covered only a limited time period. They mostly looked at a period of two or three years, starting baseline immediately before first group formation commenced, resulting in the endline interview including Savings Groups' participants who had joined on average only one year before.

There is substantial anecdotal evidence that Savings Groups continue to exist for many years. Several qualitative small-scale studies have found that

Savings Groups have a good survival rate and some studies have found very large spontaneous replication rates of groups post-project.<sup>3</sup> However, no structural study on a representative sample of Savings Groups had taken place to investigate the long-term performance of Savings Groups. The evolution of these groups, namely the changes that members may introduce to their Savings Groups in the long-run had never been researched before. To address this vital information gap, SEEP Network commissioned the research company L-IFT to conduct the present study.

## **2.2. SGELI**

The Savings Group Evaluation and Learning Initiative (SGELI) is implemented by the SEEP network with funding and technical support from FSD-Africa. The project's objectives are to facilitate the creation, sharing and use of evidence for and among organizations supporting Savings Groups, to increase access to and use of appropriate financial services by vulnerable populations in sub-Saharan Africa.

## **2.3. Scope of this study**

The study investigated Savings Groups in Mali that were formed by Oxfam America, Freedom from Hunger and Strømme Foundation and Savings Groups in Uganda that were formed by CARE. The Mali programme was named Savings for Change. It concentrated on forming a large number of groups, reaching numerous villages and women. The programme focused on making the groups self-reliant as fast as possible and to contribute to women's empowerment. In Uganda the study selected groups from both Banking on Change, a programme funded by Barclays Bank and implemented by CARE and Plan International, which focused on forming groups at large scale and linking these groups to formal financial services; and SaveUp, the first project formulated and initiated by Access Africa, a decade long programme of CARE International designed to scale up savings group projects, and facilitate linkage to financial institutions.

During three months this study revisited a total of 308 randomly selected Savings Groups on average more than eight years old. The sample included 152 Savings Groups in Mali and 156 Savings Groups in Uganda which were selected through stratified random sampling. The groups were aged between seven years and four months and nine years and four months.

In Mali the groups were from the Cercles Kolondieba and Bougouni in the region Sikasso. The specific communes were Kolondieba (54 groups), Kebila (22 groups), Dogo (22 groups), Zientibougou (22 groups), Kadiana (22 groups), Sido (10 groups).

In Uganda the sample included groups from the following districts: Iganga (37 groups), Busia (26 groups), Rukungiri (15 groups), Bushenyi (19 groups, some of which are now in the new district named Sheema), Tororo (13 groups), Bugiri (13 groups), Kanungu (13 groups), Kamuli (13 groups), Bulweju (7 groups).

## **2.4. Structure of the report**

This report is organized in six sections. The executive summary (section 1) provides a synopsis of the study approach and findings. Section two (Introduction) gives the background of the study, the importance, scope and structure of the report. Section three describes sampling and other aspects of the survey methodology. Section four, findings and analysis, is the body of the report. The final section includes recommendations and a discussion of the implications of these findings.



## 3. Methodology

### 3.1. Methodological components

The study used nine primarily quantitative survey instruments which called for visiting and revisiting the groups over a period of three months. In total 12 surveys were administered to each sampled group<sup>4</sup>; the repeated visits minimized the common tendency “to please the visitor”, provided an opportunity to gain the confidence of from less outspoken members, built trust to encourage groups to talk about sensitive issues, and allowed the research team to verify impressions and resolve apparently aberrant data. The mix of group observation, small group surveys<sup>5</sup> and individual, one-on-one (survey based) interviews helped the researchers to collect findings from observation, from the dynamics and opinions of small group discussions and from the more intimate one-on-one interviews.

One instrument, the Census, was active for the entire three months as researchers gradually added information about any groups (active or not) discovered in the sampled villages.

In both countries the field-work took three months and each group was visited about six times during this period.

**Table 2: Survey instruments**

<b>Instrument</b>	<b>Respondent(s)</b>	<b>Purpose</b>
Intake	Two to three from the group, usually including chairperson	Basic, factual records about the group, its history, and the methodology used.
Chairperson	Chairperson	Personal history of the chairperson, group's operations, external relationships, replication, innovation
Record-keeper	Record keeper	Group financial records, financial linkages, technology usage, triangulation of chairperson's info
Group meeting 1	All group members observed during meeting	Group's operations from observation including money management, loan applications, implementing fines
Group meeting 2	First all group members observed during meeting, then small group of members stay on after the meeting (non-committee encouraged to stay on) to answer questions after meeting	First part of questions is same as group meeting 1 with added questions: Group's external relationship, group's activities, group's representation in local government and motivation joining savings group of this methodology
Group meeting 3	First all group members observed during meeting, then other small group	First part of questions is same as group meeting 1 with added questions: group's constitution, governance, rules, fines, records and challenges, group meeting frequency, duration, perceived impact
Individual	Group members (mostly non-committee)	Personal experiences and comparative assessments of VSLAs, bank accounts and mobile money
MIS	Usually: Record-keeper, chairperson and others involved in managing the money (key keepers)	When the programmes were running (first cycle) the training organisations used to collect management information system (MIS) data about all groups. This research collected the current data in almost the exact same form. Data on the financial performance of the group including the individual members' status of savings and loans
Census	Village at large	Tracing how many groups there are altogether in the village and what origin these groups have and what methodology they use (ROSCA (Rotating Savings and Credit Association), non-distributing ASCA (Accumulating Savings and Credit Association), distributing ASCA, other).

To the extent that we collected as much of the same data in the same way as the facilitating agencies that originally formed the groups, this

can be considered a longitudinal study. However, the present study asked many questions and collected much data for which we did not have any baseline comparison data. An advantage of this study is that the groups were left alone for 8+ years and were never told that they were in any way representative or special. Sometimes longitudinal studies are contaminated by yearly visits by program staff who inevitably support the groups technically, and make them feel important by telling them that they were chosen to represent other groups.

### **3.2. Data measurement and indicators**

All financial indicators are calculated based on the VSLA Management Information System (MIS), the most widely used MIS in the sector. This measurement system was also used by the three programmes from which the studied groups were sampled. This facilitated comparison of present data to the baseline data.

The baseline data, usually referred to as “year 1 data” in the text, is in most cases the first cycle MIS data collected by the programmes. However, in some cases the data may be for the second cycle. Particularly in Mali the programme continued collecting MIS data beyond the first year.

MIS data are collected in local currency. In this report, we have converted all amounts to USD at the exchange rate that was in effect when the data was collected. As a result, the report does not reflect inflation, but does control for the relatively high volatility of the local currencies.

Annualized savings in the MIS used by the projects, and in this report, are computed by taking the total savings of a member or a group on a specific day and multiplying this by 365 divided by the number of days since the savings cycle started. (For instance, if the group has been saving for 84 days, the annualized savings would be computed by multiplying the amount saved by 365/84.) A similar calculation is carried out to annualize return on savings.

### **3.3. Sampling**

The sample was selected from the entire original MIS data (see above in section 3.2.) from three projects that had formed Savings Groups in the years of 2010 and 2011. As a result, the groups were between seven years and four months and nine years and four months of age when the study started. The projects were the Savings for Change project in Mali, implemented by Oxfam America, Freedom from Hunger, and Stromme Foundation, and in Uganda the Banking on Change project implemented by CARE and Plan International and the SaveUp project, also implemented by Access Africa, a program of CARE. In both countries, the field work was carried out by local partner organizations.

The study stratified its sample taking into account the distances one researcher could cover, maximizing the number of local partner NGOs, and within each NGO, choosing groups from a range of trainers.<sup>6</sup> See Annex 2 for the details of the sampling and the steps to derive it.

The first sample consisted of 156 groups in Uganda and 152 groups in Mali which informed about the survival rate in each location and each country. Each group in the first sample that had collapsed was replaced by the next surviving group listed on the random list for that location to achieve the total of exactly 308 groups.<sup>7</sup> The replacement of groups introduced a survivorship bias for the findings on how groups function currently. For the survival rate and rate of stopped groups no survivor bias exists, since for these indicators only the original sample was considered. In Uganda not all interviews could be completed on the 156 groups identified; in particular, baseline MIS data was only available for 135 of the groups.

### 3.4. Implementation schedule

The study was implemented between mid January and end of October 2019. The design phase lasted until early April. The field implementation started mid April and lasted until early August. Data analysis and report formulation continued until mid January. See Annex 3 for details of the field work implementation.

### 3.5. Challenges

As does any field work, the study encountered some challenges, presented below, along with the strategy for mitigation:

**Table 3:** Challenges and mitigation

Challenge	Mitigation
Tracing the groups and establishing whether they were still in existence. This was a time-consuming affair and some groups were only found after weeks of field work. Some groups that had broken up pretended to still exist as they expected benefits would come from the study.	The methodology with repeated visits to the same village and consulting different people to trace the groups, ensured that all groups could be found in the end. Those groups that pretended to be active could not keep up the pretence beyond one pretend meeting.
In some cases, it was difficult to establish whether a group was the original group, or a new one. Not only did groups change names, some groups also had completely changed membership.	For each group the researcher and supervisor took a considered decision. The lead element in the decision was whether the group had existed continuously regardless of membership changes. If the group had collapsed and restarted we accepted the group's opinion of whether it was in fact the same group.

Challenge	Mitigation
<p>The group survival rate was quite different in the samples assigned to different researchers, undoubtedly due to local circumstances and culture or the competence and professionalism of a specific trainer. As a result, some researchers had to spend considerably more time on the task of tracing their groups and identifying replacement groups.</p>	<p>All researchers working in areas with higher collapse rates received extra support from the supervisor and were sometimes given extra time to complete the interviews. In one case in Uganda the rate of collapse was 85%. This researcher was moved to a different location and assigned a completely new sample of groups. (The original sample of 13 groups is included in the survival rate, not the replacement).</p>
<p>Some groups resisted the study, either refusing to participate at the beginning of the study, or, even more complicated, refusing to participate later into the study. This often occurred at the moment the researchers asked for savings data and the balance in the cash-box and resulted in an overall reduced sample: 135 results for the MIS data (instead of 156) and only 136 responses to group meeting 3 for Uganda.</p>	<p>Many of the groups who originally did not want to participate were eventually convinced to take part. The supervisor assisted the researcher, phoned up the reluctant groups or talked with reluctant groups during field visits.</p>
<p>Some groups demanded payment for giving information about their savings and loans data.</p>	<p>All groups received a small token of appreciation at the end of the study, after all data was collected. In some cases during the process some facilitation was paid for those in the groups who made extra efforts. No groups were directly paid for data.</p>
<p>Many groups were unhappy with the idea that the original international NGO<sup>8</sup> was returning after a long time of neglect. This created resistance for the study.</p>	<p>The researchers took considerable time for rapport building and patiently explained that they were not from the original NGO and tried to communicate the importance of the study for other people like the groups themselves.</p>
<p>As the groups were randomly selected, the areas that some researchers had to cover was enormous. For instance, in Uganda some researchers ended up with half their groups on one end of the district and the other half right on the other side of the district.</p>	<p>In Mali all researchers got access to motorbikes, while in Uganda they used motorbike taxis, or <i>boda-bodas</i>. The researchers attempted to plan the visits clustered according to the location.</p>
<p>Many groups hold their meeting at the same time of the week, which made it challenging for a researcher to cover them all without asking the groups to change their meeting day or time.</p>	<p>The researchers planned ahead and due to the three months period practically all groups could be interviewed three times. None of the groups had to change meeting day or time for the study.</p>



## 4. Findings and analysis

Readers who are not familiar with the programmes of Savings for Change in Mali and SaveUp and Banking on Change in Uganda, best consult Annex 5 first which describes the methodologies of these programmes.

### 4.1. Group survival

The majority of the sampled groups were still active more than eight years after they were formed. Group collapse was primarily due to conflict in the group, non-payment of loans and internal fraud. External theft was rare. Group collapse occurs at a steady rate over the years and does not decline significantly as the group acquires more experience. In both countries groups had replicated spontaneously. Mali had a higher survival rate (78%) and a lower replication rate (18%). Uganda had a lower survival rate (64%) and a higher replication rate (71%).

#### Survival rates

In total 152 groups in Mali were sampled and 156 groups in Uganda. The survival rate of these sampled groups after so many years was impressive. When only considering the initial sample of 152 groups in Mali and 156 groups in Uganda, the survival rate was 78 percent in Mali and 64 percent in Uganda. Other studies, including the SEEP SGELI Risk Assessment, have found comparable survival rates. This study demonstrates that the survival rate remains high apparently indefinitely.<sup>9</sup>

**Table4:** Overview survival, collapsed and not traced groups

	Mali	Uganda
Active	78.3%	64.1%
Collapsed	13.8%	22.4%
Not traced (may never have existed)	7.9%	13.5%

To find out about all these groups, the researchers first approached the original trainer whose name was recorded in the baseline data. She or he could often be found and usually led the researcher to the groups. The researchers also approached a range of other people including the local

council in Uganda, the town hall (*la mairie*) in Mali, and in both countries, village leaders, school teachers, and health workers.

Despite the diligent search, 14% of the groups could not be traced in Uganda, and 8% could not be found in Mali. Since these groups were started a long time ago, and it is possible that some only operated for a short period, they may have been forgotten entirely by the community. However, it is also possible that some of the untraceable groups never existed.<sup>10</sup>

The study based its findings on the survival rate of the groups within the original sample only.<sup>11</sup> Due to the strict, random selection of the original sample, the conclusions about the survival rate are considered robust. (Those groups that were added to the sample to replace the groups that had collapsed were not counted to avoid introducing selection bias).

The following box 1 gives an example of a district with particularly high collapse rate.

#### **Box 1: High variation in group survival rate**

In the sample of one district in Uganda none of the 13 sampled groups had survived. Even when verifying the survival rate beyond the original sample list of 13 groups, only two groups could be found. Of the available replacement groups, the same extremely low survival rate was found and total survival groups were too few to provide the researcher the required number of groups to interview. The researcher had to be moved to another district after six weeks of hard work tracing the groups.

The Ugandan districts had high variation in survival rate, ranging from 15 percent to the two highest with more than 90 percent and 85 percent survival rate respectively. The variation could be due to several factors; however, the competence, quality and integrity of the trainers is a likely cause of some or all of the difference in performance.

Below is box 2 describing the moments when groups collapsed in Mali (limited portion of the sample).

## Box 2: Estimations when groups collapse

In Mali the researchers also recorded estimations of when the groups collapsed, which was not part of the survey questions and should be regarded as indicative only. The data are presented below, in figure 1. There appears to be a higher rate of collapse in the early years, then a lower rate for a few years. However, about five years after formation annual collapse rate appears to increase.



Figure 1: Number of groups collapsing over the years in Mali

The information suggests that groups can continue to collapse, even after having operated for years.

In fact, particularly in Mali, a number of groups confided to the researchers that their visits had rejuvenated the group and if the research had not taken place, the group may not have had the stamina to continue.<sup>12</sup> The below box 3 quotes from a field report from Mali about groups' experiences of the 'renewed contact'.

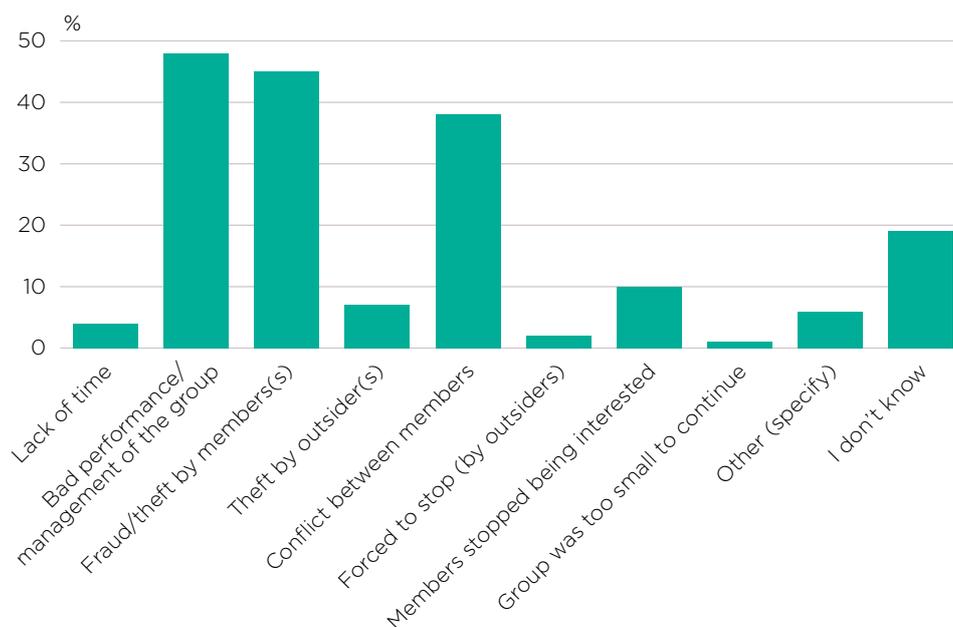
## Box 3: The research has given me back my enthusiasm for the group

The researchers are often mistaken for facilitators since their frequent presence encourages the groups. One lady who had officially announced her intention to withdraw from her group rejoined her group and started saving again because the discussions of the researchers with the members had rekindled her desire to be in the group.

### Causes of group collapse

The three main causes for group collapse were: *Bad performance and poor management of the group, fraud or theft by a member and conflict between members*; these categories may be related, as theft or fraud may be easier if there is bad management, and both can easily lead to conflict between members.

**Figure 2: Reasons for group collapse in Uganda**



### **Group replication<sup>13</sup>**

The savings group movement often refers to replication or spontaneous replication of groups as one of its achievements. However, there is little data on replication rates. One study from 2013 based on twenty project formed groups documented a replication rate of 200 percent one to three years after groups were formed.<sup>14</sup>

In Mali, 152 groups currently active replicated in total 27 groups resulting in a replication rate of 18 percent. In Uganda the replication rate was 110 groups out of 156 groups, which is 70.5 percent. The 'replicated groups' were identified in the census of all groups in sampled villages. Those groups that were reported to have their origin in one of the sampled groups, were counted as replicated groups.

When asked whether group members had ever trained any other group to help them form their own VSLA, 8 percent of chairpersons in Mali and 26 percent in Uganda said 'yes'.

In both countries a substantial percentage of the chairpersons think they have the ability to help others to form groups, 74 percent in Uganda and 34 percent in Mali.<sup>15</sup> This may be an indication that spontaneous replication, with some external stimulus, could become quite widespread.

### **Census of Savings Groups**

The survey instrument 'census' attempted to trace all Savings Groups in the sampled villages, whatever methodology they used, and endeavoured to establish the origin of these groups (formed by the programme reviewed, other NGOs, self-formed, etc.).

In Mali the sampled villages had few Savings Groups, and only rare cases of ROSCAs. The data tell us that in Mali the median village has only two other Savings Groups (apart from the sampled group) and one-fifth of the Malian villages had only a single group, the one in the sample. This may be a factor in the higher survival rates in Mali: if you are in a savings group in Mali, there are often limited options of joining another savings group. So the choice becomes, *this savings group or nothing*.

In Uganda the situation is quite different. In each village there were a median of four other Savings Groups, apart from the sampled group(s). In Uganda many members go in and out of groups and switch groups from year to year. There are also quite a number of members who are in several groups at the same time. Altogether the savings group membership dynamics are different in the two countries. In Uganda a number of groups have a rule for a maximum of 30 members and have waiting lists – as soon as someone leaves the group the first on the waiting list can join.<sup>16</sup> This higher mobility and wider choice indicates that in Uganda people's commitment to specific groups may be less than in Mali.

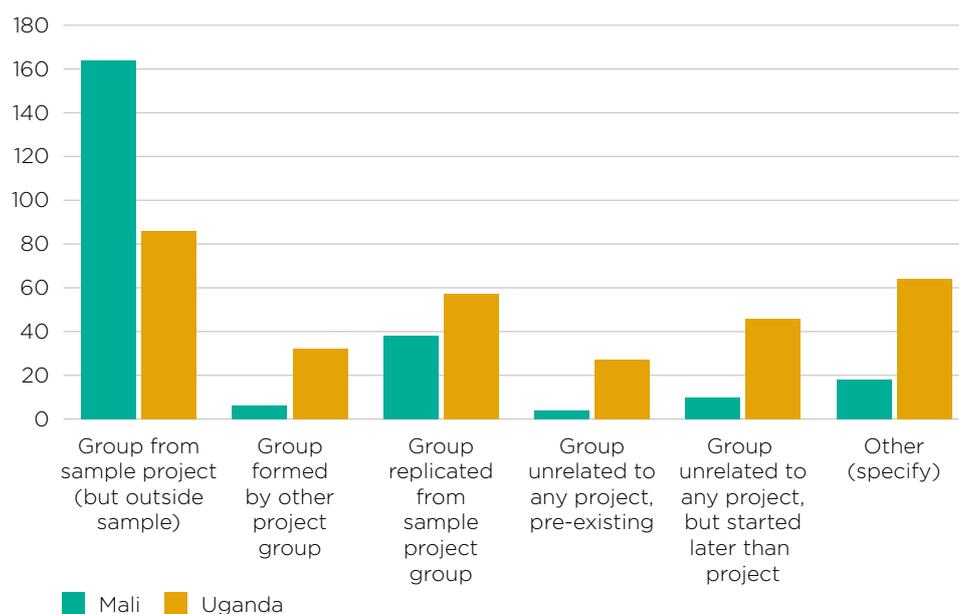
### **Origin of other groups in village**

In Mali most groups are related to the project while in Uganda group origins vary.

In Mali the other groups in the village were mostly *group from sample project (but outside sample)* (68%). Altogether the groups in Mali were primarily related to the project. The 32 percent other groups who were not from sample project, were *Group replicated from sample project* (16%) with just a few cases classified as *other* and *unrelated to project, started later than project*.

In Uganda there is a fair distribution across the categories with 28 percent *group from sample project (but outside sample)*, 21 percent *other* (mostly groups that were split or merged or having otherwise a complex origin), 18 percent *group replicated from project group*, 15 percent *group unrelated but started later*, 10 percent *group formed by other project* and another 9 percent *group unrelated to project, pre-existing*. The below figure 3 shows the groups' origin in absolute numbers.

**Figure 3:** Origin of other groups in sample villages



### What methodology do the other Savings Groups use

Of the non-sampled and non-project groups, the majority of the groups still used distributing ASCA, the same methodology as the project groups. This is particularly true in Mali where 97 percent of all groups found used distributing ASCA. In Uganda 28 percent of the groups use a different form: ROSCA (15%), non-distributing ASCA (7%), *other* (4%) and *don't collect savings* (2%). Most of the *other* are groups that combine ASCA and ROSCA. The below Box 4 gives an example of a rare group venturing beyond the original methodology and clearly taking on substantial risks doing so.

#### Box 4: An ambitious group

One group was found to use three forms of savings along-side each other, one of which is quite remarkable. They use the ASCA system, as was taught by the project. In addition they have a 'livestock ROSCA'. So each week that the group meets, all members contribute some money towards a heifer for one member. The members' contributions for this come to 300,000 UGX (USD82) for the heifer. If the member who gets the heifer wants to, they can also add money and buy a bigger head of cattle.

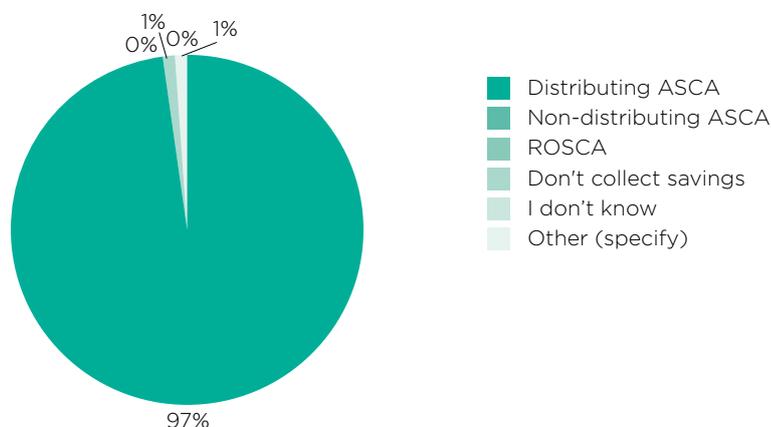
In addition, the group also has a loan from a microfinance institution which is lent on to members. The members also contribute each week to the repayment of that loan.

Our researcher reported that the group was under some strain and thought that perhaps they had taken on too much. Several members needed to take a loan from the ASCA component to meet their livestock ROSCA obligations and many group members had started to withdraw savings from the ASCA. The microfinance loan was adding financial pressure on the group. For now, the group is managing all three components.

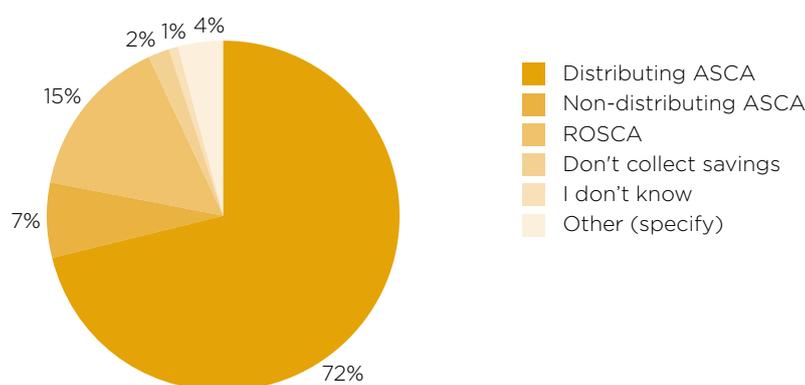
The below figures 4 and 5 show the composition of methodologies used by all groups in the sampled villages, both from project groups, other project groups and unrelated groups.

**Figure 4:** Census of groups by methodology in sampled villages in Mali

17



**Figure 5:** Census of groups by methodology in sampled village in Uganda



### Assessment of survival and replication

Does the study demonstrate that the Savings Groups movement is successful in the long-run?

The savings group movement in the early tens (2010/11) was focused strongly on scaling, efficiency and value for money. The programmes that supported the formation of the specific groups that were studied, were built on the premises that it was important to provide as many people as possible the benefit of a viable savings group. The project budgets were used in such a way that as large a number of groups could be formed at a “minimum viable product” level, so the aim was not to form the best groups but to form “good enough” groups serving as many people as possible.<sup>18</sup>

By 2015 the SaveUp and Banking on Change projects in Uganda succeeded in reaching more than 300,000 people with Savings Groups at costs going as low as 10 USD per member once efficient methods had been developed.<sup>19</sup> Banking on Change formed groups with 84,862 members and SaveUp’s

members added up to 238,552 members. In Mali a total of 455,585 members were formed by the Savings for Change programme and average cost per member was 22 USD which also included significant costs for experimental studies.<sup>20</sup>

In Mali the programme's intention was to avoid groups becoming dependent on the project. The project worked "dancing backwards"<sup>21</sup> or in other words tried to make the groups self-reliant as soon as possible to then withdraw support entirely and move to other locations.

In Mali out of 152 groups 78 percent still exist and the groups replicate at a rate of 18 percent (of the 152 groups sampled 113 groups are active and these formed 27 new groups), resulting in a total of 140 active groups<sup>22</sup> (average 20.8 members per group) which would have cost around 70,000 USD, which is around 25USD per member.<sup>23</sup> Per year of existence this equals less than 3 USD per member.<sup>24</sup>

In Uganda 64 percent of the 156 sampled Savings Groups survived which was 100 groups. There was a replication rate of 70.5 percent meaning that there are now 171 groups.<sup>25</sup> The total cost for the 4,633 members of the original 156 groups was about 47,000 USD (at a cost per member of 10 USD).<sup>26</sup> Currently there are 171 groups with an average group membership of 31.3 which means 5352 members. Considering the currently active groups that originated from the project (including the newly formed groups but without the collapsed groups) the cost per member dropped to about 9 USD. This gives an estimate of 1 USD per member per year so far.

While other studies have found survival rates in the region of 80 percent or even higher, these did not go beyond three years and the study has some data that groups continue to collapse over the years and collapse may even intensify five years after formation. Another study (DATU, 2013)<sup>27</sup> has found higher replication rates but studied a small set of groups which may have resulted in attributing too much replication to the studied groups.

This study concludes that the savings group sector in both countries has been very successful in creating a significant number of groups at an exceedingly low cost and that the groups sustainably serve people with savings and loans.

### **Assessment of the 'minimum viable product' approach**

While the section above concludes how effective the value for money approaches of these international NGOs have been, there is a reverse side to this short period of support, the 'dancing backwards'. The groups themselves feel less confident and would like to have more continued support. It may well be that some light continued support would improve the groups' chances of success, and lead to more scale and depth of outreach.

## 4.2. Institutional performance

For institutional and financial performance the study relied primarily on comparing the findings of year 1 data, which constituted the baseline data about the selected groups and was the departure point of the study, to current data on identical indicators collected for the present study, which constituted the end-line data.

The group sizes are mostly between 15 and 40 members. In Mali the average group size is smaller and currently averages 21 members while in Uganda groups currently have 31 members on average. The group size has changed little; it decreased by 8 percent in Mali and increased by 5 percent in Uganda over eight years.

Group attendance has dropped significantly, particularly in Uganda, where the attendance rate is currently 53 percent against 90 percent in the baseline data. In Mali attendance dropped from 88 percent to 78 percent.

In Uganda most groups have male members and 28 percent of the members in Uganda are men. In Mali no male members were recorded in the baseline and currently men are just 1 percent of the members in Mali.

### Membership

In Uganda the groups on average modestly expanded their membership, by 1.6 members per group with an average of 29.7 members in year 1 and 31.3 members in the current cycle. The median number of members stayed 30 and indeed, many groups appear to have the rule that they should have exactly 30 members. Slightly more than one-third of all groups had exactly 30 members both at the baseline and at the time of this study.

In Uganda the median group had 8.8 male members at the moment the MIS recording took place and on average a group gained 0.31 male members since its first cycle. The percentage of male group members on average stayed practically the same, 29 percent in the first cycle and 28 percent in the current cycle.

In Mali on the contrary, on average the groups decreased somewhat in size, losing on average 1.7 members. Mali had smaller groups overall, with an average of 20.8 members, compared to 22.5 members at the baseline. One in four groups has 15 members and less, and three groups currently have fewer than ten members.

In Mali none of the groups reported any male members in year 1. In the current cycle there are 17 groups with reported male members, 11 percent of the groups. Overall, one percent of the reported members are male in Mali. Those groups with male members have on average two male members.

The groups in Mali cover a large range of sizes and the size in year one is not a predictor of the current size - some large groups have become small and some small groups have become the largest.

In Mali the programme made it explicit that groups were meant to be women-only. Only rare cases of male members are recorded even now. However, some groups have allowed men to join. As the next box 5 describes, they kept this secret.

**Box 5: Male membership kept secret**

One group in Mali only admitted to having male members during the third group meeting that the researcher attended. They said that they assumed that the organisers of the study would not like to hear that there are now male members.

As the table below shows, in Mali the groups were smaller to start with and their average size has declined. In Uganda, which had larger groups originally, the average size has increased. What factors influence group size has not been investigated in this study.<sup>28</sup>

**Table 5:** Outreach overview

Membership issues	Mali	Uganda
Average group size currently	20.8	31.3
Average group size first cycle	22.5	29.7
Average in-/decrease of members	-1.7	+1.7
Percentage change in membership	-8.2%	+5.1%
Percentage male members currently	1%	28%
Percentage male members first cycle	0%	29%

### Participation and attendance

Compared to the baseline data, the average meeting attendance rate has decreased in both countries. In Uganda attendance dropped from 90 percent in year 1, down to 53 percent currently. In Mali the rate also dropped, but less so. It went down from 88 percent to 78 percent at present.

In both countries most but not all members inform the group in advance of absences. Many members send their money through other members or are represented by other people at the meeting.

In Uganda, about one quarter of those absent (12 percent of the members) had not informed the group in advance. In Mali 35 percent of those absent, (8 percent of the members) were absent without informing the group. (See table 6 below for the overview.)

**Table 6:** Attendance rate overview

	Mali	Uganda
Attendance rate year 1	88%	90%
Attendance rate currently	77%	53%
Informed absence	15%	35%
Absence without informing group meetings	8%	12%

Absence at the meeting is not frowned upon - members find it OK to skip the meetings. When asked which rules people break<sup>29</sup>, only nine members across the two countries mentioned *absence at the meetings*. The rules they considered broken were *coming late to the meeting*, *paying loans late*, *finances not implemented* and *talking in meetings*.

In conclusion, groups in Uganda have grown somewhat in size and groups in Mali have reduced somewhat. Uganda appears to be comfortable with a group size of around 30 members and indeed many groups only allow new members when someone has left. In Mali the comfortable group size is around 21 members. In Uganda practically all groups (97.4%) are mixed sex and slightly more than one quarter of the members are male. By contrast, in Mali there are only a few groups with any male members (10.5%).

Since the first cycle attendance rate has dropped sharply, particularly in Uganda. However, the group is usually informed beforehand of absences and savings may still be paid through a representative. Group members themselves do not regard low (physical) attendance rate as a significant problem.

### 4.3. Financial performance

Over more than eight years since baseline data was collected, the groups in both countries increased their annualized savings, with a substantial increase in Uganda (29%) and a modest increase in Mali (10%). Ugandans saved altogether considerably more than Malians in USD equivalent.

The average return on savings was inexplicably high in Mali, and just modest, below calculated expectations, in Uganda. In both countries one in five groups have negative returns, for which the study did not find clear explanations.

In Mali loan take-up is modest (36%) and has reduced in the past eight years. In Uganda it is currently higher with 71 percent of members having a loan, and has increased in the past eight years.

Loan sizes in Mali have practically stayed the same at just below 20 USD equivalent. In Uganda loan sizes are currently 67 USD, more than three times the size in Mali and they grew in value by 50 percent in this period.

Mali and Uganda are both poor countries. Mali has 79.2 percent of the population under the standard \$3.20 per person per day development indicator, while Uganda has somewhat less poverty with 69.9 percent living on \$3.20 per day. However Ugandans in the study save considerably more than Malians.

**Annualized savings** In the period between year 1 and currently the annualized savings per member in Mali went up slightly from 19.89 USD to 25.44 USD value, a 28 percent increase at the same exchange rate of 585.85CFA per USD. Depreciation of the CFS franc against the dollar was 15.8 percent<sup>30</sup> which means that annualized savings amongst the Mali groups in year 1 would at current value be 23.02 USD, meaning that annualized savings have marginally increased, by roughly 10.5 percent.

In Uganda the MIS annualized savings were on average 37.28 USD<sup>31</sup> in year 1 and have nearly doubled to 72.31 USD today. The depreciation of the Uganda Shilling against the dollar for the period is 49.2 percent, meaning that year 1 depreciation adjusted savings are 56.08 USD. Annualized savings in Uganda increased by 29 percent.

This means that for Mali access to savings has persisted over the many years and marginally deepened, while in Uganda it has deepened substantially.

Table 7 gives an overview of the data.

**Table 7:** Annualized savings developments

Annualized savings	Mali	Uganda
Year 1 value local currency	11,653	137,635
Year 1 value U.S. dollars	23.02	56.08
Current cycle value local currency	14,902	266,971
Current cycle value United States dollars	25.44	72.31
% change value in local currency	28%	92%
% change value in U.S. dollars	10.5%	29.0%

**Loans sizes** The average loan size in Mali was 16.08 USD in year 1 and 19.15 USD in current cycle. Depreciation adjusted loan value of the first cycle would be 18.62 USD in today's dollars. Therefore the loan value has practically stayed the same in Mali, increasing by just 3 percent.

In Uganda the situation is quite different. Outstanding loan size in year 1 was 30.32USD and currently is 67.98USD and depreciation adjusted value for year 1 average loan is 45.23 USD. This means that the value of the average loan in Uganda has increased by 50 percent.

**Members with loans** Loan take-up has substantially changed in both countries, but in different directions. While in Mali 75 percent of the members had loans in year 1, this was only 36 percent currently. In Uganda on the other hand, in the first cycle only 41 percent of the members had loans, while this figure is at 71 percent currently. This means that 73 percent more members are currently having loans in Uganda as compared to year 1.<sup>32</sup>

**Loan fund utilization rate** In Mali loan fund utilization decreased from 83 percent in year 1 to currently 67 percent. This is a decrease of 19 percent. In Uganda on the contrary it increased, from 41 percent in year 1 to 84 percent currently, more than double.<sup>33</sup> It would be interesting for additional research to investigate the reasons for such changes.

## Returns

The findings on returns on savings and assets again show quite different patterns in the two countries.

For savings in Mali the annualized return on savings in year 1 was 59 percent and is currently an astonishing 79 percent (after removing high outliers).

For Uganda, on the contrary the annualized return on savings declined. In year 1 annualized return on savings was 46 percent and is now just 24 percent, about half. According to our calculations for compounded interest (Annex 7) at lending rates and interest rates, the annualized return should be about 48 percent. This result indicates that the average group has some of the interest or other money going missing.

In Mali there were three outlier groups, displaying much higher levels of profits and therefore returns on savings. When those three groups are removed from the overall sample, the returns on savings somewhat normalize to 79 percent annualized return, up from 58 percent annualized return in the first cycle. A result that appears more credible than the one with the outliers included, but still higher than the 52 percent that would normally be possible when considering the utilization rate of the funds and the (high) 10% interest rate, see Box 6 below for explanations on what annualized returns can be expected (and calculations in Annex 7).

### Box 6: Surprisingly high annualized returns on savings

In Mali the sample of groups as a whole recorded an immense annualized return on savings of 79 percent. Imagine, you save 100 CFA and you actually get 267 CFA back in a year's time. That is almost like magic. It should be kept in mind that all the returns the members get on their savings, are paid for by the group-members themselves, one way or the other. In a savings group, however, the money each member gets back has largely been paid for by that member herself and what the group member did not pay herself, another member did. In groups where all members have taken the same loan amounts and kept the loans for the same duration, each member actually pays herself for the interest that member receives.

In Mali the interest rate for almost all groups is 10 percent per month. In practice most groups apply that interest rate every four weeks. This works out at  $52 \text{ weeks} / 4 \text{ weeks} = 13$  times interest rate @ 10 percent, resulting in a total of 130 percent interest on the money that is lent out from the first week of the savings cycle. However, the money saved in the last week of the savings cycle, week 51, is only lent out for one week

and would only reap 2.5 percent interest rate. If all available savings funds were loaned out all the time the average interest rate on all savings, without compound interest, would be

$$\frac{(130 \% + 2.5 \%)}{2} = 66.25 \%$$

In reality in Mali only a portion of the savings is loaned out, 67 percent (see section 3.2 for the calculation of annualized return on savings based on the gathered MIS data). Taking this into account as well as compound interest, the annual return on savings would be 52 percent. (See Annex 7 for the detailed calculations of compound interest resulting after a 52 weeks savings group cycle.)

This means that the actual annualized return on savings (79% after removing outliers) substantially exceeds the return on savings that one would expect (52%). How could this have happened?

The study first explored the data and found three extremely high outliers, meaning they were groups where the return on savings was excessively higher than the mean. These groups were removed, since the results were not credible and their data may have contained errors.

However, even after removing the outliers, the average annualized return on savings was 79 percent. This result is still not possible, since even if all savings had been lent out all the time and immediately it would still be only 66.25 percent interest annually (see above).

The author then realized that one aspect of the groups' finances was flowing into the savings resources without being accounted for: this was the groups' income from fines. In Mali particularly, the majority of the groups charge a fine to each member that arrives late and also other fines are enforced. This may be the main explanation for the otherwise unexplainably high annualized returns on savings.

In both countries about one out of five groups had negative returns (a negative value in their profit calculation) meaning that the sum of a) loan amount, b) money in lock-box and bank, c) their assets and d) loans to others was of lower value than the recorded savings. This was the case for 21 percent of the groups in both countries. See Box 7 below which explores reasons for the negative returns.

#### **Box 7: How did the negative profits come about**

The study had great challenges discovering the causes of the negative returns. In most groups neither the record keeper nor its members were aware that their group was "running negative" and it came as a surprise to the groups during the data collection process. The groups themselves assumed that low savings and late loan repayment could explain their negative profit. However, a group with very low savings does not run negative profit if they record all the savings, if they loan out and record the loans and if they do not have to write off a loan. Likewise, late loan repayment, even if interest rate is only charged once, does not result in negative profit, just low profit.

The explanations that researchers received or observed that were credible include:

- A limited number of groups who had experienced theft during the current cycle. For instance, the children of the person keeping the lock-box turned out to have keys or found a way in from the back/bottom of the (wooden) box. Another group really had the lock-box stolen during the current cycle. However, these cases of known theft only explain a small portion of the groups with losses.
- The record keeping is inadequate. This can take many forms. For instance:
  - Some loans do not get recorded nor repaid.
  - Loans are recorded, but not repaid, but the records do not show the loan as overdue, usually an error by the record keeper and the loanee gets away without paying.
  - Errors in savings records: the record keeper or the person stamping pass-books, make an error. When the error is disadvantageous for the member, the member will challenge it and get it corrected. When the error is advantageous for the member (too much savings recorded) the member might stay quiet (or may simply not realize).
- Absence of record-keeper or key-holder. One key-holder fails to show up at the meeting. Then some groups conduct the meeting with the lock-box closed. They write on a piece of paper the shares, they receive the savings and all is kept informally with the idea to enter the information and the money into the books and the lock-box at the next meeting. Many things can go wrong here. The records may be copied wrong. The money (or some of it) may go wandering, etc. To a certain extent the same will happen when the record-keeper misses a meeting. For instance, the person replacing may mistake a loan as already repaid, or makes more errors in the records than the actual record-keeper would.
- The group under-reports the value of the money in the lock-box. Many groups refused to show the content of their lock-box to any outsiders, including our researchers. The groups are very conscious that their lock-box can be stolen. The more people knowing that there is a substantial amount in the lock-box, the higher the risk of theft. The researchers found some reported amounts for the lock-box value surprisingly low. They could not verify this as they were not allowed to see the content of the lock-box.
- Money gets stolen from the lock-box or during money counting without anybody even noticing. While most of the group meetings visited were conducting very strict and organized proceedings, some groups were much looser about rules and systems. One of our researchers observed that some groups left opportunities for someone slipping money out of the box. For instance at the end of the meetings, many members went home, others were still writing down things and someone could be left alone with the lock-box.

– It could be that more loans get written off than get reported. Recording the numbers for VSLA MIS is a stressful and time-consuming process and researchers mostly did this straight after a group-meeting. Towards the end of the process the members present for the MIS were keen to go home. When the researcher asked for loans that were written off, they may have sometimes decided not to report it, to speed up the process. There may also be problems of the terminology, that the groups do not understand that writing off a loan is the same as forgiving someone a loan or forgetting about a loan.

### **What does it mean to group members when annualized returns on savings are lower than expected**

In both Uganda and Mali about one in five groups had negative returns on savings, meaning the group made losses and would pay its members less than their original savings. It is easy to imagine what this means at share-out: group members will together calculate how much the pay-out per share will be and all members will see that the pay-out will be a lower value than the pay-in per share. Say they had paid 2000 UGX (about USD0.55) per share, they would now get back just 1080 UGX (about USD0.30), i.e. 46 percent less. This will be a painful share-out meeting and it may be hard for the group to stay together and start another savings cycle.

For those groups with positive returns on savings, the share-out is likely a celebratory event. But even at the 34 percent annualized return, this result is still below the return that a Ugandan group should achieve: 48 percent.

What has happened in the majority of the groups? The explanation will be that, somehow the group lost money on the way. It could be that there was fraud or there were accounting errors, or there were members who ran away with a loan or members with a loan had passed away and the family members were forgiven the loan or a combination of factors. Whatever way the shortfall below 43 percent return had occurred, some group members got short changed by some other group members. Some group members got some benefit at the expense of others (on purpose, e.g. by theft, or by accident, e.g. by accounting errors).

When one realizes that also in Uganda (like in Mali) the large majority of groups charge fines and that money is supposed to flow into the overall groups' onlending funds, the average short-fall in the groups' annualized return on savings is considerably larger. Some money disappears and honest group members get hurt financially.

The results within a group is a zero sum game. The returns on savings are paid for by the members themselves. Those members who receive less than their share, suffer from the unjustified advantages some others get.

## Assessment of financial performance

To assess the projects' results, the study considered the financial performance of the groups and depth of outreach. In Uganda one can claim that the benefits of the Savings Groups intensified in terms of them currently having higher savings (29 percent after depreciation) and larger loans (about 50 percent). However, return on savings has dropped almost by half. (Even when the groups with negative profit are removed, the average annualized return on savings still went down by almost a quarter.) Annualized return on assets has also declined, by more than one-third. (Even when the negative profit groups are removed from the sample, the return on assets annualized has dropped, by about one-sixth.) A contributing factor in the declining returns are the substantial number of groups with negative return (21% of the groups) meaning that these groups lost so much money during the current cycle that not only did all the interest earnings disappear but so did some of the members' savings. (These groups had recorded more savings than the value of their outstanding loans and balance in the box.)

In Mali the study gives quite a different picture on the group quality. When taking depreciation into account the savings amount has increased by a modest 10 percent. Loan size has actually declined when taking depreciation into account, by around 10 percent. However, annualized return on savings has increased by more than one-third (after removing three outliers) and annualized return on assets by almost half (47%). There is also a substantial number of groups with negative return (21% of the groups) which can be regarded as groups that are "at risk". The remaining groups (with positive profit) have very healthy returns on savings and assets. This was considerably higher in the current cycle than in the first cycle.

The conclusion is that the groups in Uganda have performed very well in terms of growth (more savings, larger loans, more members) but their financial management has deteriorated. On the other hand, Mali has practically not changed its value of savings and loans, but has significantly improved on the annualized return on savings and assets.

### 4.4. Group activities in addition to savings and loans and social benefits

The majority of the groups do not develop other activities in addition to savings and loans. In Uganda other activities were rare (8%) and in Mali about one in four groups (27%) had developed other activities, primarily *joint production*.

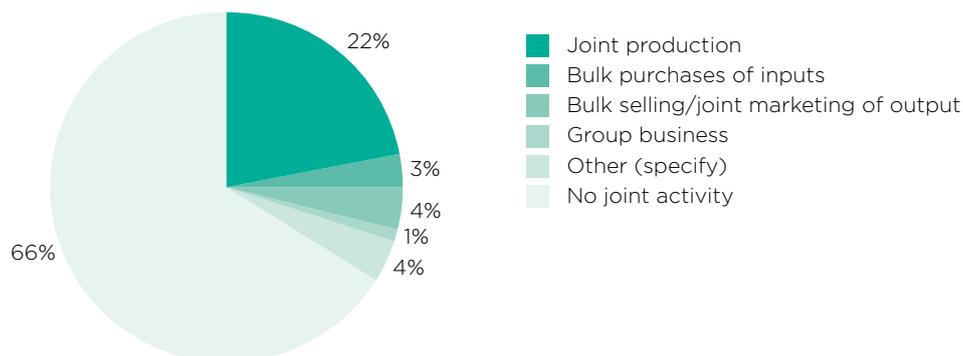
The large majority of the groups simply focused on the savings and loans activities and they had not taken up additional activities. In Mali additional activities were more common. Out of all chairpersons in Mali 27 percent reported their group to have joint economic activities. In Uganda joint



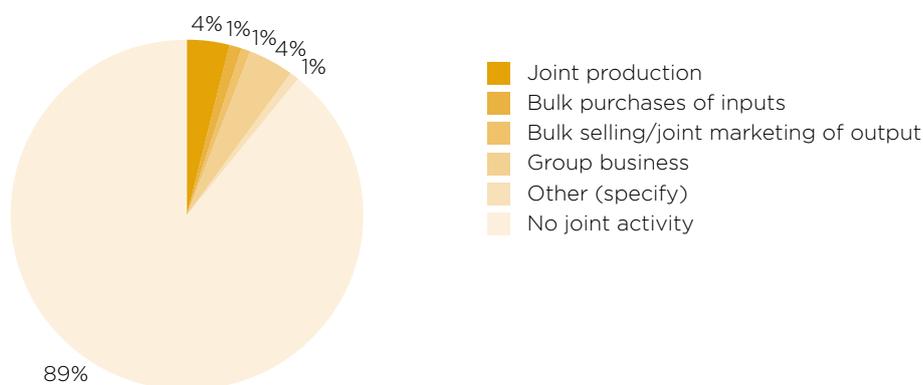
economic activities are relatively rare. Just 8 percent of the chairpersons report their group having them.

For those groups that had developed other activities<sup>34</sup>, these were primarily *joint production* (64 percent of group with joint activities in Mali and 40 percent in Uganda). *Bulk selling and bulk purchases of inputs* is done in Mali by 12 percent and 10 percent of the groups respectively, while five groups in Uganda have a *group business*.

**Figure 8:** Types of joint activities in Mali



**Figure 9:** Types of joint activities in Uganda



In almost all cases of joint economic activities, the group as a whole is engaged in it.

About one-third of the chairpersons in both countries reported that the members of their groups *trade with each other / provide each other business / refer customers to each other* (36 percent in Uganda and 33 percent in Mali). Whether this is the result of the group or would have happened anyway, could not be established.

Altogether the majority of the groups focus on savings and loans and there are no indications that older groups *en masse* have expanded to other activities in addition to their savings and loans since the beginning cycles.

## 4.5. Institutional relationships

A minority of the groups had a relationship with a financial institution (in Mali 2.6 percent and in Uganda 17 percent). No groups in Mali held money in their account. Only 7 percent of the groups in Uganda held money but those who did held significant balances.

Only 4 percent of the groups in Uganda had a loan (none in Mali). Just one group, in Uganda, used mobile money.

Relationships with non-financial organisations were also limited – 10 percent in Mali and 35 percent in Uganda. Most relationships were with NGOs and CBOs. Most groups say to have longed for more follow up support from the facilitating NGOs and trainers. At share-out 10 percent of the groups in Mali got help and 35 percent of the groups in Uganda. In Uganda most groups had paid and still pay their trainer (if any), while in Mali this happened rarely. Registration was relatively common, with about half of the Ugandan groups registering and a quarter of the groups in Mali. Most groups registered because they wanted to formalize and felt they were taken more seriously by both members and outsiders.

### Relationships with formal financial institutions

In Mali very few groups (2.6%) have a (bank-)account and none had any money in their account during the study. No groups in Mali had a loan from a financial institution.

In Uganda 17 percent of the groups have a (bank-)account. Of these groups 60 percent had no money in their account. Those groups that had money in that account, though, held significant balances: total of 9459 USD equivalent (almost 1000 USD per group with money in their-account). This balance on average represented 39 percent of these groups' reserves (the rest was kept in cash) and was the equivalent of 21 percent of their 'assets'. Four of the 10 groups with funds in a (bank-)account kept all their funds in the account and were left without any money in the cash-box.<sup>35</sup>

In Uganda 4.2 percent had a loan as a group. None of the groups in Mali had a loan.

Considering that about half the sampled groups were Banking on Change groups and the Banking on Change programme had a specific goal of linking groups and offering loans, the percentage of linked groups and particularly of loans is indeed modest.<sup>36</sup> In Uganda an experimental study<sup>37</sup> on financial linkages is about to be concluded. The study found a high rate of loan abandonment by intervention groups.

The below Box 8 tells a story of a group who experienced one successful loan cycle. Nevertheless the group decided not to take subsequent loans.

#### Box 8: Group receives Barclays Bank loan and uses it for agricultural inputs

One group in a relatively poor zone of Busia (Uganda) reported that they had taken up the offer of a Barclays bank-account when the Banking on Change project was actively promoting this. The group had then gradually deposited 800,000 UGX into their account (around 216 USD). This was around 2013-'14. Then the bank offered the group a group-loan of 3 millionUGX (about 800 USD) and the group accepted it. They used the loan for smaller loans to different members (all within the group) and the members used the loan money for inputs for agriculture. That season agricultural production was reasonable. All the members repaid their loans. And the group repaid Barclays all the money plus the interest. The group had even made a profit, because the members paid more interest than they owed the bank.

But the group decided to not take another loan. They worried what would happen when agricultural production was low.

The Village Agent who told us this story said that he was co-signatory of their account. He still receives frequent SMS messages from Barclays about the account, but there is no balance in the account.

There was no evidence of the group accounts or groups' interaction with formal financial institutions resulting in members starting individual relationships. There was only one person in Uganda who reckoned that because of the group's financial linkage she had also taken an account. All others considered their accounts unrelated to the group.

Only one group in Uganda reported using mobile money as a group, while in that country the majority of group-members had individual mobile money accounts and used the service, but just not for the group.

#### Relationships with non-financial institutions

In both countries only a minority of groups sampled reported having any relationships with other organisations.

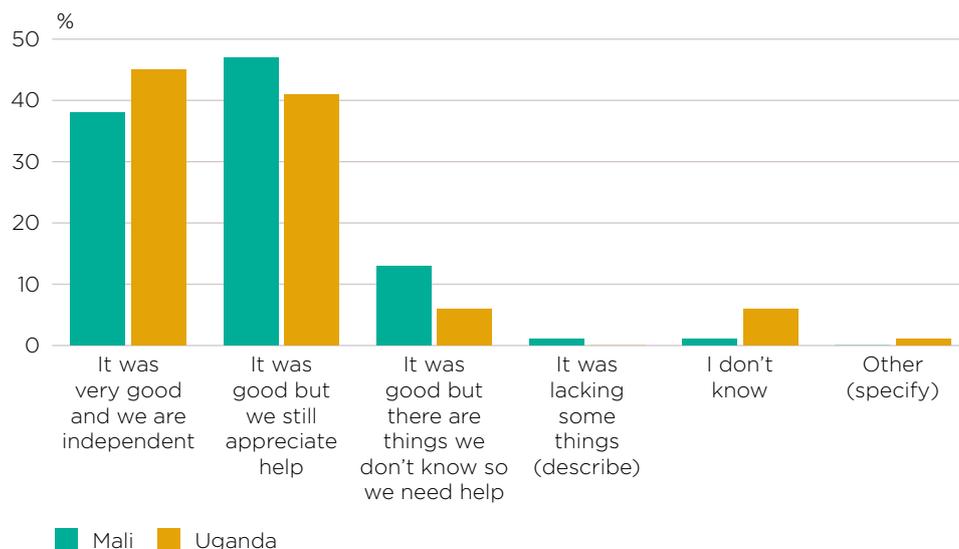
In Mali, of the 10 percent of groups that reported having relationships with other organisations, the most common were with Community Based Organisations (CBOs) (5%). In Uganda, the majority had no relationship at all (67%) but one third had some type of relationship. The most common relationship in Uganda was with NGOs (55% of the groups with relationships) and CBOs (14% of groups with relationships). Political parties, government agencies and religious institutions (10% each).

Those groups that have relationships with any institutions mostly have limited contact. Visit frequency was either *varied* (45%) or *sporadically, once every few years* (32%).

## Relationship with the facilitating NGO and longing for continued support

The chairpersons reported that the training held in year 1 by the facilitating NGO was good. Nevertheless, many groups would have preferred to receive more support and continue to wish they would get support even now. As the below figure 10 shows, more than half the groups would prefer to have had continued support and training. This in itself may not be surprising, since it is common for people to prefer development intervention to continue.

**Figure 10:** Appreciation of training and desire for continued support



In fact from the researchers' experience, it was clear that the work from Village Agents and other trainers was highly appreciated. However, many groups expressed feeling neglected or let down by the facilitating NGOs, as the support lasted only a short time. What type of support the groups exactly want was not explored in this study. Groups may just need to get their good work acknowledged. See the below Box 9 how research attention was regarded as a retraining.

### Box 9: The research mistaken for a new round of training and reinforcing

In Mali the groups were almost surprised to receive the first visit from the researcher. When the researchers continued to visit repeatedly the groups said they were convinced that the researcher was in fact an *"animateur"*, a village agent who had come to train them and reinforce their group.

Practically all groups were happy about these visits and explained that it was disappointing that the organisation who trained them was never seen at all after the first year (in most cases).

While the researchers diligently followed our instructions and observed rather than intervened in the group, the groups continued to experience this as training.

According to the supervisor at least two groups got (re-)formed or rescued due to the research and several groups gave a testimony that through the questions of the research they felt reinvigorated to continue with their savings group as the questions made them realize the benefits and reminded them of the rules and how it should all be done.

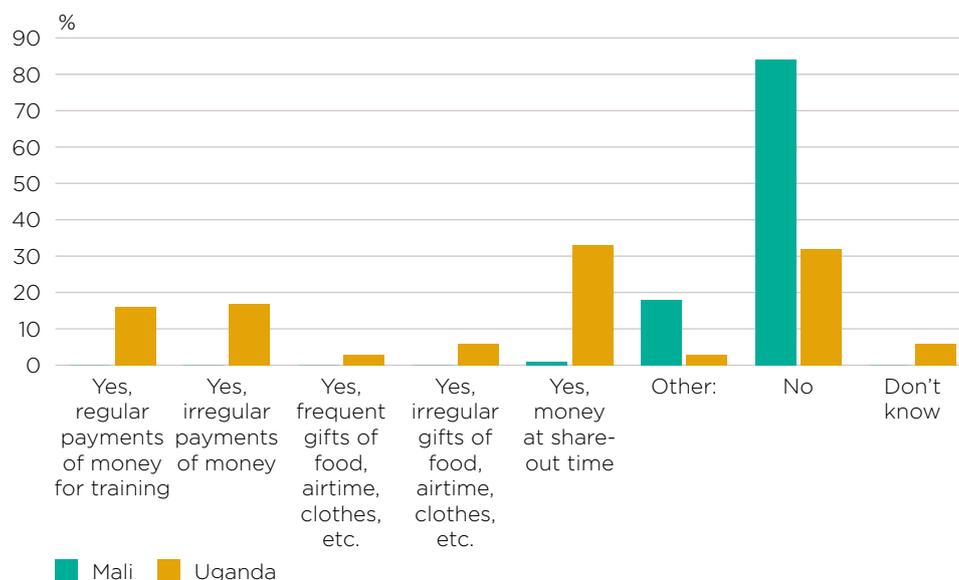
Altogether, in both countries the researchers were confronted by disappointed and sometimes even angry groups. The researchers in both countries often heard: “where have you been so long”.<sup>38</sup> Groups said that they feel neglected and abandoned by the organisations who started them.

### Whether the trainers or village agents were paid

As with many other themes, the two countries gave quite different findings on whether trainers were paid. In Mali the vast majority of the groups (84%) never paid anything to the trainer and only a few groups reported to contribute something to the trainer (see the below figure 11).

In Uganda, on the contrary, the majority (68%) of the groups contributed to their trainer. The most common form to support the trainer was money at share-out time, one-third (33%). About one in six groups gave their trainer irregular payments (17%) and other groups gave regular payments (16%).

**Figure 11:** Whether and how the trainer was paid by the group



### Support for share-out

Likewise, only a minority of the groups got help for their last share-out. Just 11 percent in Mali and roughly one-third in Uganda, 35 percent.

Of those groups who received help, in both countries, this help mostly came from the original structure that trained or formed them.

### **Relationships with the regulatory authorities**

**Registration** In Mali about one out of four groups (24%) had a registration while in Uganda this was just over half (52%). In a few cases (4 percent in each country) the chairperson did not know whether the group was registered.

**Reasons to register** In both countries, the primary reason given for registration was *We wanted to formalize our group / we wanted to register* (60 percent of the registered groups in Mali and 61 percent of the registered groups in Uganda).

In Uganda a substantial number of chairpersons reported that *It is an obligation from the government* (32%) but this was rare in Mali (3%). In Mali the second most common reason was *We needed the registration for something else* (30%). In 8 percent of the registered groups in Mali the chairperson reported *We needed the registration for getting a bank account*. This was only the case for one group in Uganda (1.3%).

**Which institution they registered with** In Mali practically all groups (36 out of 37 groups) were registered at “*La mairie*”(the townhall). The other group was registered at the *Department/Ministry of cooperatives*. In Uganda there were many different places to register the group. The most common (52%) was *sub-county*. Second most common was *Department/Ministry of Cooperatives* (23%) and *townhall, district* and *mosque/church* were also mentioned.

**Costs** Most groups had to pay to register, in Uganda 92 percent of the groups and in Mali 84 percent of the groups. A further two groups in Mali (3%) did not know whether they had had to pay.

In Uganda the median registration costs reported were 21 USD with common costs between 10 and 34 USD. In Mali the median cost for registration was 8 USD with quite a large number of groups paying exactly those 8 USD. The common amounts were between 7.75 USD and 14 USD.

**Benefits** In Uganda almost half of the chairpersons reported that the benefit of registration was that *Members take the group more seriously* (46%) and second and third benefits were *Outsiders take the group more seriously* (36%) and *We can access support* (27%). Finally another 13 percent felt the benefit to be *We can open a bank-account*.

For Mali the first benefit was *Outsiders take the group more seriously* (23%), second was *We can access support* (20 %) and third *Members take the group more seriously* (19%).

## 4.6. Governance

### Chairpersons' appointment and members' participation

In Mali the chairpersons had mostly remained the same since group formation. In Mali few were elected by voting. In Uganda about half the chairpersons had changed since group formation and one third had even joined the group after formation. In Uganda two-thirds of chairpersons were elected. In Mali a question round (chairperson asking every member one by one whether they had something to say) was common at the start of the meeting but otherwise decision was concentrated in the chair. In Uganda a question round was relatively rare, but the group management was mostly by a committee of three to five members and overall members were vocal.

### Chairperson's appointment and re-election

Particularly in Mali the position of chairperson is a crucial role and the quality of chairperson in the Malian groups determines how well the group operates. In Mali groups are often named after their chairperson and the group's given name may be unknown. In Mali all chairpersons were women. Most of the chairpersons had been with the group since group formation (95%) and 84 percent had been chairperson from the start. The chairpersons in Mali reported rarely that they had been elected to that position (just 18 percent). In only 1 percent of observed group meetings was there either a discussion about elections or an actual election which may not be according to how they were trained.

The fact that the chairperson stays in her position for such a long time also results in the chairpersons becoming older, with now a median age of 50 years old and some reportedly being 75 years old.

In Uganda the role of chairpersons had more often passed on to another member. Only half of the chairpersons had been chair since the beginning and one-third of the chairpersons had joined the group after its formation. In Uganda 64 percent of the chairpersons were elected. However, in less than 1 percent of the observed group meetings were either committee elections taking place or elections discussed.

Median age of chairpersons in Uganda was 48 years old.

### Members' involvement and decision participation

In most group meetings in Mali (84%) the groups held a question round in which each member could raise a point. In Uganda this was happening less, in 56 percent of the first meetings attended going down to 36 percent in the third group meetings observed. However, the field work in Uganda showed some groups to be quite democratic. The members were capable of challenging their chairperson and altogether management responsibility was shared across several committee members (see Box 10 below), while in Mali this responsibility was more concentrated in the chairperson.

### Box 10: Chairperson scrutinized when requesting a small loan

During one meeting attended in Igangain Uganda, a chairperson requested a loan. He only needed 20,000 UGX (5.50 USD). There was ample discussion. He had sufficient savings to be allowed to take the loan (when applying the rule of taking a maximum loan of 3x savings value). The money was also available in the loan fund. Nevertheless, the group felt the chairperson was requesting a privilege, and the group considered it was not his turn to take a loan. The group discussed at length and many voiced their opinion that as a chairperson he should not ask for a privilege.

The group decided that he could take the loan but would have to pay it back faster than normal, in two weeks' time.

### Constitution

A written constitution was rare in Mali but group rules were recited. Almost two-thirds of Ugandan groups had a written constitution.

The majority of the groups in Uganda (59%) reported that they had a constitution while in Mali only a few groups had a written constitution (6%). However, in Mali the majority of the group meetings observed started with reciting the group rules (64%). This rarely happened in Uganda, just in 1 percent of the group meetings observed.

## 4.7. Group practices

### Evolving rules

Group rules were mostly the same as when the groups were trained, apart from increases in savings amounts and fines. The rule of minimum savings per meeting in Uganda are less strictly applied, while this is a firm rule in Mali. Both countries have options for individual members to save more, which is a new development in Uganda. Loan rules have mostly stayed the same. In Uganda they are more strictly for productive purposes and eligibility is more scrutinized in Uganda. Loan interest rates have mostly stayed the same. Practically all groups in Mali have 10% interest rate per month and in Uganda about half the groups have 5% and half have 10% interest per month.

Many of the groups reported that they had adjusted the rules in their groups (68 percent in Mali and 40 percent in Uganda). However, the adjustments reported were minor changes, primarily around the amount of savings (58 percent in Mali and 36 percent in Uganda, of the groups who changed rules). It was also common that the *fine* was changed (16 percent in Mali and 14 percent in Uganda).

Fundamental adjustments to the rules were rarely reported, but adhering to the rules has evolved, particularly in Uganda, as explained through anecdotal evidence in Box 11 below.

### Box 11: New or relaxing rules can put group at risk

According to anecdotes that the communities in Uganda shared with the researchers, groups that collapsed often had adopted new rules and this had presumably contributed to their collapse. In particular, allowing members larger loans than the standard three-times their savings had caused problems. In many cases this had led to group collapse, and also currently groups struggled as they had to write off some large loans were dealing with a member who could not or would not repay.

One village agent suggested that the rule of 3 times the savings amount was quite risky towards the end of a cycle. In his view groups should have an additional rule of a maximum loan amount say of 100 times share value.

#### Savings rules<sup>39</sup>

In Mali the rule that each member has to save each meeting is quite firm<sup>40</sup>. Failure to save was observed in only 10 percent of the meetings in Mali and then mostly involving only one to five members. In Mali, those members who do not save are considered to break the rules (in 82 percent of the group meetings the non-saving was said to be *very much against the rules*).

In Uganda formally most groups also have the rule that each member has to save at least one share at each meeting. However, the majority of the group meetings had non-savers and the median number was five members who failed to save anything. In Uganda not saving was not considered a severe breach of the rules.

#### Rules and practices for taking loans<sup>41</sup>

The rules and practices for taking loans are summarized in Table 7 below. The study findings show that most groups allow all members to apply for a loan at any meeting. In about half the groups all loan requests can be approved (because there is sufficient fund available). In the other half of the groups loan requests exceed the available funds, so then the group has to decide to whom to assign the loan. In Uganda the financial eligibility of the applicant was verified in particular (saved enough, repaid other loans), while in Mali many groups automatically approved the loan.<sup>42</sup> The decision to allow a loan was mostly made by the *committee* or by *the entire savings group (voting)* (particularly in Uganda) or *Just by discussion*.

The interest rate of loans was 10% in most groups in Mali, while in Uganda roughly half the groups have 5% interest rate and the other half of the groups have 10%. Interest rates were usually calculated monthly, for period borrowed (particularly in Mali) and in Uganda also often recalculated each month on declining balance of loan.

**Table 8:** Group operations practices and rules

Issue	Loan rules/practice	Mali	Uganda
Whether all could apply for a loan	Each member had the chance to request a loan	98%	88%
Whether there were enough loans for all who wanted one	There were more applicants for loans than available loans, so only some were successful at getting a loan	46%	48%
	All those requesting a loan received a loan	53%	49%
Whether loan recipients needed to meet financial criteria	Yes, record keeper verified that loans were within a specified multiple of member's savings.	33%	64%
	Yes, loan eligibility depended on previous repayment or other criteria	18%	19%
	No, anyone could take a loan	49%	15%
Whether loans needed to have a productive purpose	Yes, loan purpose had to be productive	21%	36%
	Yes, loan purpose had to be useful (could be productive, emergencies, school fees)	36%	6%
	loan purpose was mentioned but no criteria seemed required	8%	11%
	Loan purpose was not discussed	35%	44%
Loan approval decision	The chairperson	8%	10%
	The committee	36%	29%
	The entire savings-group (voting)	13%	35%
	Just by discussion, nobody decided	14%	18%
	All requests automatically approved	28%	8%
Interest rate (from intake interview)	0%	1%	1%
	5%	3%	47%
	10%	91%	52%
	20% and more	5%	0%
Interest rate implementation	One time, on amount borrowed	10%	9%
	Monthly, for period borrowed	87%	58%
	Recalculated each month on declining balance of loan	2%	33%

### Rules and functioning of social funds

Groups in Mali rarely have a social fund (2%) while the large majority of Ugandan groups have a social fund. This is mostly paid with a fixed amount per meeting. The balance in groups' social funds is quite small - 1USD median in Mali and 2.50USD in Uganda.

The majority of the groups in Uganda had a social fund (82%), while this was rare in Mali (2%).<sup>43</sup> The fund was funded by *Members contribute a fixed amount every meeting* (82percent in Uganda). In a minority of the cases *Members contribute up to a certain amount and then contributions are frozen until the balance drops below that amount* (8 percent in Uganda). Conditions to access the social fund was through loans *Members borrow without interest* (93 percent in Uganda). Repayment was mostly flexible and access was not related to amount of savings. Criteria for receiving social fund loans was *Request money for any social need*(70 percent in Uganda). In about

one-quarter of the Ugandan social groups it was *Specific list of uses only (such as death, birth, injury)* (28%).

The median social fund balance was quite modest, just 1USD in Mali (with only very few groups having a social fund) and 2 USD in Uganda.

## Membership

Groups bar the membership of certain types of people who have debt or a bad reputation. Some vulnerable groups are often rejected, such as sex workers, HIV/AIDS and people with disabilities and even single women. Ugandan groups were a little more inclusive.

### People eligible for joining the groups

Many of the groups said they would shun certain types of members.

Practically all the groups would, understandably, reject *People with a lot of debt* and *People with bad reputation* as member. In Mali the majority of the groups reported they would bar *men* from joining and therefore also *polygamous men*. The vast majority of Malian groups would also refuse *'sex workers*. About two-thirds of the groups would bar *young children still in school*. About one third of the Malian groups would reject *single women*, *people with HIV/AIDS* and *people with disabilities*.

Ugandan groups are more inclusive, with half the groups rejecting *sex workers*, a bit more than a quarter rejecting *people with a different religion*, and less than a quarter shun *people with disabilities*.

Whether groups are currently less or more welcoming to certain minority groups, could not be established since there is no baseline data available and the study did not record whether groups included members of the mentioned characteristics.

## Record keeping

Record keeping in Mali is now mostly done in writing, with only one in five groups still using an oral memory based system. Mali mostly uses a central ledger record. In Uganda groups use both pass-books and a central ledger.

### Where records are kept

The majority of the groups keep records in a central ledger (74 percent in Uganda and 70 percent in Mali). In Uganda most groups also enter records in an individual pass-book (77%) which is rare in Mali (28%). In Mali a good portion of the groups follow a non-written *memory based system* (21%) compared to only two groups in Uganda. Considering that all groups in Mali were trained in the oral record system, this can be considered a significant change as compared to how the groups were trained.

### How payments are checked and recorded

In Uganda there are clear checks and balances for making payments *Member brings it to the money counter(s), who counts the money and confirms the amount to the Record-keeper (93%)*. In Mali on the contrary, 41 percent of the record keepers reported that *Member brings it to the money counter(s), who don't count the money and put it in a box*.

### Frequency, day and time held and duration of the group meeting

In both countries, most groups meet weekly, while daily also occurs. In Mali many groups meet Friday and mostly in the morning. In Uganda more groups meet Saturday and most meet in afternoons.

Most groups meet on a weekly basis<sup>44</sup>: 89 percent in Uganda and 84 percent in Mali. Quite a significant portion meets daily (16 percent in Mali and 10 percent in Uganda). Just 1 percent of the groups meet every other week in Uganda.

The weekday with most meetings also varied per country. Friday, the day people go to the mosque, was the prime day in Mali, while Saturday was the most common meeting day in Uganda.

The groups in Mali primarily meet in the morning with 8AM median time to start and quite a few starting 9AM. However, in Mali the researchers observed that in the rainy season with higher agricultural activity the group-meeting changed times. In Uganda the groups typically meet in the afternoon with 2 PM the median time to start (but 8AM is not uncommon either).

### Savings methodology

In both countries, almost all groups are still using the original methodology of distributing ASCA.

In both countries all the groups were originally trained in the ASCA methodology with periodic share-outs(distributing ASCA) which is commonly referred to as VSLA in Uganda and Savings for Change in Mali. At the time of research, this was still the predominant methodology, with only a few groups having switched or expanded to other methodologies. In Mali 92 percent of the groups and in Uganda 88 percent of the groups were still distributing ASCAs, the same as they were when they were formed. In Mali 8 percent had stopped the periodic share-out In Uganda 10 percent had started to use different methodologies which included combining ASCA and ROSCA<sup>45</sup>, and combining in-kind methodologies with traditional distributing ASCA.

### Share-out

Cycles in both countries are for exactly a year. Most groups continued to share-out according to their original training: members receive share-out proportionate to their savings. In Mali share-out seldom leaves members with

any debt. In Uganda about one third of the groups have had share-outs with members who cannot settle their debt.

### How share-out is performed and what is the experience

In both countries cycles last exactly 12 months, meaning that share-out happens yearly. There were very few exceptions.

Few of the groups in Mali (11%) received support with the share-out, while in Uganda 35 percent of the groups received support. Help came primarily from *Volunteer or Village Agent or Replicator. Former trainer* was also mentioned to help in a few groups as well as NGO or CBO.

Most record keepers remembered two share-outs. Only a handful remembered all the share-outs.

In Mali only rare cases (less than 4 percent) were reported where one or more group-members could not repay all their loans at the share-out, according to the record keeper.<sup>46</sup>

In Uganda it was actually quite common for some group-members to not be able to repay their loan even on share-out, with one-third of the record-keepers remembering this happening at least once in their last share-out. Share-outs that were longer ago were less likely to have loan default cases, which may mean that record-keepers have forgotten these or that the problem was less severe in the past.

The methodology to calculate the share-out in both countries was usually the original method they were trained in *Everybody gets their savings back and the profit is distributed proportionately* (74 percent in Uganda and 59 percent in Mali). A substantial portion of groups use the system *Everybody gets back what they saved and paid (interest paid on loans goes back to the person paying)* (32 percent in Mali and 17 percent in Uganda).<sup>47</sup>

### Cash-box, key-holders and safeguarding group assets between meetings

Most groups held excess savings in a lock-box. In Uganda the lock-box typically had two or more padlocks while in Mali a single padlock is most common. Ten groups in Uganda held a balance in an account.

Between meetings the majority of the groups held the spare funds in one place (82 percent in Uganda and 100 percent in Mali).

In Mali the funds were typically held in a lock-box with a single lock (mostly with the key kept by another person than the person who kept the box) (76%). In Uganda the large majority (86%) of the groups kept the group's savings in a lock-box with two or more locks, each key supposedly kept by different members.<sup>48</sup>

As mentioned above, only a few groups held their savings in an account (7 percent in Uganda, 0 percent in Mali<sup>49</sup>).

### Analysis: Which part of the training stuck?

Most of the groups in both countries are painstakingly following their original training. It appears that practically all components regarding procedures and rules are still in people’s active memory. However, not all groups are observing or implementing their own rules and fine system. While they know all the original rules and they are still officially following them, groups may be quite forgiving about the following types of behaviour:

**Table 9:** Issues groups are lenient and strict about

Issues groups are forgiving about	Description
Attend all meetings	In practice many members send their savings through other members or send someone to represent them
Loan duration	In practice loans are kept for longer than originally agreed, especially in Mali.
Minimum savings	In Uganda members formally have to save at least one share, but in practice it is common to occasionally not save at all. (Median of five members per meeting). (Non-saving is exceedingly rare in Mali).
Arriving late at the meeting	Roughly half the groups’ reported their meetings to start late, with 30 mins late being the typical time the meeting started. N.B. there are also many groups that impose fines on all late-comers.
Issues groups adhere to	Description
Loan size no more than 3x savings	This is a firm rule that is diligently adhered to and some groups in practice do not even allow such large loans towards the end of the cycle. Many groups have experienced loan default and they have become careful. One Village Agent in Uganda suggested there should be an absolute maximum for a loan, say 500,000UGX (USD130) when share value is 2,000UGX (USD0.52) (250 shares). <sup>50</sup>

Overall, all aspects of the original, standard training are still in groups’ active memory but some of these aspects groups are not able or willing to stringently apply.

There are few groups that have made significant modifications in the methodology communicated in the original training, but changes did occur. The adaptations the study came across are:

- A handful of groups having switched to or added ROSCA methodology.
- One Ugandan group now has ‘free’ savings, rather than specific share value and minimum and maximum number of shares per meeting.
- One group that allows in-kind savings (chickens) instead of shares, while also allowing saving in cash.

- Many groups in Mali had switched to written record keeping, to replace the oral memory system.
- In both countries some groups have switched to daily meetings.
- In both countries attendance obligations have become less stringent with members sending savings through others becoming common.
- In Uganda the minimum savings obligation per meeting has mostly relaxed and members in practice can vary savings amounts between zero and five shares per meeting.
- Most groups do not adhere to their training on electing committee members.

### **Assessment of group operations**

In both countries the groups' main weaknesses in terms of operations are:

- Difficulties in achieving full repayment of all loans. This is likely due to groups either not respecting their lending limits or that lending limits of three times savings are too high and risky in the later part of the savings cycle.
- Difficulties enforcing rules and particularly implementing fines.
- Difficulties maintaining the books consistently (this was particularly observed in Mali, but in light of the low returns is likely to be the case in Uganda too, or at least, there must have been transactions that have gone completely unrecorded, such as borrowing or group meetings that took place without record-keeper available).

All these challenges are inherent in informal financial services that are user managed. Effectively a savings group performs all the functions of financial intermediation, including maintaining records, calculating interest (and interest on interest). In fact, it is remarkable how well these groups perform when considering that members and leaders mostly have limited or no education, they received only one year of training and remain outside any form of supervision, both from NGOs and government.

## **4.8. Methodology development**

The groups have continued to follow practically the same self-management system as when they started. While there are some minor modifications, the findings particularly show that the groups overall have continued exactly the way they were originally trained.

### **Allowing members to save more**

In both countries the groups have found ways to accommodate individual members' desire to save more than the others in the group. This shows how strong the demand for saving is.

In Uganda some groups allow one member to sign up family members (like daughters, sons, or a husband) and for these members they save as if that

person is another member (but in reality these additional members never attend or may not even know about this). For what the researchers saw in the field, these additional (non-attending) members can also proportionately take loans, but this could not be sufficiently investigated. In other groups some members are allowed to save up to 10 shares per meeting, double of the normal maximum of five shares. These members even had adjusted pass-books, printed with 10 boxes on one line, as was observed in some field visits.

In Mali groups have allowed members the possibility to have two, three or sometimes even four '*mains*', which effectively means that that these members save for two, three or four members. Those with more than one '*main*' also can borrow more, and of course get a proportionally higher amount of payout at share out.

In both countries these adaptations to allow members to save more are effectively work-arounds to keep people from needing to join multiple groups to satisfy all their savings needs.

### **Loan rules**

Whether there have been changes in these loan rules since group formation could not be properly assessed because on group formation there was already some variation in the rules, even within programmes. The variation was particularly around loan purpose; some groups in Banking on Change had the rule that loans should be strictly for productive purposes and other groups were much more flexible, accepting purposes like *school fees, helping a family member*.<sup>51</sup>

### **Innovations**

Overall few innovations were introduced. A limited number of groups started to combine ASCA and ROSCA or included an in-kind form of savings. Only a few groups themselves considered to have done any other innovation, 20 percent of the groups in Mali and 9 percent in Uganda.<sup>52</sup> As mentioned above, many of the groups reported trading with each other but it is not clear whether such trading is attributable or not to the savings group.

The innovations in Mali were primarily around exchanging experiences with productive activities or at least discussing these. In Uganda innovations were more centered around the financial functions of the group, and included combining ASCA with ROSCA methodology, and allowing members to save in kind (e.g. hens).

### **Assessment of evolutions**

As this section describes the groups have only evolved regarding minor aspects, despite their complete freedom to take decisions, their lack of exposure to reminders of the methodology or re-training. One can also state that there has been just minor erosion of the system and rules. The

author visited many Banking on Change groups in Uganda in January 2013 and visiting groups again more than six years later was practically the same experience apart from fewer members attending the meeting. This makes one conclude that the system introduced is satisfying the members, also in the long run. There is some anecdotal evidence that modifying the system and changing the rules has played a role in the collapse of some groups. From limited anecdotal evidence, the groups that experimented with providing larger or double loans than the original methodology, have had challenges and either discontinued this risky practice or collapsed.

### **Analysis of future evolution**

The groups did not appear to expect or even wish to evolve in any specific direction. Most of the groups in both countries only desire for continuity of their savings group in their current form.

The view for the future is more likely dominated by fear for collapse of their group (or gradual disintegration) rather than for adding new components or changing any.

As is described above, groups continue to disband as the years progress and there even appears some acceleration of group collapse five years after formation.<sup>53</sup>

While groups still remember the training and methodology elements from the first cycle, their ability to implement all aspects of the methodology may be somewhat eroding over time. The sector should not ignore the call across the groups in both countries that they feel abandoned, that they wonder why the facilitating organisation does not visit. The message from several groups was *why did they help us form our group but after that formation they have lost interest in us?*

Quite consistently, the groups would welcome additional support.

While one may expect that a group becomes stronger and stronger with the years, the study shows some indication that it is more likely that groups reach their peak of strength after about three to four years and after that it may not necessarily be maintained.<sup>54</sup> The age of the chairperson and the members may play a role in later decline. This needs to be studied in more detail.

## **4.9. Assessment of programmatic features**

**Bank-linkages** In Uganda the Banking on Change programme in its second phase<sup>55</sup> included a focus on financial linkages for the groups formed in the first phase (and financial linkages were already an objective of the first phase).

Only a modest portion of the groups had a bank-account (26 groups or 17 percent) in the current phase and just 10 groups had funds in their bank-account. However, these 10 groups had a combined balance of 10,000 USD in their accounts. Of the groups with a bank-account six<sup>56</sup> groups had a loan from a financial service provider, or 4 percent of the total sample). In another study conducted by L-IFT with a reasonably random sample across 12 districts of Uganda (several of them coinciding with the districts of this study), around 33 percent of the group members reported their groups to have bank-accounts. When taking into account the efforts of the programme to encourage groups to get a bank-account, to keep savings in a bank-account and to responsibly take external loans, this programme component has clearly had little long-term effect. A recently concluded study in Uganda had similar findings – the groups offered bank loans had a low usage rate and high abandonment rate.<sup>57</sup>

**Women's empowerment** In Mali the programme specifically focused on women's empowerment and this included efforts to achieve more women in elected positions in local government. Despite the efforts of the programme, the Savings Groups in Mali mostly reported that no women were elected in local government: 12 percent had any women in local government and it was mostly just one woman (only two cases of more than one woman in local government). In Uganda, where women's empowerment received less emphasis from the programme, there were slightly more than half the groups reporting to have elected women in their local government (30 percent had just one woman and 18 percent had more than one woman elected in local government). The majority of the elected women were part of a VSLA group and about half of them in groups formed by the programmes studied for this report. However, half the respondents still felt that their election was not a result of their VSLA membership.

In both countries for a portion of respondents *Organising women to be strong together* was an additional motivation (apart from savings) to join their savings group, mentioned by about half the groups. However, this was less important than issues like *Social/being with friends* (almost all groups in Mali mentioned this) and *Learning skills* (two-thirds of groups mentioned this in Uganda).

Altogether the groups have been successful at empowering women by their own assessment, but limited concrete change could be traced.

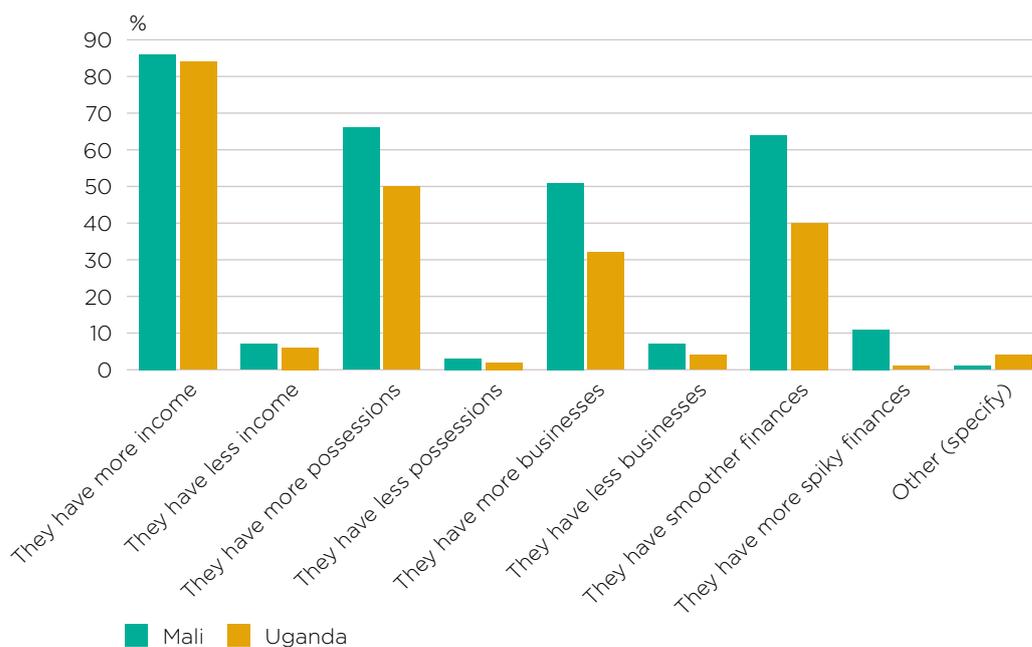
#### **4.10. Self-assessment of the impact of the programme**

The group-members themselves assessed the impact of the Savings Groups on their personal lives. Overall they were convinced the Savings Groups had had positive effects. Particularly the very large majority agreed that the savings group had resulted in more income (more than 80 percent in both

countries). Only a handful (6 percent in Uganda and 7 percent in Mali) felt their income had declined. For the other three indicators, Mali evaluated the Savings Groups' impact more positively. Roughly two-thirds felt that through the Savings Groups they had more possessions (65%) and smoother finances (more even income and expenditures, as opposed to 'spiky finances') (64%). The fourth positive item was *more business* which was mentioned by half of the respondents (51%). These three aspects were also evaluated positively in Uganda, but by a smaller percentage. *More possessions* was the opinion of half of them (50%), *smoother finances* was the opinion of 40 percent of the Ugandan groups and *more business* was reported by 32 percent of the groups.

Groups with a negative evaluation of these indicators were rare, particularly in Uganda where few had a negative view on any indicator (6 percent reporting *lower income*). The only negative element that was reported by more than one in ten groups was *they have more spiky finances* (11 percent in Mali).

**Figure 12:** Livelihood changes as a result of savings group membership



In their self-assessment the groups mostly referred to the financial changes that the Savings Groups had brought about. While social change was recognized by many, the groups mentioned the social impacts less.

**MEMBER LOAN RECORD.**

Date	Item	Amount	Signature
26/6/2017	Loan	50000=	<i>[Signature]</i>
24/7/2017	Interest	25000=	<i>[Signature]</i>
21/8/2017	Paid	52500=	<i>[Signature]</i>
21/8/2017	Loan	120000=	<i>[Signature]</i>
18/9/2017	Interest	6000=	<i>[Signature]</i>
9/10/2017	Paid	126000=	<i>[Signature]</i>
6-11-2017	Loan	160000=	<i>[Signature]</i>
4/12/2017	Interest	8000=	<i>[Signature]</i>
11-12-2017	Paid	168000=	<i>[Signature]</i>
8-01-2018	Loan	180000=	<i>[Signature]</i>
15/1/2018	Interest	189000=	<i>[Signature]</i>
12/2/2018	Paid	230000=	<i>[Signature]</i>
12/3/2018	Loan	11500=	<i>[Signature]</i>
	Interest	241500=	<i>[Signature]</i>
	Paid		

**MEMBER LOAN RECORD.**

Date	Item	Amount	Signature
21/8/2017	Loan	330000=	<i>[Signature]</i>
9/10/2017	Interest	346500=	<i>[Signature]</i>
21/8/2017	Paid	360000=	<i>[Signature]</i>
21/8/2017	Loan	378000=	<i>[Signature]</i>
9/10/2017	Interest	390000=	<i>[Signature]</i>
21/8/2017	Paid	10000=	<i>[Signature]</i>
21/8/2017	Loan	210000=	<i>[Signature]</i>
9/10/2017	Interest	704000=	<i>[Signature]</i>
21/8/2017	Paid	35000=	<i>[Signature]</i>
21/8/2017	Loan	738000=	<i>[Signature]</i>
9/10/2017	Interest	1100000=	<i>[Signature]</i>
21/8/2017	Paid	55000=	<i>[Signature]</i>
21/8/2017	Loan	55000=	<i>[Signature]</i>
9/10/2017	Interest		<i>[Signature]</i>
21/8/2017	Paid		<i>[Signature]</i>

CHURCH OF UGANDA

**MEMBER SHARE PASSBOOK**

Association Name: Dungharu  
 Association No.: 18  
 Member Name: ROKELTA  
 Member No.: 15

## 5. Insights and recommendations

### **Insight: low-cost savings group formation can lead to resilient long-lasting groups**

This study demonstrates that Savings Groups formed in two countries with different contexts do survive long term. More than eight years on average since formation of the surveyed Savings Groups 78 percent remain active in Mali and 64 percent in Uganda.

Accounting for replicated groups (18% in Mali and 71% in Uganda), total current membership is nearly identical to the original membership in both countries.

The groups' operational quality has been maintained and the large majority of the groups largely follow the methodology they were trained in. The research has found limited number of groups that had changed or added other savings methodologies. In addition, only a small percentage of the groups had taken on additional activities such as joint production.

The depth of outreach in terms of savings has deepened, particularly in Uganda. In terms of uptake of loans, Uganda shows a deepening of loan usage, with the majority of members currently having a loan. In Mali a minority of members have a loan at a given time.

Considering that the groups were formed through a cost-effective methodology focused on scale and that after the first year all training and support was discontinued, the resilience of these groups is impressive. Despite the fact that groups manage to survive in large numbers without external support, the members clearly voiced the preference for continued support and contact.

### **Recommendation: Find a way to keep long-term contact with the groups**

The savings group movement should respond to the groups' appeal for some continued monitoring beyond the one-year training period. Different options could be explored including forms of local government or the community taking on this role, possibly in combination with some distance

support through phone calls, videos or mutual support between groups. The cost effectiveness of such long-term support should be taken into account. It could be assessed whether longer term support provides less, the same or more value for money by measuring whether it indeed results in higher survival rates or higher replication rates of groups.

**Insight: Training effectiveness significantly different across trainers**

While the surviving groups are largely faithful to the methodology they were taught, there are significant numbers of failed groups which are concentrated – at least in Uganda – in certain zones; this strongly reinforces the notion of substantial differences in training quality between different trainers, something that better initial quality control at the beginning could have detected and mitigated.

**Recommendation: Measure carefully how training approaches work out and adjust training system accordingly**

Conduct more systematic measurement of how different projects and partners are implementing their programme and field work, and what the resulting group quality and group collapse rates are. Learn about the cases where performance is lower and adjust quality management system in such a way that factors in group formation, training and support mechanism leading to higher collapse are addressed.

**Insight: Additional themes have little lasting effect**

Other programme components that had been added to the savings group training, such as bank linkages and the promotion of women's civic participation, seem to have had little result, or results have diminished over time.

**Recommendation: Dedicate available resources on core task of group formation**

The savings group movement should refocus on the core task of forming quality Savings Groups through established, cost-effective delivery models. Additional programme features – such as bank linkages, women's civic participation and group businesses – have had limited results. Therefore, the author recommends that these activities are either dropped or sent back to the design phase. The savings group movement should only start rolling out an approach for any of these complementary activities when pilots have shown to be as impactful and cost-effective as the core activity of forming quality Savings Groups.

**Insight: Complexity and dynamics of Savings Groups insufficiently understood in the long-run**

Savings Groups are implementing financial intermediation and are effectively small-scale versions of banks but operating without regulations

and supervision. Issues like assessing credit risks, enforcing repayment, calculating interest and implementing fines are only smaller in size in Savings Groups but similarly complex. It is remarkable that so many groups manage to do these different functions independently, particularly when considering that no institution checks on their processes and that they cannot resort to a legal system to enforce repayment.

This study has shown that the majority of groups survive after a period of more than eight years on average. On the other hand, a significant minority of groups collapse (22% in Mali and 36% in Uganda). How groups run into trouble, what limits their effectiveness, and what ultimately causes their collapse, are important issues to understand. This study reveals that most group collapse due to internal affairs: theft or fraud within the group, conflicts within the group and, non-payment of loans. It would be useful to understand how these different factors influence each other and how collapse plays out. Additionally, how other groups avoid or overcome these challenges could bring useful learning. What exactly happens to the interest payments, how the shortfall comes about in Uganda, and the excess annualized return in Mali, are important elements to understand. If the savings group movement could successfully address these issues and further increase the quality of the groups, potentially the survival and replication of Savings Groups may increase significantly.

### **Recommendation: conduct research to understand the dynamics how groups survive or collapse**

The Savings Groups movement should investigate in greater detail the reasons for group collapse in the long-term as well as the moments when groups are more or less likely to collapse after formation. In addition, the movement should establish how the dynamics of group collapse or group continuation plays out for individual members and whether to some extent group collapse is compensated by starting new groups. To properly study groups collapse, long-term study with at least yearly visits of a representative sample will be required, ideally over a decade or longer.

The savings group movement could already act on the findings of this study. In its methodology and training, the movement could do a better job of teaching future group members the importance is of checking group records, good repayment and portfolio management, mitigating the risk of fraud and theft, and conflict avoidance and resolution. It is important that facilitating agencies incorporate specific group experiences in the local context into their training.

### **Insight: Savings Groups' members report economic gains from their membership**

The large majority of savings group members reckoned that their group membership had delivered them economic gains: more income, more assets, smoother finances, more business (in that order). This study could not establish objectively whether this was true since there was neither

a reliable baseline, nor a control group. Several [experimental studies](#) demonstrated measurable but limited improvements. However, these studies were all short-term, two to four years; and the randomized control trials in Mali and Uganda examined impacts in the target communities only two years after the introduction of the program.<sup>58</sup> In Mali only 22 percent of the groups had shared-out at least once at end-line.<sup>59</sup> Now that this study has demonstrated the long-term resilience of Savings Groups in these two countries, there is reason to believe that Savings Groups deliver small but persistent economic benefits to its members. It could also be that benefits intensify with the years. The objective measurement of long-term impact is all the more important, because the costs per member are modest and considerably smaller than any other financial inclusion intervention. With unit costs reported going as low as 10 USD per member, the long-term return on investment for development organizations can be substantial – and much greater than reported by the monitoring systems of projects. If Savings Groups would result in an increase of just 1 percent in income as compared to the same population without Savings Groups and the 1 percent difference persists for ten years, for a household of five living on the poverty line at 1.90 USD per person per day, this would mean that the household earns 35 USD extra per year, 347 USD in ten years, a multiplication factor of the investment of over 34.<sup>60</sup>

### **Recommendation: implement long-term monitoring and extend RCTs to measure a decade of impact**

Monitoring and results measurement frameworks in the sector should take a much longer horizon. The savings group movement should ensure that reliable, objective long-term studies take place to establish whether savings group participation leads to positive economic development and increased well-being. The various RCTs on Savings Groups that took place around 2010-2016 could be extended and one or two additional rounds of interviews would be able to establish to what extent Savings Groups are in fact positively impacting people's economic and social lives. It should be analyzed whether impact decreases, maintains or intensifies over the years. The studies would benefit from comparing Savings Groups' impact to their costs. Drawing comparisons to alternative approaches in financial inclusion or other forms of interventions would help the development sector to understand the comparative value of Savings Groups interventions.

# End notes

- 1 The number of participants was arrived at by multiplying the number of groups we interviewed by the average number of group members. Some group members may not have directly contributed to the study but at least allowed us to observe them during their group meetings.
- 2 Based on calculations by SEEP Network, verbal communication from David Panetta
- 3 The most relevant quantitative studies are: “An Empirical Risk Assessment of Savings Groups”, Ashley Wheaton, SEEP Network, 2018, which was a quantitative study covering more than 500 groups in four countries and looked in 2017 at groups that were on average 3.6 years old. Another long-term study was implemented by IPA reported about in “Savings for a Rainy Day - a Randomized Evaluation of Savings Groups in Mali”, Lori Beaman, Dean Karlan and Bram Thuysbaert, NBER 2014. The study interviewed 6000 people of which more than half were in intervention villages where Savings Groups were formed. The groups in the intervention villages were started between May 2009 and April 2010. The first (baseline) interviews took place before group formation (between February and May 2009) and again between February and May 2012. This means that the interviewed members were in the groups between two years and two years and eight months at endline interview. Another interesting study is “Post-Project Replication of Savings Groups in Uganda” which studied 20 Savings Groups of programmes where funding and support was phased out between 2010 and 2012. The groups were revisited ‘well into’ 2013 and their survival and replication rates were assessed. This study has therefore quite a short horizon and a small sample. There are two further studies conducted by respectively Aga Khan Foundation and VSL Associates. However, neither of these studies could be traced on internet at the time of writing this report.
- 4 While there were nine instruments, the individual interview was implemented four times per group, on four group members.
- 5 In reality these were small discussions held with three to seven group members after the group meeting, guided by a standard survey with closed questions, i.e. questions with predetermined answer categories. The small groups participating in the discussion were guided to decide the most appropriate answer category together. In case the answer categories were not appropriate the group could select other (specify) and provide the description of the appropriate answer.
- 6 In the case of Uganda each researcher interviewed groups from two trainers which means that groups from 24 different trainers were included.
- 7 In Uganda three replacement groups were not interviewed, or hardly interviewed. For instance only intake and individual members were interviewed.
- 8 While all the groups were clearly informed that this research was conducted by L-IFT and that the international NGOs who facilitated and initiated the groups were not directly involved in the study, the groups were convinced that our researchers had been hired by the international NGOs and frequently referred to them as “CARE staff” or FFH or Oxfam US staff.
- 9 An Empirical Risk Assessment of Savings Groups, Wheaton, Ashley, SEEP Network, 2018 found a group survival rate varying from 66 to 92 percent after an average of 3.6 years of existence. These numbers are quite comparable to what this study found in two quite different locations.

- 10 The original data base of groups was compiled with data reported by the trainers or field-officers who formed the groups. In rare cases they may have reported fictive groups in order to meet their targets or simply to show better results. Paul Rippey encountered such a case in a study in Kenya where one trainer admitted that one of the groups he reported to have formed, had simply never been formed.
- 11 If the survival rate of replacement groups was also taken into account, it would have introduced a bias towards a lower survival rate. Those areas with lower survival rate in the original sample needed to replace more groups and presumably those replacing groups again came from a sample with similarly lower survival rates. Therefore the total sample would have included proportionately more groups from areas with a lower survival rate.
- 12 This can be regarded as a version of the Hawthorne Effect “The Hawthorne effect (also referred to as the **observer effect**[1][2]) is a type of **reactivity** in which individuals modify an aspect of their behavior in response to their awareness of being observed.[3][4] This can undermine the integrity of research, particularly the relationships between variables.[5]” Normally the Hawthorne Effect is particularly present in panel data studies where people are tracked over time and this observation may influence their behavior. In the case of this study the observations only started many years after the groups had formed. So the influence of this observation may have had the effect of saving some groups who may have been about to collapse but it could not influence the groups that had already collapsed before the study started.
- 13 This data component was very hard to report for the researchers. It is often difficult to define where a village starts and ends, which groups are project and not (some people simply do not remember anymore how the group was formed) and particularly replication of groups can be claimed by several groups. So one new group may have been reported by two or three sample groups.
- 14 Post Project Replication of Savings Groups in Uganda, Mine, Sarah, Shawn Stokes, Marcy lowe, and Sarah Zoube, Datu Research, 2013
- 15 Part of this significant difference between Uganda and Mali may be explained through the gender of the chairperson. In Uganda a good portion of the chairpersons were men (44 percent). In Mali all chairpersons were women.
- 16 This is from field observations. This element was not included in the surveys, so was not studied systematically.
- 17 Definitions for categories in figures 4 and 5:
- **distributing ASCA** The group retains savings from meeting to meeting with prime purpose to lend out and give savings back
  - **non distributing ASCA** The group retains savings indefinitely and lends to members for investment, household expenses, or to pay for members’ emergencies such as funerals
  - **ROSCA** The group collects savings at every meeting, and gives all the collected funds to one member in turn, and the group retains no money from meeting to meeting
- 18 This conclusion is based on the evaluation of Banking on Change I which the author led, conversations with the Executive Director of Access Africa, Lauren Hendricks in the early 10s, conversation with Jeff Ashe as well as his book ‘In their own Hands – how Savings Groups are Revolutionizing Development’.
- 19 The Banking on Change programme Phase I had a budget of 10 million GBP with which it reached ultimately 700,000 people, which comes to roughly 20 USD per member including all administrative costs, head-office costs, international consultants and evaluations. However, the Uganda programme was considerably lower average cost than the overall project, which was active in 11 countries across three continents.
- 20 The numbers presented in this paragraph concern the group members directly trained by the three programmes from which this study sampled groups: Banking on Change and SaveUp in Uganda and Savings for Change in Mali. CARE and Oxfam US provided the figures themselves.
- 21 “Although Vinod and I continued to give advice and overall direction, our role moved increasingly to implementing Saving for Change in other countries. Vinod said, “I call this the backward dance.... How do you push the responsibility more and more to the people and back out of the system?” Ashe, Jeffrey. In Their Own Hands: How Savings Groups Are Revolutionizing Development (pp. 89-90). Berrett-Koehler Publishers. Kindle Edition.

- 22 Calculation is the original sample 152 groups x 78 percent + 18 percent replication = 119 + 0.18\*119 = 140 groups
- 23 Assuming these groups were started at 10 USD per member and the average membership per group at the first cycle was 22.5 per group, the 152 groups have cost 152 x 22.5 x 10USD = 34,200 USD
- 24 Every current member has cost a total of 72,500/2912 = 24.92USD
- 25 100 groups + 70.5%\*100 groups = 171 groups
- 26 Calculation of costs to form the groups 156 groups \* 29.7 members \* 10 USD = 46,332 USD
- 27 Post Project Replication of Savings Groups in Uganda, Mine, Sarah, Shawn Stokes, Marcy lowe, and Sarah Zoube, Datu Research, 2013
- 28 There may be several factors influencing group size. Some factors could be demographic, for instance Mali may have smaller village size which may leads to fewer available people to join a group. Another factor could be expectations created by the project. Thirdly, social factors may play a role. Programs which incentivize trainers to have more groups have smaller groups, and programs which incentivize trainers to have more members have larger groups. And once it is established in people's minds that a Savings Group has about 30 or about 20 people, then the members start living up to that expectation.
- 29 Q.58 in group-meeting 3 surveys, which is an open-ended question.
- 30 The study took the exchange rate for 31st December 2011 as the starting point. This was CFA 506.1787174936 to the dollar. On 31 July 2019 the exchange rate was CFA 585.85 to the dollar which is 15.7 percent higher. [www.xe.com](http://www.xe.com)
- 31 The study took the exchange rate for 31st December 2011 as the starting point. This was UGX 2475 to the dollar. On 31 July 2019 the exchange rate was UGX 3691.935 to the dollar which is 49.1 percent difference. [www.xe.com](http://www.xe.com)
- 32 This is an interesting finding which we had not anticipated and we only identified this feature during data analysis, after data collection was already complete. It would be interesting to find out from the groups why they themselves think this has changed, i.e. asking groups in Mali why the portion of members having a loan has reduced and asking Ugandan groups why the portion of the members with a loan has increased.
- 33 This feature of changing loan fund utilization rate is an interesting finding which was not expected when we designed the surveys. It would be interesting to find out more about this from the groups what explanation they would have for this change.
- 34 In this question the definition used were: Joint production = members together producing something, e.g. growing crops together on a plot of land, baking bread together, producing shea butter together, Bulk selling = members combining their produce and jointly taking it to the market or offering jointly to a selling, Bulk purchases of inputs = members combining their input buying, e.g. one person going to the input seller on behalf of the others, negotiating a better price since buying a larger amount on behalf of several people, Group business = a micro or small enterprise by the group, larger or more permanent than 'Joint production'.
- 35 Whether the groups truly had no cash whatsoever in their cash-box could not always be established. Altogether the researchers often faced challenges to get information about the balances in the cash-box and some groups may have under-reported their balance in the cash-box for security reasons. Several groups reported that they do not disclose the group's assets or value to outsiders for fear of theft.
- 36 The data presented here comes from the MIS reporting, which we considered to be the most reliable for these type of figures. Similar questions were asked in group-meeting interviews. In the group meeting surveys the respondents reported six groups in Mali that had accounts and 1 group in Mali had a formal loan. For Uganda the group-meeting data almost coincided with the MIS data. In total 25 groups reported to have an account, and nine groups reported that they had a loan.

- 37 Borrowing constraints in Savings Groups (Uganda), Principle Investigation Team: Alfredo Burlando and Jessica Goldberg
- 38 The groups also commonly mistook the research team as being part of the international NGOs who formed the groups: CARE in Uganda and Oxfam America/Freedom from Hunger/Stromme Foundation in Mali.
- 39 These questions were asked for each of the three meetings observed, so we have three different percentages. We therefore write a range of percentages from the lowest to highest percentage of group meeting 1, 2, and 3.
- 40 Q.19 of the three group meetings
- 41 These questions were asked for each of the three meetings observed, so we have three different percentages. We therefore write a range of percentages from the lowest to highest percentage of group meeting 1, 2, and 3.
- 42 It is understandable that Mali does not verify loan eligibility because all members save the same way, so all members should be equally eligible.
- 43 Q.36 of three group meeting interviews.
- 44 Q.72 group meeting 3
- 45 Please note, according to the researchers, these groups basically conduct a complete ASCA meeting and then move to a complete ROSCA meeting. It is not that they mix elements of both methodologies, but just do each and for as far as the available information goes, it is always with all members being part of both.
- 46 Q.34 of record keeper interview.
- 47 Q.58 record keeper interview.
- 48 In a few isolated cases we observed groups where all keys were held in one key-ring, defeating the purpose of multiple locks.
- 49 This is based on Q.42 of the record-keeper interview. In the MIS data collection there were 10 groups in Uganda who were holding savings in a bank-account.
- 50 The numbers this Village Agent mentioned was actually "100 shares or 1 million UGX" and he was talking about a group that had share-value of 2,000UGX. When we consider that a year has 52 weeks and the maximum number of shares per week is five, the absolute maximum number of shares a member can save is 260 shares or 520,000 UGX.
- 51 These are observations from an evaluation of the Banking on Change programme in January 2013, by the author of this report.
- 52 Q.82 group meeting 2 interviews.
- 53 See section 4.1 Survival rate for an estimation of the moment when groups had collapsed in Mali.
- 54 See in section 4.1. Survival rate the figure showing the moment of collapse of groups in Mali.
- 55 In the second phase the programme also focused on forming youth groups. However, that component has not impacted on the groups sampled here, because they were already formed before the second phase started.
- 56 The six groups with a loan is based on the MIS data collection. In another survey implemented with the groups (group meeting 2) there are eight groups who reported to have a loan. In this report we regard the MIS data collection to be most reliable source, but want to mention here that the number of loans according to other information was a little higher.
- 57 Verbal communication, constraints in Savings Groups (Uganda), Principle Investigation Team: Alfredo Burlando and Jessica Goldberg <http://www.alfredoburlando.com/field-projects>

58 In some literature the study in Mali is reported to have lasted three years. However, the IPA report by Karlan et al. refers in its graphs to data collected over the duration of 24 months only. (“Savings for a Rainy Day – a Randomized Evaluation of Savings Groups in Mali”, Lori Beaman, Dean Karlan and Bram Thuysbaert, NBER 2014.)

59 Pg. 23 of Gash, Megan and Kathleen Odell, The Evidence-Based Story of Savings Groups: A Synthesis of Seven Randomized Control Trials, SEEP SLFS Working Group 2013

60 Do-gooders and do-besters, pg. 70, The Economist, 16th November 2019 calculates a multiplication factor of 57 for Self-Help Groups.



# Annex 1

## Literature consulted

- An Empirical Risk Assessment of Savings Groups, Ashley Wheaton, SEEP Network, 2018
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# Annex 2

## Steps followed in implementing the sampling

Table 10: Steps in sampling

Step	Mali	Uganda
1. Identify the geographical locations to include	Identify <i>Cercles</i> that could be reached within a day's travel from Bamako but were not adjacent and had acceptable security levels (basically southern part of Mali). The two sample <i>Cercles</i> had to be bordering to reduce travel costs, and had to have different implementing organisations. <b>Result: Bougouni and Kolondieba (with exclusion of three communes that were too remote to include)</b>	<ul style="list-style-type: none"> <li>- District which could be covered by our researchers based on language and location</li> <li>- Reasonable spread of districts across the country</li> </ul> <b>Result:BoC: Iganga, Bugiri, Busia, SaveUp: Kamuli, Tororo, Bushenyi, Buhweju, Sheema, Rukungiri, Kanungu</b>
2. Select date of creation of the groups between 1 <sup>st</sup> January 2010 and 31 <sup>st</sup> December 2011	Particularly in Mali only a limited portion of the total database of groups fell in the selected time-period. This resulted in some communes having lists of just 25 groups.	Most groups fell into the selected period and the available sample per district was large.
3. Select portions of districts according to work terrain of the original trainers	Not implemented in Mali (in Mali the data was organized according to ' <i>communes</i> ' which is an administrative unit below the ' <i>cercle</i> ' and considered small enough in surface area for one researcher to cover 1 or 2 in their entirety, in Uganda no consistent or clearly marked geographical information was available below the district)	In the original MIS the name of the group's trainer (also named 'field officer') was recorded. In Uganda there were between four and ten original trainers per district. Each trainer had presumably worked in a limited geographical area since they did not receive motor-bikes or other transport. Therefore the trainers' names were used as a proxy for a manageable geographical unit. Per researcher two trainers (field-officers) were randomly assigned (by SEEP staff) in order for the area to be manageable for one researcher but unbiased. In some district two or even three researchers worked and number of field officers/ trainers were four or six.

Step	Mali	Uganda
4. Random sequence of eligible groups	To eliminate selection bias, the eligible groups were listed in a random sequence per commune by SEEP.	Groups were listed per selected field-officer/trainer who formed the group in a random sequence by SEEP
5. Identification of core sample.	Groups were selected in order from the commune lists. Most researchers were assigned one commune, with 22 groups per commune. (Some deviation took place, since some communes had a long list of groups so several researchers worked in those communes. Other communes had too few groups formed in the right time period and all groups were in the original sample selection; in those cases, researchers had another commune as well.)	Each researcher was assigned a total of 13 groups from two field-officers' list as their initial sample (six from one list, seven from the other list).
6. Verification of groups' existence	For each group from the original sample the researchers established whether the group was still active, whether it had stopped or whether it appeared to have never existed.	For each group from the original sample the researchers established with certainty whether the group was still active, whether it had stopped or whether it appeared to have never existed.
7. Random replacement of inactive groups	For each group that was not active the next group on the random sequence list replaced the original group. If the replacement group was found to be inactive, the next group on the list was selected, until all the groups of the original sample were replaced by active groups. In communes where the total list was exhausted, the group was replaced by a sample from another commune.	For each group that was not active the next group on the random sequence list of that field officer replaced the original group. Where also the replacement group was found to be inactive, the next group on the list was included, until all the groups of the original sample were replaced by active groups.

# Annex 3

## Implementation schedule details

**Table 11:** Implementation schedule details

Period	Item
Mid April (Uganda)/ End April (Mali)	Training 4 days
Early May – early July	Locating groups, and replacing groups that had ceased operations or could not be traced
Early May-early July	Intake interviews
Mid-May onwards	Group meeting 1
Mid-May onwards	Individual interviews
End May onwards	Chairperson interviews
End May onwards	Record keeper interviews
Early June onwards	Group meeting 2
Mid June (Uganda) / early July (Mali)	Training respectively 3 or 2 days
End June/Early July onwards	MIS
Early July onwards	Group meeting 3
7 August (Mali) / 15 August (Uganda)	Finalizing Census
Early July onwards	Any left-over instruments
Mid August (Uganda) / early August (Mali)	Meeting to consolidate MIS data and census records

## Annex 4

# What explains observable differences between the two countries

One of the striking differences between the two countries is that in Mali the survival rate is considerably higher but the replication rate is considerably lower than in Uganda. These two factors may be interrelated. In Uganda groups may be stopped and started more easily resulting in a dynamic (or unstable) group membership while in Mali the groups will not lightly disband and likewise a new group will not so easily be formed.

In Uganda groups are more likely to elect their leaders and indeed replace an existing leader while in Mali groups are almost considered to belong to the chairperson and may even be referred to by the name of the chairperson. In Uganda the leadership's tasks are also more shared amongst a committee with several members while in Mali they are concentrated in one person.

In Uganda the amounts saved have increased considerably in real terms since group formation (more than depreciation) while in Mali savings amounts have only increased a little more than depreciation.

The differences between the Savings Groups in the two countries are significant, as can be learned from the findings section and the three examples above (different survival rates, ways of selecting chairperson and savings amount) which the study found to present remarkable differences. What causes the differences, however, was not investigated in this study though factors could include:

- Different methodology to begin with
- Training approach differed
- Different culture
- Different level of education
- Different economic system
- Different agricultural system and climate (single versus two to three rain seasons, variety of crops)
- Whether men are part of the groups
- Other groups available (savings group land scape) (In Ugandan villages there are usually multiple groups while in Mali one or two groups per village is common and most groups are project formed)

Because of these vast differences between the two countries and the long list of potential causes, it does not appear meaningful to try to disentangle which of these factors may have resulted in which of the large differences.

## Annex 5

# Methodologies the studied Savings Groups were trained in

To understand the following report fully, it is important to know the methodologies in which the studied Savings Groups were trained. This will help the reader to place the study's findings on the current operations of Savings Groups in the context of how they started.

### Original methodology and practices of groups in Mali

In Mali the groups under the programme referred to as Savings for Change received training in an Accumulating Savings and Credit Association methodology, which contained the following features:

- All members **save the same amount** each week. This means that a member has no ability to decide how much to save, it cannot fluctuate from week to week as all weeks it is the same amount. The only way for a member to save more is by taking two or more '*mains*', meaning effectively that the member takes out additional membership. Here again, they will always save the same each week, according to the number of '*mains*' they hold.
- The group decides at the beginning of the cycle how much the weekly savings amount is. (Reportedly, some groups were offered the option to reduce the savings amount for all members during the lean season, when people have less money or even go hungry. However, none of the groups appeared to remember this component of the training.)
- At the start the vast majority of the groups saved 100 CFA per member per week.
- All members have the **right to take a loan**. They can apply for a loan of **maximum three times the value of their savings**. Since all group members save the same, the loan value each member can access at a certain time of the year, is the same across all the members.
- The groups use a memorizing method by way of book-keeping. At the end of each group meeting members commit to memory the balance in the cash-box, which members have a loan and the loan amounts.
- After one year, the savings cycle ends and all savings are returned to each member plus equal shares of the interest accumulated.

## Original methodology and practices of groups in Uganda

In Uganda the groups under both Banking on Change and SaveUp programme received training in an Accumulating Savings and Credit Association methodology which had the following features:

- Members can save between one and five shares at each meeting. They can each decide from meeting to meeting how much to save.
- The group decides at the beginning of a new cycle how much the share value is.
- At the start, the value of the shares was for the vast majority of the groups 500 or 1000 UGX.
- All members have the right to take a loan. They can apply for a loan of **maximum three times the value of their savings**. Since all group members save the same, the loan value each member can access at a certain time of the year, is the same across all the members.
- The groups use pass-books to record the savings amount of each members' savings at each week. The pass-book has one row for each week, with a box for the meeting date and five empty boxes for stamping the number of shares. The record-keeper should write each week the date of the group meeting and mark the number of shares with a small stamp (and the boxes left empty are crossed out to invalidate them).
- The loans are also entered in each member's pass-book.
- All records (savings and loans) are also entered into a central ledger.
- After one year, the savings cycle ends and all savings are returned to each member. For each member it is added how many shares they saved. For each share it is calculated how much the pay-out will be, with the interest added per share. (All assets that can be paid out divided by total number of shares of all members combined). Then the amount each member receives is calculated by multiplying the individual member's shares by the share's pay-out value.

## Annex 6

# Performance indicators of Savings Groups' Management Information System

### Mali performance indicators

Indicators	Mali Original		Mali Positive Profits		Mali Negative Profits		Mali No Extremes	
	Baseline	Endline	Baseline	Endline	Baseline	Endline	Baseline	Endline
<b>Age</b>								
Age (years)	1.9	8.7	1.8	8.7	2.0	8.7	1.9	8.7
Age this cycle (days)	200	100	197	77	217	204	200	100
<b>Membership</b>								
Women	100%	99%	100%	99%	100%	99%	100%	99%
Attendance rate	88%	77%	90%	76%	79%	80%	88%	76%
Number of members per group	22.5	20.8	22.3	20.8	23.6	20.6	22.4	20.8
Membership growth rate, this cycle	1%	-1%	1%	-1%	1%	-2%	1%	-1%
Dropout rate, this cycle	1%	1%	1%	0%	0%	2%	1%	1%
<b>Savings</b>								
Savings per member (USD)	10.91	6.95	10.39	6.28	13.11	10.01	10.50	6.35
Annualized savings per member (USD)	19.89	25.44	19.30	29.92	22.10	17.89	19.18	23.18
Savings per group (USD)	245.81	144.52	231.85	130.90	308.86	206.07	235.42	131.82
Annualized savings per group (USD)	448.22	528.88	430.56	623.41	520.67	368.50	430.18	481.35
<b>Loans</b>								
Average outstanding loan size (USD)	16.08	19.15	15.92	20.18	16.75	15.03	15.34	15.97
Estimated average loan size (USD)	32.16	38.31	31.85	40.37	33.50	30.06	30.68	31.93
<b>Operating efficiency</b>								
Percentage of members with outstanding loans	75%	36%	75%	35%	76%	40%	74%	36%
Loans outstanding as a percentage of total assets	83%	67%	86%	64%	76%	84%	82%	73%
<b>Return on investment</b>								
Return on savings	32%	46%	34%	72%	28%	-31%	32%	22%
Annualized return on savings	59%	167%	63%	343%	47%	-55%	58%	79%
Return on assets	24%	31%	25%	42%	22%	-43%	24%	18%
Annualized return on assets	45%	114%	47%	199%	36%	-78%	44%	64%

## Uganda performance indicators

Indicators	Uganda original		Positive profits		Sepspel removed		Negative profits	
	Baseline	Endline	Baseline	Endline	Baseline	Endline	Baseline	Endline
<b>Age</b>								
Age (years)	0.8	8.4	0.8	8.4	0.9	8.4	0.8	8.2
Age this cycle (days)	273	238	281	244	283	238	243	215
<b>Membership</b>								
Women	71%	72%	71%	72%	68%	69%	74%	73%
Attendance rate	90%	53%	91%	54%	91%	56%	90%	50%
Number of members per group	29.7	31.3	29.7	31.7	29.6	31.4	30.0	29.8
Membership growth rate, this cycle	1%	0%	1%	1%	1%	3%	1%	-4%
Dropout rate, this cycle	0%	3%	0%	2%	0%	2%	0%	6%
<b>Savings</b>								
Savings per member (USD)	28.16	47.23	28.41	49.25	29.36	53.88	27.10	38.22
Annualized savings per member (USD)	37.59	72.31	36.94	73.69	37.93	82.54	40.77	64.82
Savings per group (USD)	837.56	1,480.45	843.41	1561.87	869.78	1692.34	813.04	1139.14
Annualized savings per group (USD)	1,118.30	2,266.85	1096.72	2337.28	1123.57	2592.74	1222.98	1932.16
<b>Loans</b>								
Average outstanding loan size (USD)	30.32	67.98	30.18	72.17	31.40	73.07	30.87	43.27
Estimated average loan size (USD)	60.64	135.95	60.36	144.35	62.80	146.15	61.74	86.55
<b>Operating efficiency</b>								
Percentage of members with outstanding loans	40%	71%	40%	74%	36%	78%	42%	56%
Loans outstanding as a percentage of total assets	31%	84%	30%	84%	27%	83%	34%	79%
<b>Return on investment</b>								
Return on savings	34%	16%	34%	23%	34%	21%	35%	-27%
Annualized return on savings	46%	24%	44%	35%	44%	33%	53%	-46%
Return on assets	24%	13%	24%	18%	25%	17%	25%	-34%
Annualized return on assets	33%	20%	32%	27%	32%	26%	37%	-58%

## Annex 7

# Detailed calculations on compound interest rates in both countries

### Mali calculations return on savings

<b>Weekly savings</b>	<b>100</b>
<b>Interest rate per month (average)</b>	<b>10%</b>
<b>Loans outstanding as a percentage of total assets</b>	<b>66,94%</b>
<b>Monthly interest achieved on savings</b>	<b>6,694%</b>

	<b>Interest reaped</b>	<b>Savings deposited</b>		<b>Interest reaped</b>	<b>Savings deposited</b>
week 1		100	week 27	47,52	100
week 2		100	week 28	47,52	100
week 3		100	week 29	57,39	100
week 4		100	week 30	57,39	100
week 5	6,69	100	week 31	57,39	100
week 6	6,69	100	week 32	57,39	100
week 7	6,69	100	week 33	67,93	100
week 8	6,69	100	week 34	67,93	100
week 9	13,84	100	week 35	67,93	100
week 10	13,84	100	week 36	67,93	100
week 11	13,84	100	week 37	79,17	100
week 12	13,84	100	week 38	79,17	100
week 13	21,46	100	week 39	79,17	100
week 14	21,46	100	week 40	79,17	100
week 15	21,46	100	week 41	91,17	100
week 16	21,46	100	week 42	91,17	100
week 17	29,59	100	week 43	91,17	100
week 18	29,59	100	week 44	91,17	100
week 19	29,59	100	week 45	103,97	100
week 20	29,59	100	week 46	103,97	100
week 21	38,26	100	week 47	103,97	100
week 22	38,26	100	week 48	103,97	100
week 23	38,26	100	week 49	117,62	100
week 24	38,26	100	week 50	117,62	100
week 25	47,52	100	week 51	117,62	100
week 26	47,52	100	week 52	117,62	100
			<b>Total</b>	<b>2698,46</b>	<b>5200</b>

<b>Annualized interest to be expected</b>	<b>52%</b>
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### Uganda calculations return on savings

<b>Weekly savings</b>	<b>2000</b>
<b>Interest rate per month (average)</b>	<b>7,50%</b>
<b>Loans outstanding as a percentage of total assets</b>	<b>84%</b>
<b>Monthly interest achieved on savings</b>	<b>6,274%</b>

	<b>Interest reaped</b>	<b>Savings deposited</b>		<b>Interest reaped</b>	<b>Savings deposited</b>
week 1		2000	week 27	881,29	2000
week 2		2000	week 28	881,29	2000
week 3		2000	week 29	1062,06	2000
week 4		2000	week 30	1062,06	2000
week 5	125,48	2000	week 31	1062,06	2000
week 6	125,48	2000	week 32	1062,06	2000
week 7	125,48	2000	week 33	1254,17	2000
week 8	125,48	2000	week 34	1254,17	2000
week 9	258,82	2000	week 35	1254,17	2000
week 10	258,82	2000	week 36	1254,17	2000
week 11	258,82	2000	week 37	1458,32	2000
week 12	258,82	2000	week 38	1458,32	2000
week 13	400,54	2000	week 39	1458,32	2000
week 14	400,54	2000	week 40	1458,32	2000
week 15	400,54	2000	week 41	1675,29	2000
week 16	400,54	2000	week 42	1675,29	2000
week 17	551,14	2000	week 43	1675,29	2000
week 18	551,14	2000	week 44	1675,29	2000
week 19	551,14	2000	week 45	1905,87	2000
week 20	551,14	2000	week 46	1905,87	2000
week 21	711,20	2000	week 47	1905,87	2000
week 22	711,20	2000	week 48	1905,87	2000
week 23	711,20	2000	week 49	2150,92	2000
week 24	711,20	2000	week 50	2150,92	2000
week 25	881,29	2000	week 51	2150,92	2000
week 26	881,29	2000	week 52	2150,92	2000
			<b>Total</b>	<b>49740,41</b>	<b>104000</b>

<b>Annualized interest to be expected</b>	<b>48%</b>
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# Annex 8

## Terminology

<b>Annualized savings</b>	Savings to date (per group or per member) adjusted to estimate what will be the annual total savings
<b>ASCA</b>	Accumulating Savings and Credit Associations. This is the generic word for all savings groups that use the methodologies such as VSLA, SILC and other words used by different organisations. These savings groups collect savings continuously and lend out these savings to group members. Usually the groups charge interest rate on the loans. This means the group's funds steadily increase because members add savings at each meeting and the interest rate is added and again the paid interest rate gets loaned out, so there is compound interest rate. There are distributing ASCAs (who have a periodic share-out, often yearly, which all VSLA, SILC and similar methodologies have). Non-distributing ASCAs also exist, which makes them basically mini-banks. Self-Help Groups could probably be named non-distributive ASCAs.
<b>Banking on Change</b>	Project funded by Barclays Bank and implemented by CARE and Plan International in eleven countries. In Uganda it was implemented in several districts from 2009 until 2015.
<b>Cash-box</b>	The box in which groups hold their excess (unloaned) savings between meetings. It is also referred to as a lock-box. In Uganda the cash-box usually has two pad-locks, in Mali usually one.
<b>Cercle</b>	The name of an administrative unit in Mali. One region consists of several 'cercles' and each 'cercle' consists of several communes.
<b>cycle</b>	The period during which one group saves and lends out the savings, starting from the first week of savings running up to the 'share-out', the moment when the savings plus profit are returned to members.
<b>La mairie</b>	Literally town-hall in French. This institution in Mali primarily has an administrative function.
<b>Ledger</b>	The central book in which the savings and loans of a group are recorded. Also referred to as "central ledger".
<b>Mains</b>	Literally 'hands' in French. It is the word used to refer to group members having double, triple or even quadruple memberships. Where the standard membership is one ' <i>main</i> ' those people who want to save double, triple or quadruple the amount of the standard membership can take multiple ' <i>mains</i> '.
<b>Pass-book</b>	The small book in which one individual member's savings and loans are recorded.

<b>ROSCA</b>	Rotating Savings and Credit Association. A methodology in which members contribute the same amount of savings each meeting and, usually, assign the combined savings to one member. Each member takes turns to receive the savings 'pot'. This methodology is also named 'merry-go-round' and 'tontines' and many other words. ROSCAs are found in practically all countries and cultures.
<b>SaveUp</b>	This was the first project initiated by AccessAfrica (a decade-long programme designed to scale of the VSLA methodology). SaveUp started in Uganda, Malawi and Tanzania in 2009.
<b>Saving group movement</b>	Term used in this report to refer to the combination of all organisations that are active in forming Savings Groups. In other publications this is referred to as the 'savings group sector'.
<b>Savings for Change</b>	Savings for Change programme started in 2005 and Mali was its first country. It is a community savings group program that was designed and implemented by Oxfam America, Freedom from Hunger, and the Strømme Foundation.
<b>Savings Group</b>	In this document the generic term 'Savings Group' is used to refer to distributing Accumulating Savings and Credit Associations. CARE, Oxfam US, Freedom from Hunger and the Strømme Foundation use institutional names for their particular variant: VSLA (Village Savings and Loan Association), or Saving for Change. In some sections whereother savings group methodologies are reviewed, we call the groups ASCAs
<b>Share</b>	A share is a unit of saving in the Ugandan VSLA methodology, usually between 500 and 5,000 UGX (0.15 to 1.50 USD equivalent). In each meeting each member can choose to save between one and five shares.
<b>Share-out</b>	The share-out takes place at the end of a cycle and returns all savings and any profit back to the members. During the share-out meeting the group calculates how much all members should receive taking into account any outstanding loans and amounts of savings of each individual.



