



POST-PROJECT REPLICATION OF SAVINGS GROUPS IN UGANDA

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AUTHORS

Sarah Mine, Shawn Stokes, Marcy Lowe, and Sarah Zoubek, with contributing research from Adam Lenarz and Elizabeth Love.

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The opinions or comments expressed in this study are not necessarily endorsed by the facilitating or partner agencies mentioned or individuals interviewed. Errors of fact or interpretation remain exclusively with the authors. We welcome comments and suggestions.

The lead author can be contacted at smine@daturesearch.com

LIST OF ABBREVIATIONS

CRS	Catholic Relief Services
MFI	Microfinance Institution
MMG	Membership in Multiple Groups
ROS	Simple Return on Savings
ROSCA	Rotating Savings and Credit Association
SAVIX	Savings Groups Information Exchange
SG	Savings Group
SILC	Savings and Internal Lending Communities
UGX	Ugandan Shillings
VSLA	Village Savings and Loans Association

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Executive Summary & Key Findings

Populations that lack convenient and affordable access to savings and credit are often described as “unbanked.” The micro-finance movement has succeeded in providing the previously unbanked with access to credit. However, the influence of micro-finance has been uneven and incomplete, with many variations in the degree of access to financial services. Those who are marginally worse off are still in need of a way to manage their money.

One model that fills this gap is the VSLA/SILC. These are savings groups in which members meet regularly and must contribute a minimum savings amount at each meeting. This money goes into a loan pool and is lent out to members, ideally so that each member receives at least one loan per year. Loans typically must be repaid, with interest, in one to three months, thus returning cash to, and enlarging, the pool. At the end of the annual cycle the pool is disbursed, each member’s share corresponding to the amount of savings they have put in.

In addition to providing an accessible savings and loan vehicle, the VSLA/SILC model goes beyond conventional banking by including a system of social support. The group structure encourages and promotes positive saving habits among members. In addition, members contribute to a separate social welfare fund that can be drawn on to cover emergency costs during times of need, such as illness or death.

We studied VSLA/SILC savings groups in Uganda that were established in multi-year projects by two facilitating agencies, CARE and Catholic Relief Services (CRS). Project funding phased out completely in 2012, but savings groups continue to spring up, or “replicate.” The Datu Research team conducted field research in Uganda in May–July 2013 and collected data through surveys and focus group discussions with replicated groups and the original project groups. The data gathered enabled us to estimate the rate of replication. It also provided a sense of how the experience of replicated groups compared with that of project groups.

This report synthesizes the data gathered, addressing the following core questions:

1. What is the estimated rate at which project groups are replicating?
2. Why and how do replicated groups form?
3. How does the performance of replicated groups compare with that of project groups?
4. What do members of replicated groups report about their experience?
5. What does membership in multiple groups tell us about replication and the VSLA/SILC model?

Our data collected from 20 project groups and 46 replicated groups produced the following key findings:

- 1 WE DOCUMENTED THE EXISTENCE OF 1.99 REPLICATED GROUPS, ON AVERAGE, FOR EACH PROJECT GROUP.** Overall, replicated groups appeared to uphold the core features of the VSLA/SILC model, with small adjustments tailored to the needs of members. A major factor in replication appears to be the phenomenon of membership in multiple groups; nearly all groups had at least one member who also participated in at least one other group. Some members belonged to as many as five groups. Membership in multiple groups shows people’s enthusiasm for joining savings groups and their desire



to maximize the associated benefits. The rapid expansion of the phenomenon raises questions, however, about whether the VSLA/SILC model enables members to meet their expectations via membership in only one group.

2 AMONG REPLICATED GROUPS, MORE WERE SELF-FORMED (25) THAN FORMED WITH THE HELP OF AN AGENT (15). Members mainly got the idea to start a replicated group by observing, and interacting with, existing groups. For technical knowledge and support, they turned in nearly equal measure to existing groups and to agents who were trained by the original project. Interestingly, nearly half of self-formed groups eventually used agent services after they formed. Of these, 70% paid the agent, a rate twice that of agent-formed groups (33%). This suggests that groups who were approached by an agent offering a service may have been less willing to pay for it than groups that actively sought it out. Overall, members chose to join a replicated group for three main motives: to pay immediate and recurring costs (such as school fees), to invest in future returns (such as buying an asset or starting a business), and to obtain specific services (such as taking out loans or earning interest on savings). Members also cited social benefits of joining such as networking and engaging in a system of social support.

3 REPLICATED GROUPS PERFORMED SIMILARLY TO PROJECT GROUPS, WITH SOME DIFFERENCES THAT ARE WORTHY OF FURTHER STUDY. Replicated groups showed a higher rate of return on savings (35%) compared with project groups (30%). However, replicated groups also offered smaller loans and were less likely to achieve 100% loan access (where every member received a loan in the most recent complete cycle). More research is needed to explain conclusively why, despite these other performance factors, replicated groups appeared to have a higher return on savings. As for loan repayment, replicated groups appeared to show a higher default rate, although this finding also merits further study. Groups' reporting may have been affected by variations in the definitions of delinquency and default. For example, the VSLA/SILC model enables a member to use his or her share-out to repay an outstanding loan from the same savings cycle—an important feature that gives the borrower flexibility and protects the group against default. Since this study design does not specifically capture each case in which a delinquent loan was repaid from the borrower's share-out, it may inadvertently overstate rates of default.

4 MEMBERS OF REPLICATED GROUPS REPORTED MAJOR BENEFITS AND EXPRESSED BROAD SATISFACTION WITH SAVING, BORROWING, AND PURCHASING ASSETS. HOWEVER, A FEW EXAMPLES OF UNWISE DECISION MAKING SUGGEST THE NEED FOR ONGOING TRAINING. Members in most replicated groups (85%) said they had learned or improved their savings habits through membership in VSLAs or SILCs. In nearly half of replicated groups, members credited the group directly with teaching them how to save. Share-outs were most commonly used for investments (63%), particularly in livestock and land. Loans were most often used to fund immediate needs such as school fees (53%). Specific comments about saving and borrowing raised a concern that some members of replicated groups may be making financial decisions not consistent with the model's intent. For example, 22% of groups had members who reported having sold assets to meet their savings requirement, a dynamic that, if involving



productive assets, could indicate a misunderstanding of financial concepts. Similarly, two groups reported that members took loans from one group to meet the saving requirements in another. These individual decisions highlight the need for further study to determine whether members of replicated groups are receiving adequate training in vital concepts of financial literacy.

5 FURTHER RESEARCH IS NEEDED ON THE PHENOMENON OF MEMBERSHIP IN MULTIPLE GROUPS AND ITS IMPLICATIONS FOR THE VSLA/SILC MODEL. Membership in multiple groups (MMG)¹ was higher among replicated groups (56%) than project groups (47%). Members’ responses indicate that many of those who joined more than one group had saving and borrowing needs that could not be met by membership in a single group. Our data suggest that relatively prosperous members may join multiple groups to maximize their saving and borrowing. We found no indication that MMG in itself has negative effects for savings groups or their members. However, our data indicate that some members have taken out loans to pay off debt to other groups. This shifting of debt from group to group could potentially enable a borrower to enter a cycle of debt that the VSLA/SILC model is designed to protect against—within any one savings group. The potential debt shifting made possible by the phenomenon of membership in multiple groups, by contrast, merits further research.

¹ MMG reflects the number of individuals within a group that were concurrently members of more than one VSLA/SILC group at the time of data collection.

Our data indicate that savings groups have replicated rapidly, and that overall, they have provided substantial benefits and fulfilled members’ desires to “grow” their money. Members’ impressions of the model and stories of its effects on their lives were strikingly positive. Overall, the model has helped members learn to save, buy assets, start businesses, cope with emergencies, and take care of their families. Further study is needed to assess the role of agents and to document the effects of training on groups’ performance. Additional research is recommended to determine to what degree the financial literacy component of the model is extending to replicated groups.





Introduction

A prominent explanation for the persistence of global poverty suggests that poor populations lack convenient and affordable access to a range of financing tools, including savings, credit, and insurance opportunities (Hendricks, 2011). These populations are often described as “un-bankable” because of their remote location, lack of credit history, and limited access to financial services.

To counteract the barriers that restrict access of poorer populations to traditional forms of financing, the micro-finance movement seeks to supply rural, impoverished populations with access to credit. Micro-finance institutions (MFIs), often for-profit institutions, offer micro-credit opportunities to the poor through loans using non-traditional collateral. Today, MFIs invest almost US\$8 billion in the form of micro-loans in sub-Saharan Africa alone (MIX Market, 2012). However, the reach of current MFIs has been limited to the marginally better off, or “entrepreneurial poor”(CARE, 2011). The emphasis on credit and high rates of interest has cut out a number of clients and limited the scope of development goals MFIs can achieve (Hendricks, 2011). Consequently, savings groups (SGs) have been identified to fill these gaps.

Village savings and loans associations (VSLAs) and savings and internal lending communities (SILCs) are two SG models, advanced by CARE International and Catholic Relief Services (CRS), respectively. In both VSLAs and SILCs, members bring their savings contributions to regular meetings where the money is added to a fund managed by the group. Loans are issued to members from this fund, allowing interest to accrue and the fund to increase over time. At the end of a pre-determined cycle, the entire fund is distributed among the members and a new cycle begins (CARE, 2011; Vanmeenen, 2011). Members also make weekly contributions to a separate emergency fund from which they can make withdrawals in times of need. Through weekly meetings where members can encourage and reinforce one another’s positive saving behavior, the VSLA/SILC model provides a social component that conventional banking lacks.

The Bill and Melinda Gates Foundation funded the Savings Groups Information Exchange (SAVIX), www.savingsgroups.com, to track the performance of more than 150 SG projects in 22 countries over a four-year period beginning in 2010, including VSLA and SILC projects in Uganda. However, what is not being tracked is “replication”—the tendency of donor-funded SG projects to give rise to additional, or “replicated,” groups once a project ends. This study will examine replicated savings groups in Uganda.

In May-July 2013, Datu Research visited 19 villages in seven districts of Uganda, where we met with project groups and additional groups that we found met the criteria of “replicated.” We used surveys and focus group discussions to gather quantitative and qualitative data.

This report addresses the following questions:

1. What is the estimated rate at which project groups are replicating?
2. Why and how do replicated groups form?
3. How does the performance of replicated groups compare with that of project groups?
4. What do members of replicated groups report about their experience?
5. What does membership in multiple groups tell us about replication and the VSLA/SILC model?

We conclude with a discussion of implications and recommendations for further research.





Approach to Data Collection

Our study focuses on how savings groups that were established by CARE and CRS are continuing to replicate in Ugandan villages well into 2013, although project funding and support was phased out between 2010 and 2012. We define “replicated” groups as those that formed after formal project funding for group development had ended. We began by randomly selecting “project” groups from each agency—10 from CARE and 10 from CRS—to form our sample of 20 project groups. Of these 20, we found that four were no longer active, leaving us with 16 “active” groups and four “disbanded” groups.² Members from the executive committees of all 20 groups agreed to complete our survey. Figure 1 shows the locations of the project groups in 19 villages spanning seven districts.³ Also indicated are the geographic areas where CARE groups and CRS groups were respectively concentrated.

² See the Study Methods and Statistical Considerations Appendix for more information on disbanded groups.

³ Two project groups were located in Magoro village. All other villages in this study contained only one project group.



Drop pins represent sample project groups; colors indicate district

- Bundibugyo
- Kibaale
- Lira
- Tororo
- Kamwenge
- Bushenyi
- Kasese

FIGURE 1.
Map of study areas

In May–July 2013, a team of Datu researchers visited the 19 study villages. In each, we began by asking community members to identify additional savings groups in their village. We then met with the sample project groups and other savings groups identified by the community, carrying out detailed surveys with each. With community-identified groups that met the definition of “replicated,” we followed up the survey with focus group discussions to better understand the circumstances under which they had formed, and to document their experiences since formation.



1 WHAT IS THE ESTIMATED RATE AT WHICH PROJECT GROUPS ARE BEING REPLICATED?

Key Findings

- The rate of replication was 1.99 replicated groups, on average, per project group. The range across villages was 0–7.8. Over 20% of villages had a rate of replication higher than 3.5.
- Membership in Multiple Groups (MMG) is a key factor in replication. Other factors include high weekly savings, high starting membership levels, and high value of first share-out.
- MMG complicates any attempt to estimate saturation.

RATE OF REPLICATION

To estimate a rate of group replication, we first needed to establish a difference between “project” groups and “replicated” groups. We define project groups as those formed during formal funding for group development under the CARE and CRS projects. Replicated groups are those formed after formal project funding for group development had ended. Using the community-identified approach, we identified 84 replicated groups. Of those 84, we were able to meet and hold focus group discussions with 46.

Figure 2 shows for every project group, this study found, on average, between 1.99 and 2.30 replicated groups.⁴ This replication estimate is corroborated by the findings of a small Kenya study by Financial Sector Deepening (FSD) Kenya that found approximately 2 additional groups had formed for every project group (FSD Kenya, 2011). We estimated the replication rate by dividing the total number of community-identified replicated groups by the total number of community-identified project groups. The higher calculation, 2.30 replicated groups per project group, represents the raw output of our method. The lower end, 1.99 replicated groups per project group, assumes a margin of error of 15.5%.⁵ This report uses the low-end replication figures in its analysis of replication.

4

The total number of project and replicated groups here is drawn from the community-identified list. This list includes the 20 sample project groups and the 46 replicated groups that participated in focus group discussions, but also includes a larger pool of groups identified but not surveyed by the Datu team on site in Uganda.

5

This margin of error represents the percent of the time researchers changed the initial group classification (project or replicated) based on additional or updated information revealed through focus group discussions. Because it was not possible to meet with every group on the community-identified groups list, the calculated margin of error was used as a proxy for total margin of error.

REPLICATION RATE	2.30	1.99
REPLICATION TYPE	REPLICATION (Natural)	REPLICATION (Adjusted)
DEFINITION	Ratio of community-identified replicated groups to project, no proxy	Ratio of community-identified replicated groups to project groups, adjusted using a proxy to estimate how often replicated groups may have been misidentified

FIGURE 2. Estimates and definitions of group replication



Figure 3 shows the range of replication across the 19 villages included in this study. Rates of replication ranged from 0 to 7.8 replicated groups per project group and are grouped into quartiles, from lowest to highest. Approximately 37% of villages have a rate of replication above 1.5, and 20% of the villages have a rate of 3.5 or higher.

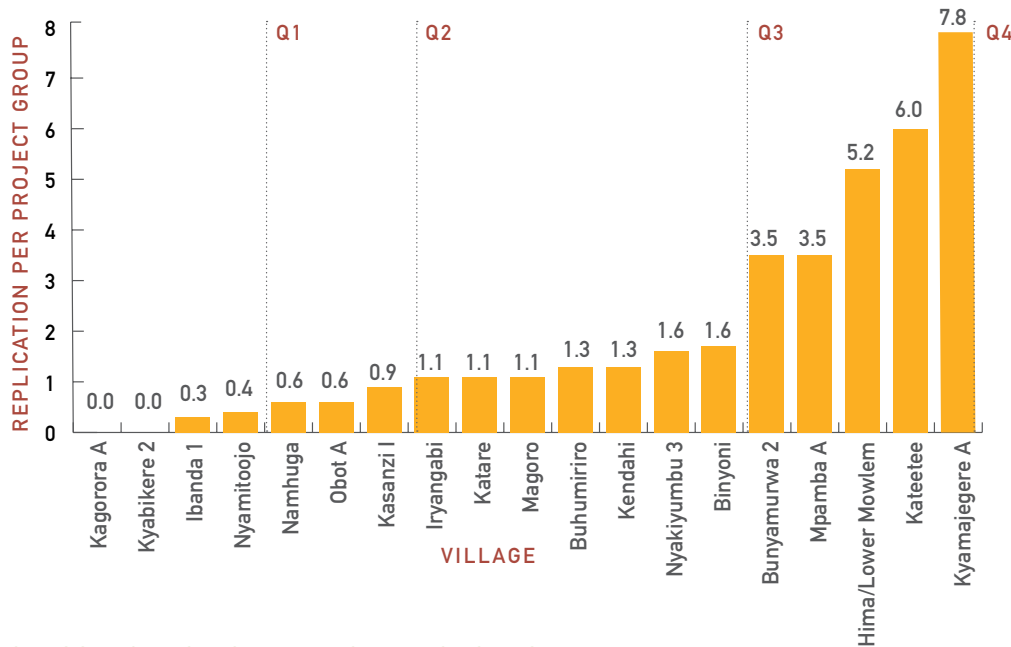


FIGURE 3. Distribution of villages across replication quartiles

CLASSIFICATION OF REPLICATED GROUPS

Once we made the distinction between project groups and replicated groups, we found it necessary to further classify groups. Figure 4 shows the method used to create three main categories: project groups, replicated groups, and non-VSLA/SILC savings groups, which were not a focus of this study.⁶ Within replicated groups, we found three sub-categories: agent-formed, self-formed, and influenced. Agent-formed groups were formed by an agent no longer receiving pay from the project at the time of group formation.⁷ Self-formed groups were formed by group members themselves, but may have later enlisted an agent to provide training.⁸ Influenced groups (which may be agent-formed or self-formed) are distinguished by the relatively small number of traits they share with other VSLAs/SILCs.

6 The most common example of a non-VSLA/SILC savings group was a rotating savings and credit association (ROSCA).

7 Throughout this report, “agent” refers to one of the following: a field agent or private service provider (PSP) for the CRS model or a community-based trainer (CBT) or village agent (VA) for the CARE model. Replicated groups were never formed by a project-paid agent. More information on agents can be found in the Study Methods and Statistical Considerations Appendix.

8 More information on the self-formed and agent-formed classifications can be found in the Study Methods and Statistical Considerations Appendix.



At first people were overlooking our group. They would keep on moving. But at the time of sharing out, these people would see members of our group improving their standard of living. Many people were encouraged by our growth and wanted to join.

MEMBER OF BALITWEGOMBA GROUP, BUNDIRUGYO

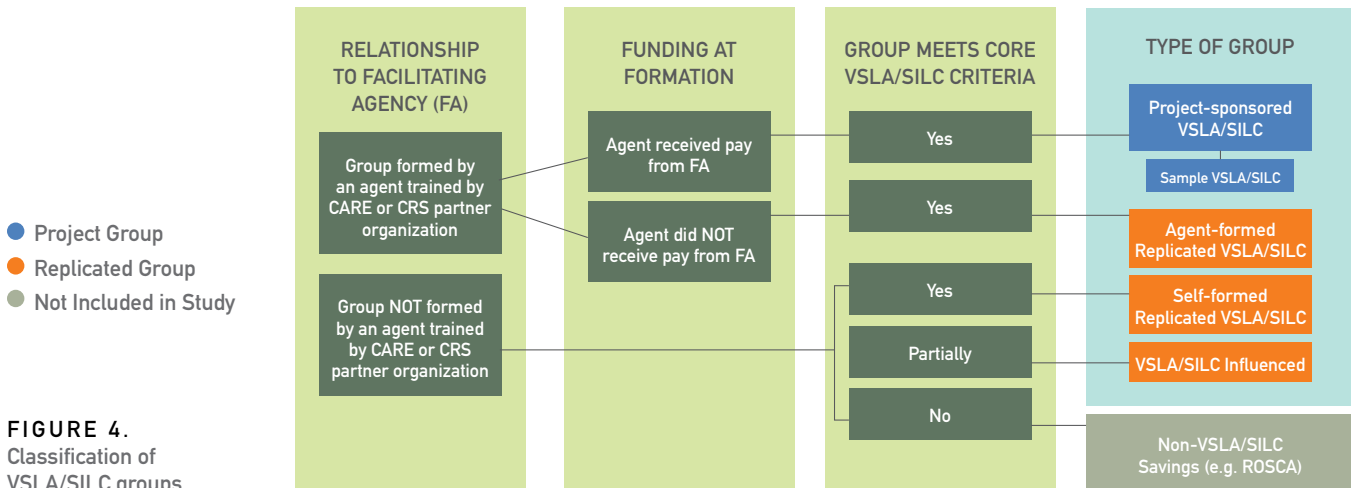


FIGURE 4. Classification of VSLA/SILC groups

Of the 46 replicated groups in this study, 25 were self-formed, 15 were agent-formed, and 6 were influenced. Combined with the FSD Kenya finding that replication was primarily group-driven, the preponderance of self-formed groups in this study suggests the potency of group-driven replication (FSD Kenya, 2011). However, to draw a robust conclusion, further research is needed.

Figure 5 illustrates common traits of VSLAs/SILCs and the percent of groups in this study sharing each trait. This figure delineates the 14 traits considered to be core criteria for classification as a VSLA/SILC, showing the percent of study groups that met each one.

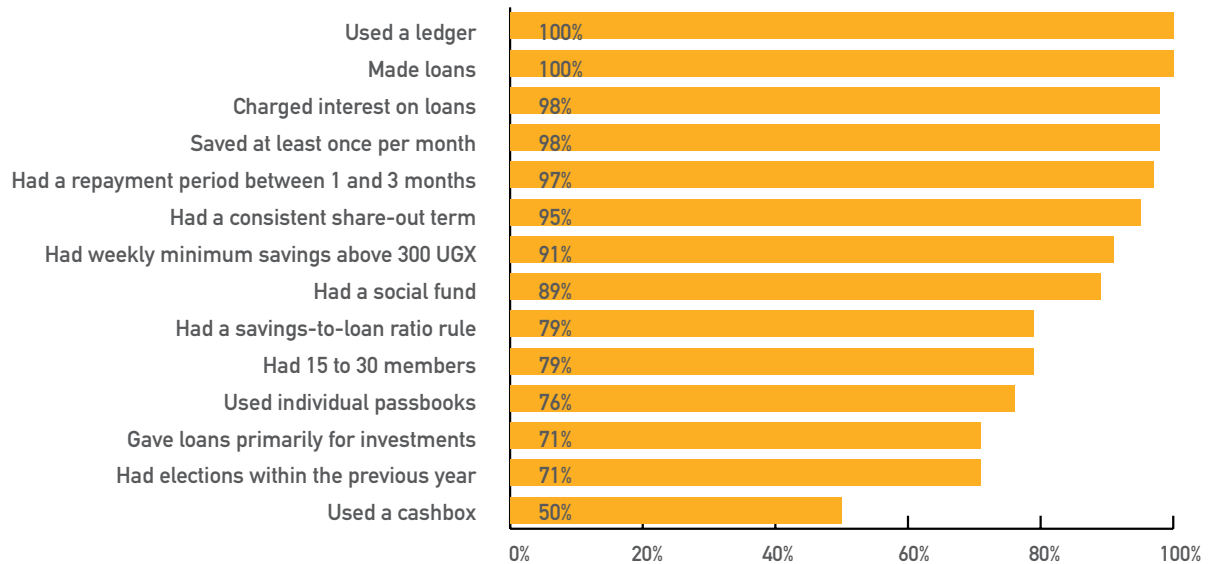
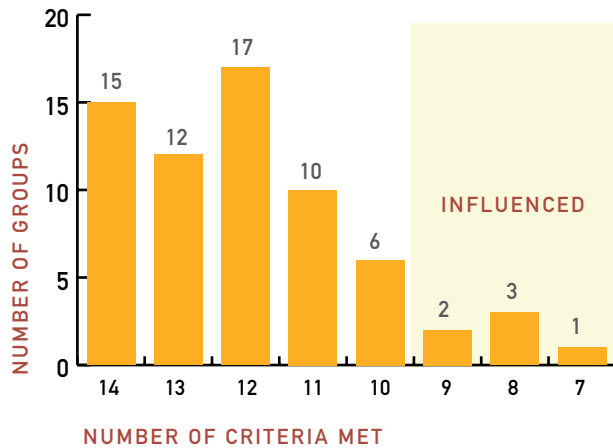


FIGURE 5. Percent of groups that met the 14 core criteria

Figure 6 charts the 66 groups included in this study according to the number of core criteria they met. The majority of groups (91%) met at least ten of the 14 criteria. The remaining six groups, meeting only nine or fewer criteria, were observably different from the other groups and thus were classified as influenced groups. When necessary to avoid skewing the data, we excluded influenced groups because they often blended methods from VSLA/SILC and non-VSLA/SILC savings groups.⁹



9
Theoretically, if this chart were to continue to the right it would reveal non-VSLA/SILC groups, with influenced groups located on the crux between VSLA/SILC and non-VSLA/SILC.

FIGURE 6.
Classification of replicated groups, by core criteria

MAIN FACTOR IN REPLICATION: MEMBERSHIP IN MULTIPLE GROUPS

Data from our surveys and focus group discussions showed a striking phenomenon of group members concurrently belonging to more than one group. We refer to this as membership in multiple groups (MMG).¹⁰ MMG was ubiquitous among VSLAs/SILCs in Uganda, which affected the rate of replication. Of the 62 active groups in this study, 58 groups (93.5%) reported having at least one member who was also a member of another group. Figure 7 shows that almost half of the 58 groups reported that more than 50% of members belonged to another group, and 13 groups stated that over 90% of their members belonged to another group. Seven focus groups had members who belonged to three or more groups, and some members were in as many as five.

10
Other implications of membership in multiple groups (MMG) are discussed in greater detail in Section 5.

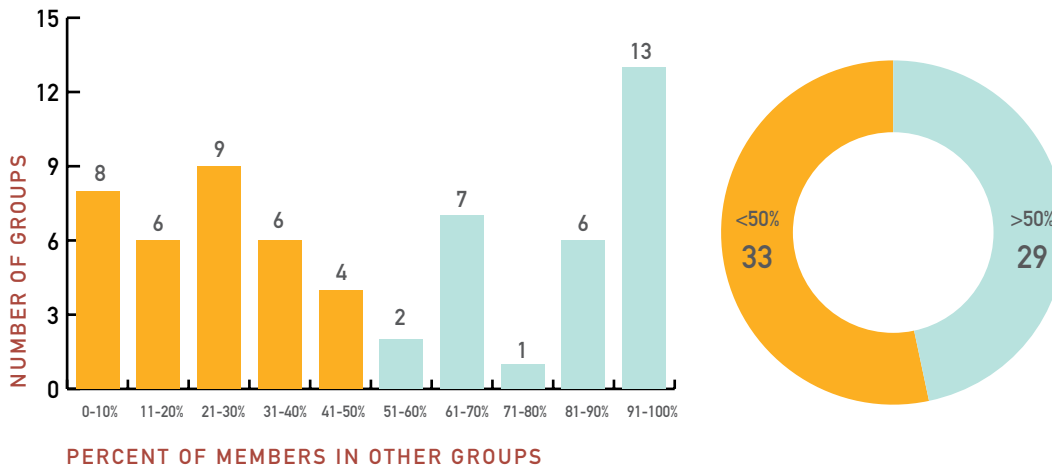


FIGURE 7.
Membership in multiple groups, by percent of members

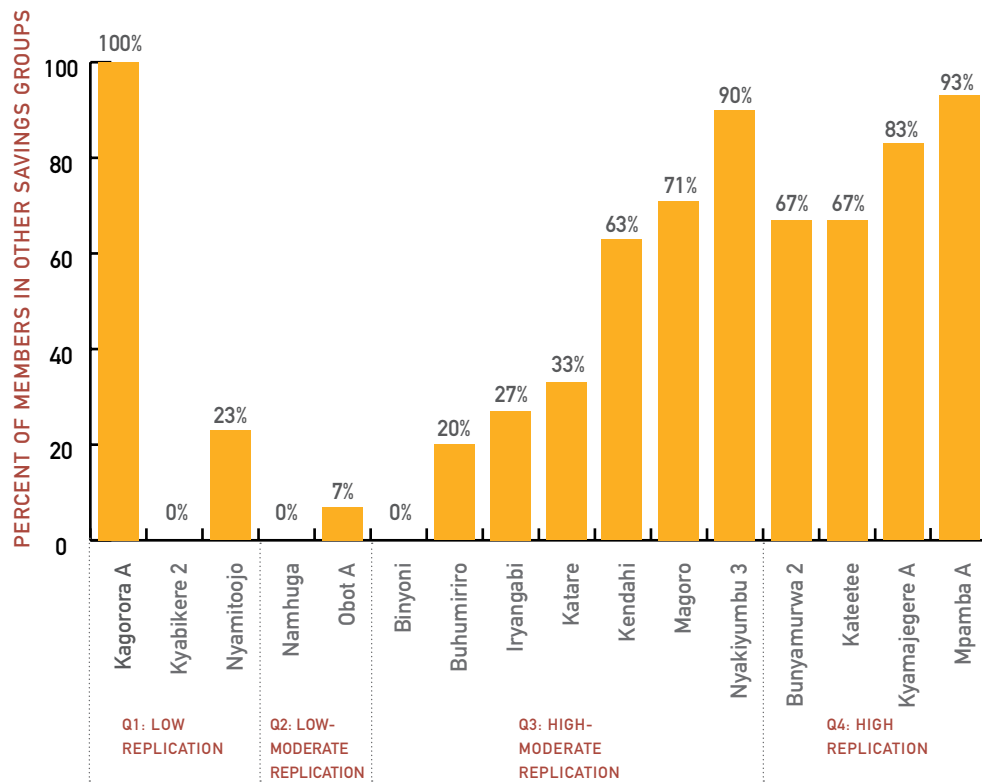
11
The scale used to interpret correlation strength may be found in the Study Methods and Statistical Considerations Appendix.

12
Data on percent of members in other savings groups were missing for three of four disbanded groups, and the fourth disbanded group was removed from this correlation to maintain consistency. When the fourth disbanded group is included in this analysis, the correlation decreases slightly to 0.43.

13
Data are from sample groups only. The outlier, Kagorora A, is a small village with one group, of which all members also belonged to additional groups outside of the village. Values for Magoro village were averaged. Missing observations were removed.

Data on MMG show a strong correlation¹¹ (correlation coefficient 0.44¹²) with the rate at which groups replicate, suggesting that variation in replication across villages is related to MMG. Indeed, groups in high-replication areas were much more likely to have a greater percent of MMG than groups located in areas with lower rates of replication (see Figure 8).¹³

FIGURE 8.
Percent of members in other groups across replication quartiles



14
These are correlations, and do not prove causality. The list is not comprehensive, but provides a foundation upon which further research to better understand the drivers of replication may be conducted.

Such high rates of MMG have implications for how practitioners view replication, since it suggests that it is not accurate to count every member of a replicated group as “new” to the model. Replicated groups do recruit many individuals with no prior VSLA/SILC experience, but the number of previously unreached members may not be as high as once thought.

OTHER FACTORS

Table 1 summarizes other factors that may influence rates of replication, along with their correlation strength, correlation coefficients, and possible explanations for each trend.¹⁴ The correlations to replication range in strength from moderate (in the case of minimum savings requirements) to weak (in the case of size of starting membership and first share-out value). While this provides some insight into potential drivers of replication, further research will be necessary to obtain any degree of certainty.

GROUP CHARACTERISTIC	CORRELATION STRENGTH	CORRELATION COEFFICIENT	POSSIBLE EXPLANATION
Minimum savings requirements	moderate	.35	Members want to establish a new group with more manageable weekly savings requirements than existing groups.
Size of starting membership	weak	.24	Members want to join existing groups, but there are few open spaces for new members, so they decide to start new groups.
Value of first share-out	weak	.24	Members observe the success of existing groups, compelling them to form a new group.

TABLE 1.
Group characteristics that correlate with rate of replication

Replication rates appeared to be higher in villages where all project groups remained active compared with those where a project group had disbanded. The average replication rate in villages with an active project group was 2.6, whereas villages with a disbanded project group had a rate of 1.5. Population density and distance to an urban area¹⁵ had a negligible relationship with replication rates. There also did not appear to be a relationship between whether a replicated group mentioned learning from another savings group and the replication rate in that village.

SATURATION

Full project saturation is met when every member of the eligible population participates in a VSLA or SILC, measured on a scale of 0% to 100% (full saturation).¹⁶ The high rates of MMG complicate any attempts to estimate saturation. Figure 9 gives estimates for saturation using data on village population and group membership, showing that nearly 20% of groups are well over 100% saturation.

We tested the correlation between saturation and replication and found a weak-to-negligible relationship (-.11). However, the negative direction of this relationship is logical, suggesting that replication will slow, or even stop, as villages approach saturation.

15 Distance to an urban area is calculated using the distance from a village's center to the closest urban area. Kagorora A village was not included in this correlation.

16 Saturation is calculated by dividing the estimated total membership (average group size*total groups) by estimated eligible population (total number of households*2 adults).

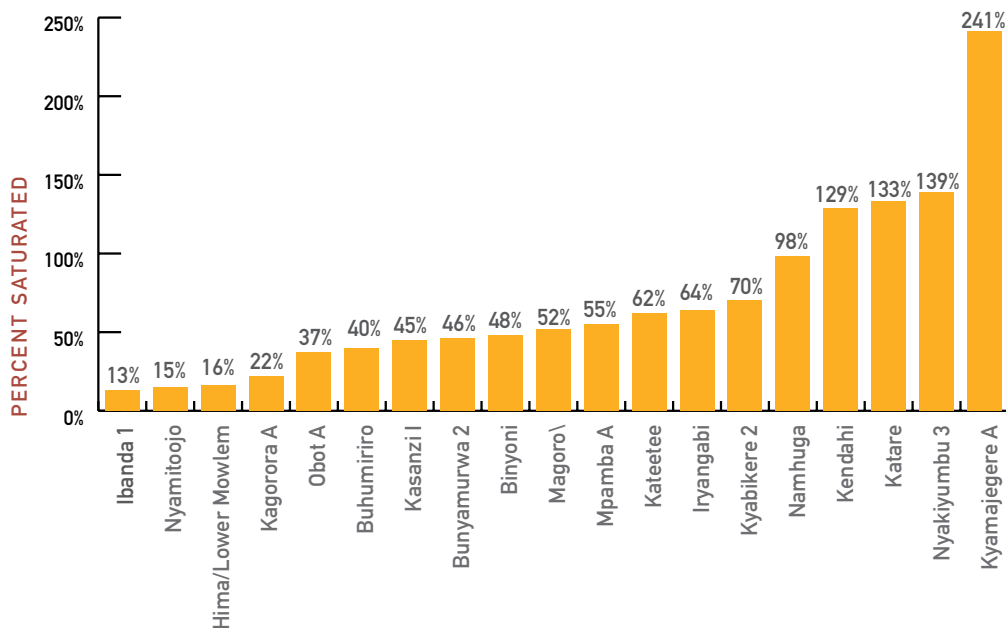


FIGURE 9. Estimated levels of project saturation, by village



2 HOW AND WHY DO REPLICATED GROUPS FORM?

We are now in our second year, and all of the knowledge and skills were gotten from the other SILC groups.

MEMBER OF GISU SILC GROUP, KASESE

Member: After getting started, [an agent] came and approached us and gave us more guidelines on how to operate the group. And that's how we managed to move on.

Moderator: What specific guidelines or assistance did he provide?

Member: He taught us how to prepare the ledgers, balance the cashbook, how to save and lend amongst ourselves, and even advised us on how much we are supposed to charge in terms of interest on loans.

MEMBER OF BINYONI TWANZANE GROUP, KASESE

Data from focus group discussions with the 46 replicated groups shed light on how and why replicated groups form. Group members discussed how they got the idea to form a group, where they acquired the knowledge and materials, what they expected to get out of the group, and what challenges they faced during the initial phases of development.

Key Findings

- Members mainly got the idea to start a replicated group by observing and interacting with existing groups. For technical knowledge and support, they turned in relatively equal measure to existing groups and to agents.
- Overall, three expectations motivated members to join replicated groups: to pay immediate and recurring costs (such as school fees), to meet future needs such as starting a business, and to gain access to services such as borrowing and saving.

SOURCES OF SUPPORT FOR GROUP FORMATION

Initial group formation requires two crucial components: the idea to start a savings and loan group, and the necessary technical knowledge and support to be successful. Overall, the main inspiration to form a group came from members' observations of and interactions with existing groups. For technical knowledge and support, newly forming groups looked not only to existing groups, but also to agents in relatively equal measure.

Figure 10 shows the responses from focus groups that discussed how members got the idea to start a VSLA/SILC. Of 41 groups, 28 mentioned they got the idea from another savings group. Only 14 groups said an agent gave them the idea to form a VSLA/SILC. Interestingly, even within the subset of groups that had been formed with the help of an agent, 21% mentioned that the idea to form a group actually came from another savings group, not just the agent. Finally, a small number of groups mentioned that a government-sponsored radio announcement or government official had sparked the idea.¹⁷

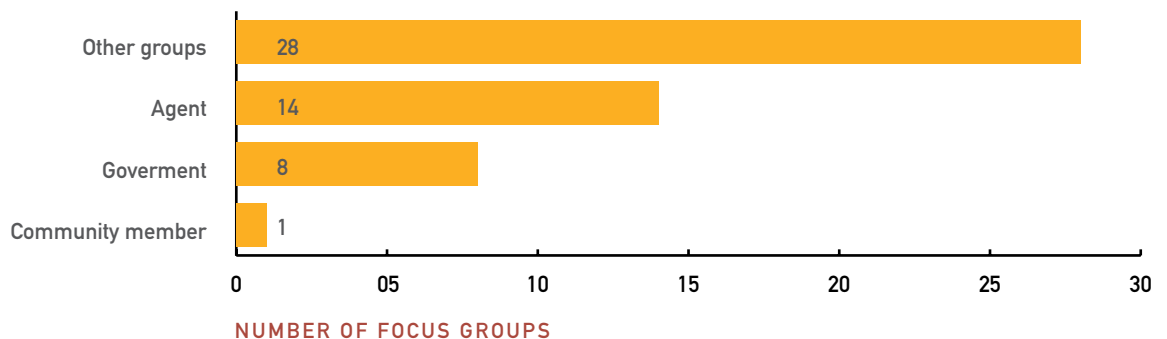


FIGURE 10. Where replicated groups got the IDEA to form a VSLA/SILC

¹⁷ Because data in this section are drawn from focus group discussions, and because groups often provided multiple responses to each question, the number of responses is typically not equal to the total number of focus groups.

Figure 11 shows the number of responses from focus groups that discussed how members acquired the technical knowledge to form a VSLA/SILC. Of 43 groups, 26 cited agents as the source of this kind of support for their formation. Interestingly, nearly as many groups (25) cited other groups as a source of technical support. This tendency of groups to learn from other groups is corroborated by our survey data, which indicate that 31 of the 66 groups (16 replicated and 15 project) had trained at least one other group in SILC/VSLA methodology. Besides agents and other groups, mentions of other sources dropped steeply. Government, group and community members, and other financial institutions each only received three to five mentions, indicating that these are not common sources of technical knowledge or support for forming a replicated group.

Focus groups also mentioned the important role agents play in acquiring necessary materials, such as ledgers or passbooks for recording transactions, or a cashbox for storing the group's funds. In 12 of our focus groups, members mentioned they provided cash to an agent, who then purchased these materials and brought them to the group.

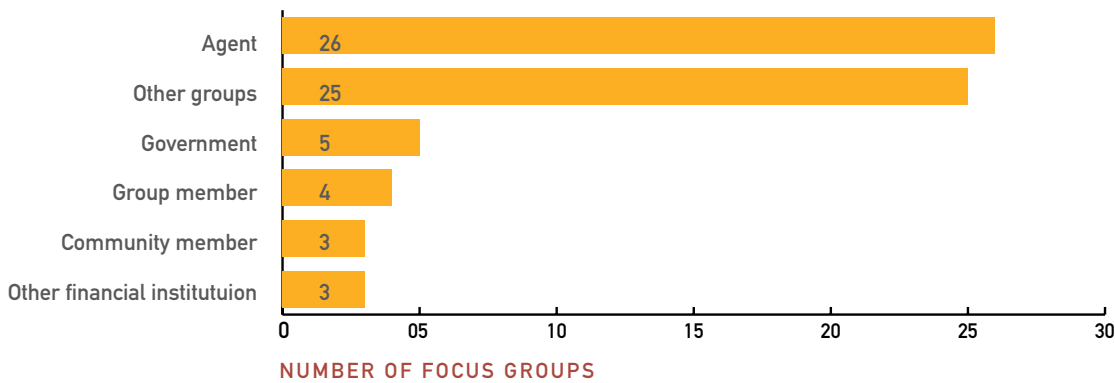


FIGURE 11. Where replicated groups got the KNOWLEDGE to form a VSLA/SILC

Given the important role of other savings groups in providing both the initial idea and the technical knowledge to form a replicated group, it is not surprising that most replicated groups had at least one member with prior savings group experience at the time of formation. Figure 12 shows the responses from 41 focus groups on this topic. Nearly all—39 of 41 groups—noted that at least one member had some prior savings group experience, the most common of which was as a member of a different VSLA/SILC.

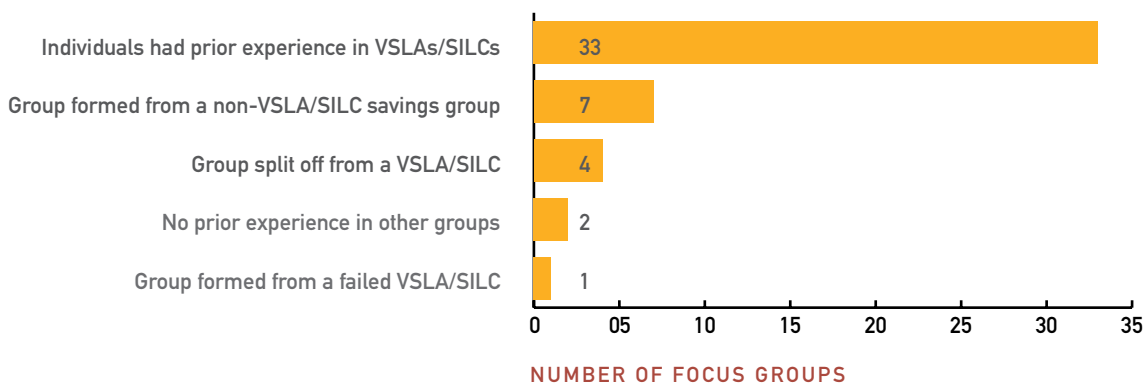


FIGURE 12. Groups with member experience in other savings groups, by experience type

The reason we started the group is we needed to pay school fees for our children. You would find you had no money, then you would run to a friend to ask for a loan from his group or her group, but that group could not give us their loans because we were not group members. We decided to put up our own group that could assist us to raise school fees for our children.

**MEMBER OF
BUNYAMURWA WIDOW'S
GROUP, KASESE**

Originally when I joined this group, I would ask for a loan at the same time as three other people. In this case, I wouldn't get a loan or the amount of money I needed. For me, the group is not providing assistance or help. The group doesn't have enough money to benefit all members.

**MEMBER OF BUTEMURA
TWANZANE GROUP,
KASESE**

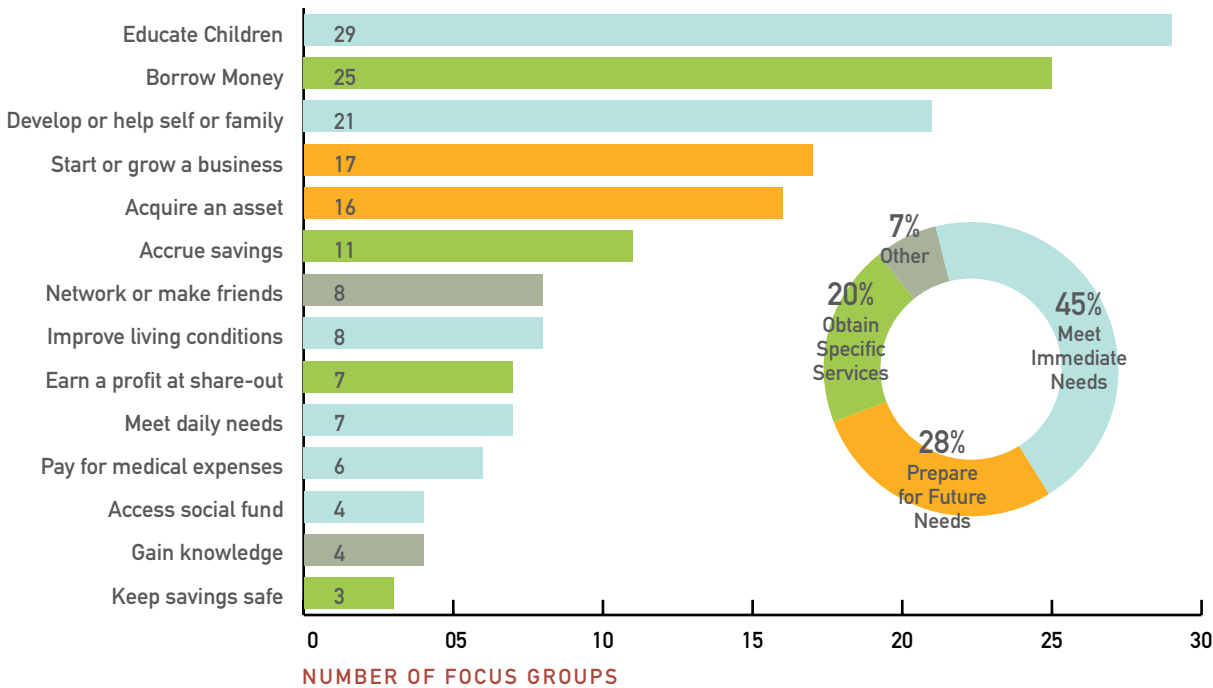
I knew that by joining this group I would also develop myself by investing, which I've done so far, as I now own a goat.

**MEMBER OF NKURUNGU
TUKUNDANE GROUP,
KAMWENGE**

EXPECTATIONS OF GROUP FORMATION

Members of replicated VSLAs/SILCs shared their reasons for joining the group and what they expected to achieve. Of the 166 responses from 45 focus groups shown in Figure 13, 45% referred to immediate needs including the most common response, children's education (especially paying school fees). Fewer (28%) mentioned expectations of meeting future needs such as starting a business or acquiring an asset. Another 20% mentioned specific services of the project model such as the ability to borrow money and build savings.



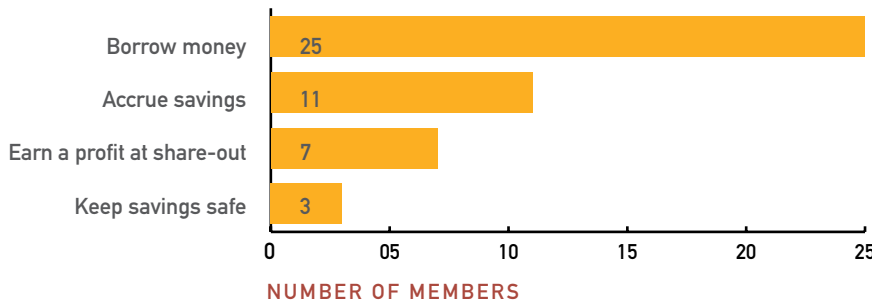


We used to not believe that somebody can save money and at the end of the cycle get a share of about 200,000, that sometimes one saves 100,000 and at the end of the cycle one gets 170,000. Therefore it is a surprise and I did not believe it could happen that money in a group can earn profits.

MEMBER OF NYAKIYUMBU WOMEN'S GROUP B, KASESE

FIGURE 13. Member expectations upon joining a VSLA/SILC

Figure 14 shows results from members whose expectations referred to one of four services provided by the VSLA/SILC model. Most responses (25) cited borrowing money, highlighting the very limited access to credit in the region. The second-most cited response (11) was the ability to accrue savings. Only three members cited a need to keep savings safe.



What surprised me was the amount of money that we shared. Nine million was a lot of money. I had never seen that before.

MEMBER OF ABAGAMBAKAMU GROUP, KIBAALE

FIGURE 14. VSLA/SILC services cited as reasons for joining replicated groups

Overall, members of groups expressed satisfaction with their VSLA/SILC experience. Figure 15 shows that 60% of focus groups mentioning expectations had their expectations met, compared to 40% that mentioned expectations that had not been met. Most unmet expectations included financial constraints—limited loan pool, small share-out—which are to be expected given the relatively new status of these young groups. Similarly, 71% of focus groups that mentioned surprises noted they were positive ones, such as higher-than-expected share-outs, compared to 29% reporting negative surprises, such as a high incidence of defaulters in the group.

They trained us that when you get a loan it should be linked to the money you have saved. This rule is not helping us to meet our expectations because if you need a cow it is hard to access a 1,000,000 loan from a group if you have saved only 300,000.

MEMBER OF TWEYIMUSE GROUP, KIBAALE



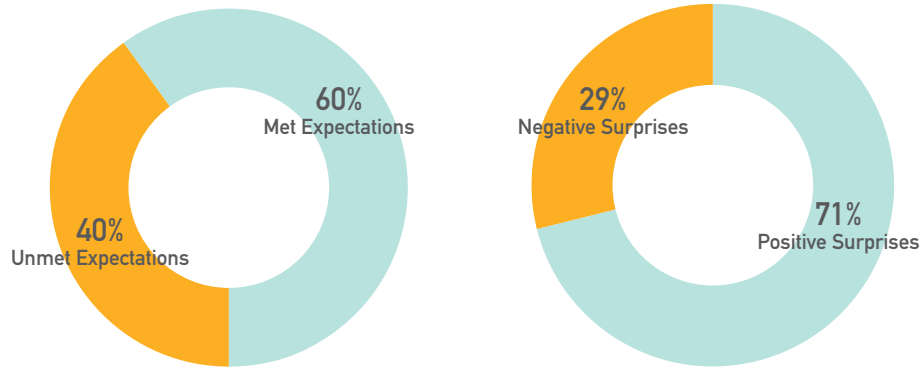


FIGURE 15. Member satisfaction with VSLA/SILC experience, by expectations and surprises

The main challenge is little savings. Some of us are businessmen and at times we come here in need of a loan, but we find almost every member is facing the same problem, and we end up not gaining because the money is always little.

MEMBER OF BUREMBO TUTUNGUKYE GROUP, KAMWENGE

We are farmers, and sometimes seasons don't go well. We plant foodstuffs, but when [the season] is spoiled, we don't get money to save.

MEMBER OF BUNYAMURWA ONION FARMER'S GROUP, KASESE

CHALLENGES OF GROUP FORMATION

Probing questions uncovered a number of challenges members experienced as they were forming a replicated group. This topic was raised in 42 focus group discussions, of which 41 mentioned facing at least one challenge as they were forming. Overall, most challenges did not stem from operational issues associated with adopting the model, but rather were due to financial constraints, which made up half of all challenges mentioned. The most common of these, mentioned 22 times, was a difficulty coming up with money. Almost a third of challenges were personal character-related issues such as dealing with defaulters, theft, or absenteeism. Only 20% of challenges concerned operational issues related to the model such as difficulty attracting members, poor bookkeeping, or a lack of external support (see Figure 16).

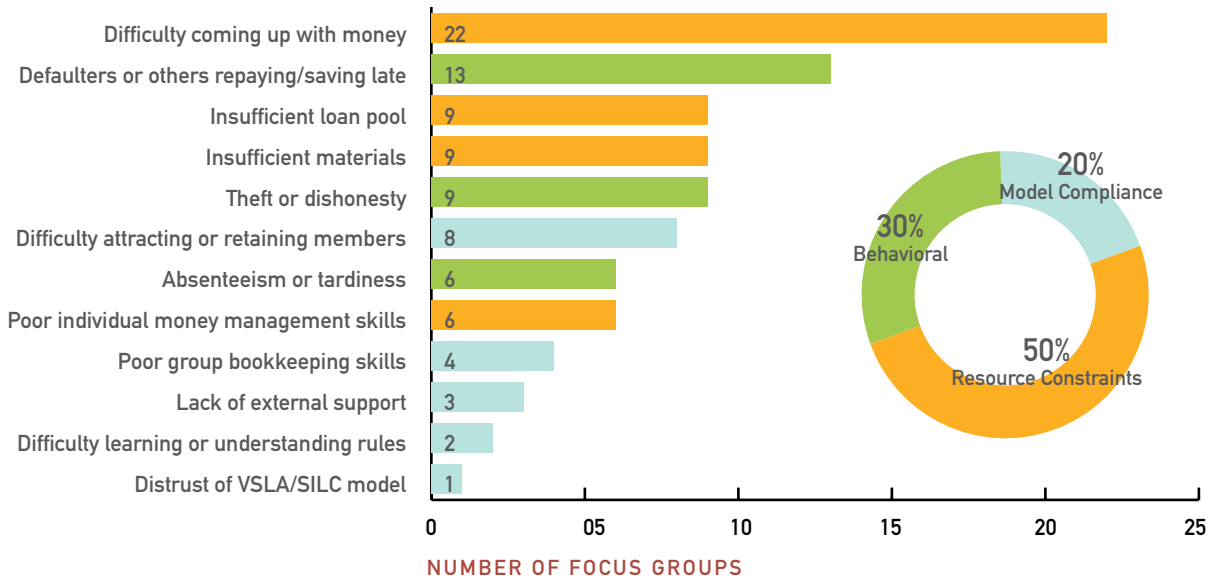


FIGURE 16. Challenges of group formation

Use of agent services did not appear to be related to whether a group experienced formation challenges: 27 of the 28 replicated groups that used agent services at some point still mentioned facing one or more formation challenge. Moreover, groups that had the help of an agent mentioned the top five formation challenges about as often those that had no help (see Figure 17). Note that groups were not asked whether the challenge had been resolved. It is possible that groups using agent services were more able to overcome formation challenges, but testing this theory would require further research.

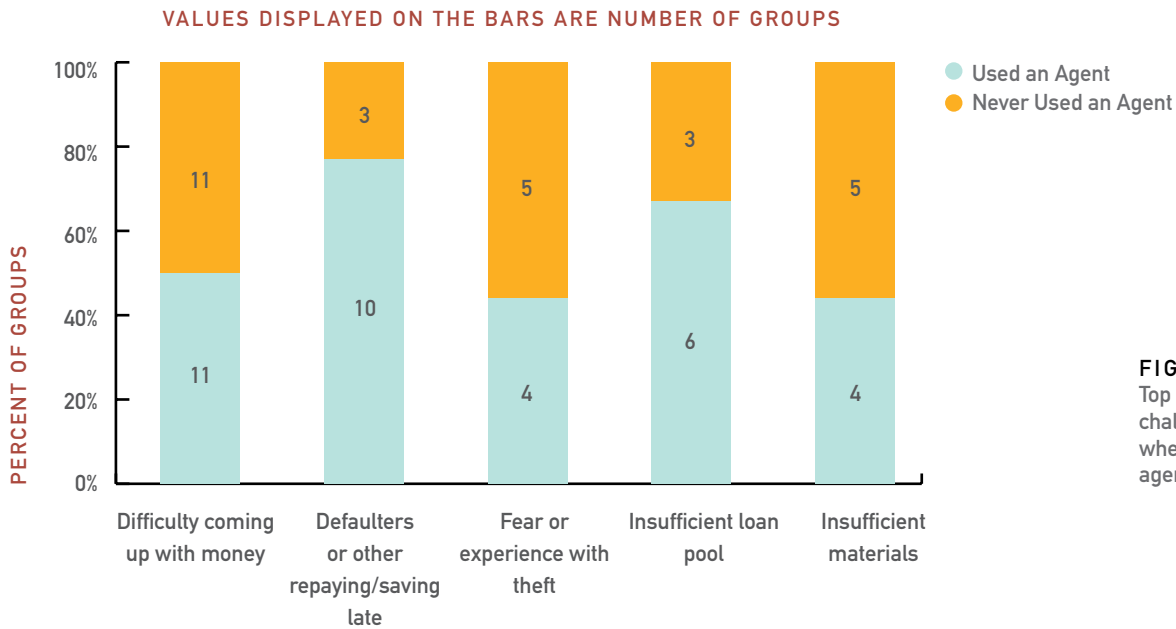


FIGURE 17. Top five formation challenges, by whether group used agent services



3 HOW DOES THE PERFORMANCE OF REPLICATED GROUPS COMPARE WITH THAT OF PROJECT GROUPS?

We did not know that we would ever be respected around the village, but now, since we joined the group, we are able to make our money, [engage in] business, and use the profits to make our lives simpler, in terms of buying food and clothes.

MEMBER OF BINYONI
TWANZANE GROUP,
KASESE

Key Findings

- Replicated groups showed a higher rate of return on savings (35%) compared with project groups at 30%. However, replicated groups offered smaller loans and were less likely to achieve 100% loan access (where every member received a loan in the most recent complete cycle). More research is needed to explain conclusively why, despite other performance factors, replicated groups appeared to have a higher return on savings.
- Replicated groups appeared to show a higher default rate, although this finding also merits further study. Groups' reporting may have been affected by variations in the definitions of delinquency and default. For example, the VSLA/SILC model enables a member to use his or her share-out to repay an outstanding loan from the same cycle—an important feature that gives the borrower flexibility and protects the group against default. Since this study design does not specifically capture each case in which a delinquent loan was repaid from the borrower's share-out, it may inadvertently overstate rates of default.

18 See Section 3, Appendix 2: Performance Correlation Results.

19 Correlation excludes disbanded groups and groups that had not yet completed a cycle.

20 This finding should be interpreted with caution due to the small influenced group sample size (6).

In this section we draw on data from surveys of 46 replicated groups and 20 project groups to compare their overall performance. Where possible, we make further comparisons within the three types of replicated groups (agent-formed, self-formed, and influenced). Data are presented on five indicators of performance: minimum savings required, return on savings, size of loans, access to loans, and rate of default. Group age, measured in years in operation, was not found to be correlated with the first four performance indicators.¹⁸ There was a weak, negative correlation (correlation coefficient -0.21^{19}) between group age and default rate, suggesting that older groups may have been less likely to experience default.

MINIMUM SAVINGS REQUIRED

Most groups had a minimum savings requirement of exactly 1,000 Ugandan shillings (UGX) per week, referred to as “share purchases” in the CARE model or “minimum savings” in the CRS model. Overall, we found no substantial difference in these saving requirements between project and replicated groups. However, within replicated groups, influenced groups did have notably lower savings requirements, with 67% reporting minimum savings requirements below 250 UGX.²⁰ By contrast, the lowest requirement for project groups and agent-formed replicated groups was 500 UGX (See Figure 18).

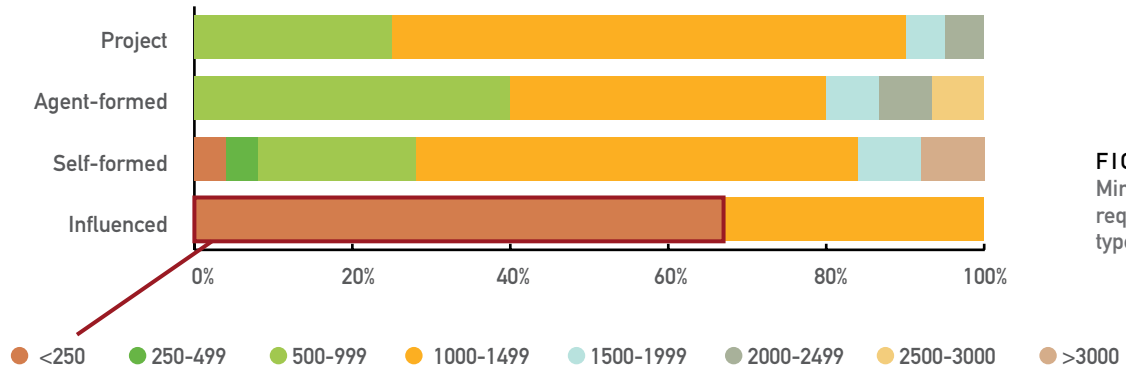


FIGURE 18.
Minimum savings required, by group type (UGX)



21
Simple return on savings was calculated as (A) a group's total savings at the end of the most recent cycle plus the total value of any initial fees paid, subtracted from (B) total share-out plus the value of any group property acquired during the cycle, divided by (B).

22
See Appendices: Section 3, Appendix 1.

RETURN ON SAVINGS

Overall, the average simple return on savings (ROS)²¹ for replicated groups appeared higher than that for project groups. The distribution of ROS across groups is shown in Figure 19. While 31% of replicated groups reported ROS of at least 40%, only 19% of project groups reported ROS at that level. Average ROS for replicated groups was 35%, while that for project groups was 30%.²² In addition, within replicated groups, average ROS for the self-formed category was 41%, and for agent-formed groups, 30%.

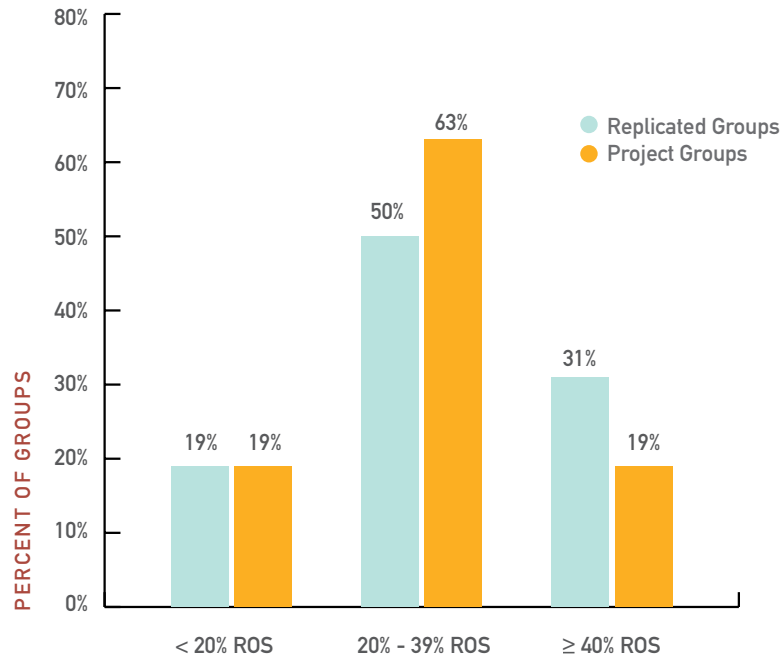


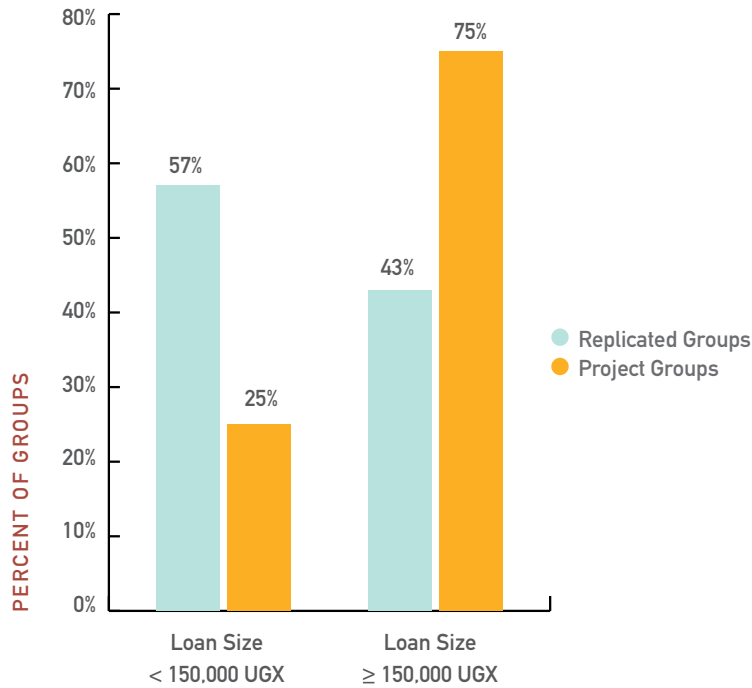
FIGURE 19.
Return on savings, replicated groups v. project groups

A possible explanation for higher average ROS among replicated groups could stem from these groups' formation outside of the guidelines imposed on project groups. Replicated groups were free to set their minimum savings and interest rates higher, which it appears they did: on average, interest rates were 0.7% higher and weekly savings minimums were 85 UGX higher among replicated groups. More research is needed to explain conclusively the observed differences in ROS.

LOAN SIZE

The most common loan size across all groups was 150,000 UGX. Project groups on average made larger loans than replicated groups, with 75% of project groups making loans of at least 150,000 UGX, compared to 42% of replicated groups (See Figure 20). Within replicated groups, agent-formed groups typically made larger loans than self-formed. Influenced groups made the smallest loans (See Figure 21).

Higher return on savings among replicated groups despite smaller loan size may suggest that they have a relatively high degree of portfolio utilization, consistently lending out a relatively large portion of the group's cash during a given cycle.



By forming this group we have already benefited a lot. We have paid school fees for our children, we have money to pay for our family needs, and we are planning to add more members so that the savings can increase.

MEMBER OF KALEYALEYA WOMEN WITH DISABILITIES GROUP, BUNDIBUGYO

FIGURE 20. Most common loan size, replicated groups v. project groups (UGX)

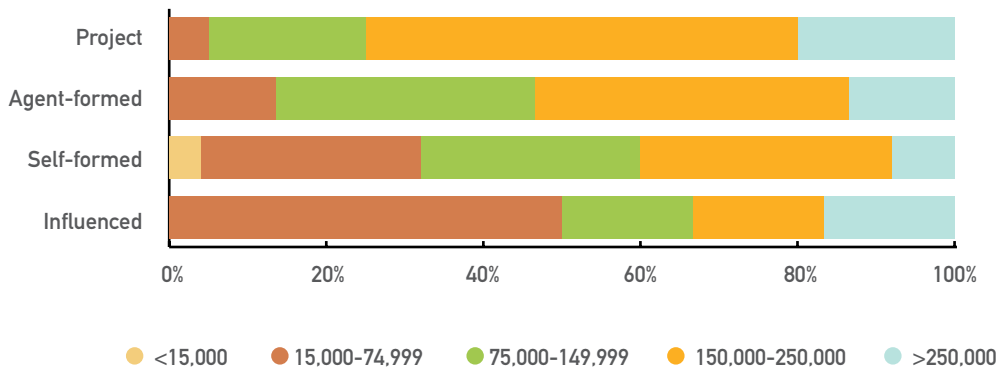


FIGURE 21. Loan size, by group type (UGX)

LOAN ACCESS

The majority of all groups (71%) reported 100% loan access—where every member received a loan—during the most recent complete cycle (See Figure 22). Project groups were considerably more likely than replicated groups to have all members take out one or more loans. This suggests that access to loans may be more equitable in project groups, although it could not be determined from present data whether members who did not take loans were prevented from accessing them, or rather chose not to. Self-formed groups, on average, reported the lowest rate of 100% loan access. Only 56% of self-formed groups reported that all members had received loans during the last cycle (See Figure 23). Less equitable loan access among self-formed groups may be an early sign of elite capture. This is a phenomenon that should be closely monitored, particularly for signs that loan size is increasing without equivalent expansion in loan access.

Before [I joined the group] I was not in business, but at least now I can borrow and buy sacks of beans and maize. Then I sell them.

MEMBER OF IRYANGABI
ABAMWE GROUP,
KAMWENGE



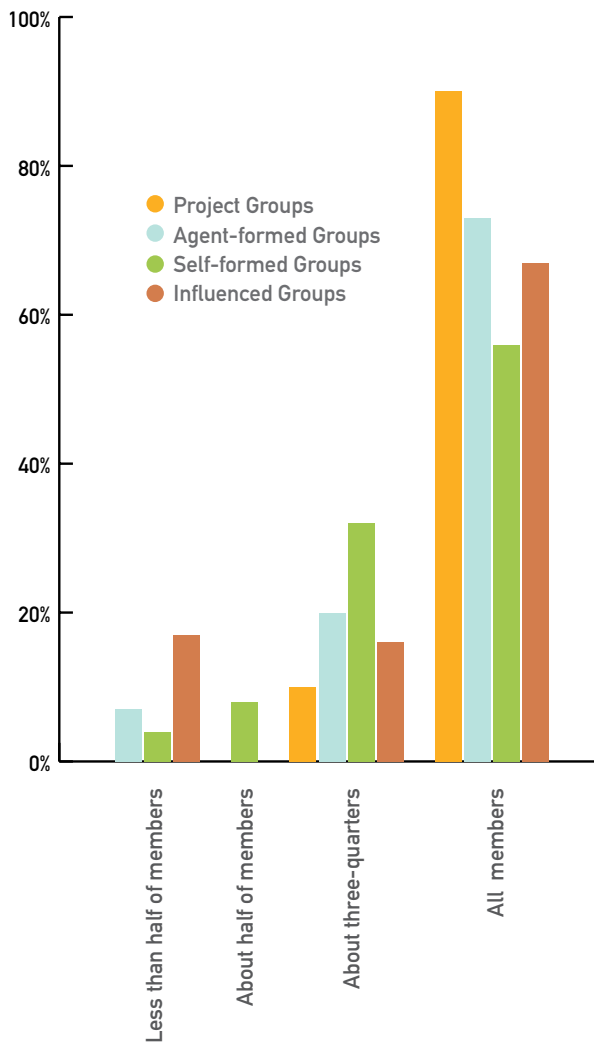
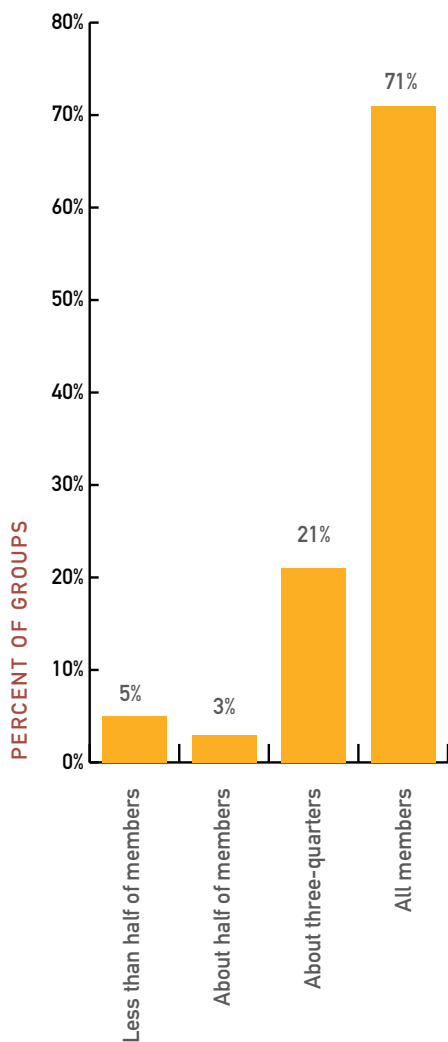


FIGURE 22. (LEFT)
Loan access in most recent complete cycle, all groups

FIGURE 23. (RIGHT)
Access to loans in most recent complete cycle, by group type

DEFAULT RATE

The majority of groups in this study had a low default rate (defined as percent of loans not fully repaid by the end of the most recently completed cycle).²³ Across all group types, the average default rate was 4.7%. Overall, 74.2% of groups had a default rate of 4% or lower, with 66.1% reporting a rate of 0%. Project groups on average had a default rate of 2.1%, while replicated groups reported 5.8%. Within replicated groups, agent-formed groups had the highest default rate (7%) and influenced groups had the lowest, at 0.2% (see Figures 24 and 25).

²³ Default rate calculations exclude disbanded groups and groups that have not yet completed a cycle.

FIGURE 24. (LEFT)
Average default rate, replicated groups v. project groups

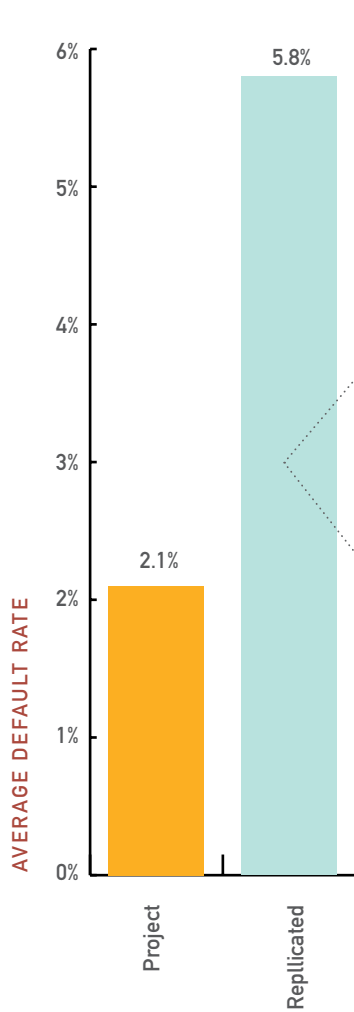
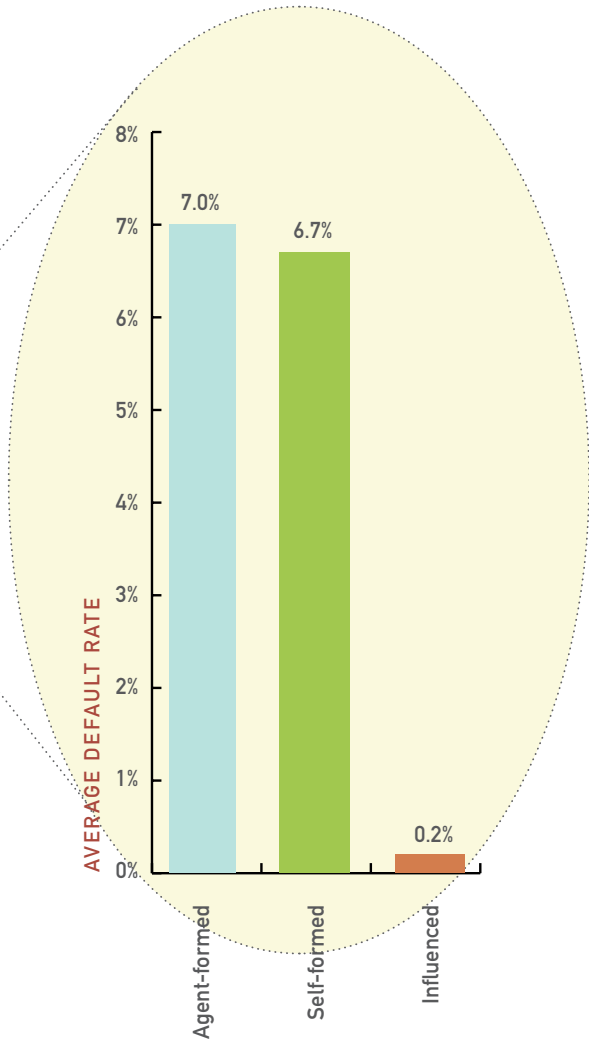


FIGURE 25. (RIGHT)
Average default rate, by replicated group type



The distribution of default rates for each group type is shown in Figure 26. With the exception of influenced groups, default rates were fairly consistent across group type. Rates of 5% or higher were experienced by 25% of project groups, 26.7% of agent-formed groups, and 32% of self-formed groups. Influenced groups had notably lower default rates, with 100% of groups reporting default rates between 0% and 4%. This may be at least partially attributed to the smaller loans typically made by influenced groups, assuming that smaller loans are more easily repaid.

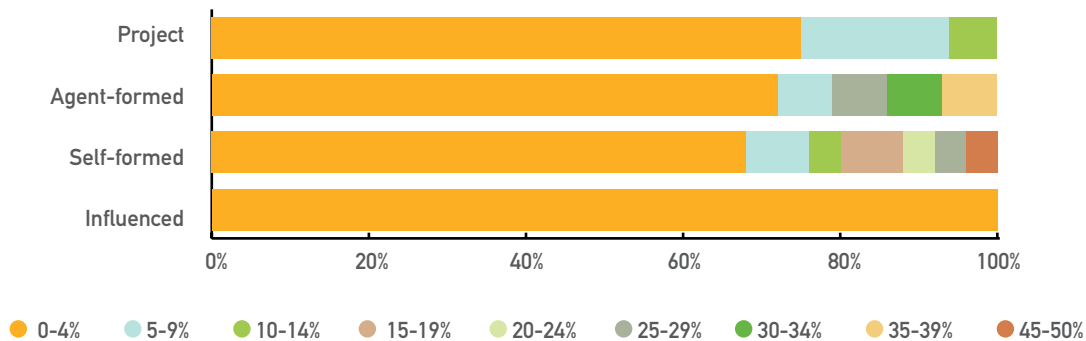


FIGURE 26.
Default rate, by group type

Our findings on all groups’ default rates merit further study. Groups’ reporting may have been affected by variations in the definitions of delinquency and default. For example, the VSLA/SILC model enables a member to use his or her share-out to repay an outstanding loan from the same savings cycle—an important feature that gives the borrower flexibility and protects the group against default. Indeed, as one group member in our study reported, “When we share-out we get the chance, for those people who have debts, [to] clear [them]. Those who are in need of a loan are given loans on that very day and we begin afresh.” Since this study design does not specifically capture each case in which a delinquent loan was thus safely repaid from the borrower’s share-out, it may overstate rates of default.

When we share-out we get the chance, for those people who have debts, [to] clear [them]. Those who are in need of a loan are given loans on that very day and we begin afresh.

MEMBER OF KATEETEE TUKWATANISE GROUP, BUSHENYI

USE OF AGENT SERVICES AND PERFORMANCE

Fully 100% of project groups and 62% of replicated groups in this study employed an agent at some point in the group’s history. Overall, groups that mentioned having used agent services performed better than those that did not.²⁴ Groups that used agent services had, on average, larger share-outs, including in the first year (see Table 2). They also experienced higher average growth in share-out between their first and most recent cycle.²⁵ There was a slight difference in return on savings favoring groups that had not used an agent. Default rates were roughly comparable.²⁶

24
Data in this section were drawn from both surveys and focus groups.

25
Average share-out growth excludes influenced groups, which were seen to skew the results (including these six groups altered the growth rates to 1421% for groups that did not use an agent and 127% for groups that did).

26
Default rate calculations did not include disbanded groups or groups that have not yet completed one year.

DID THE GROUP USE AGENT SERVICES?	AVERAGE SIMPLE RETURN ON SAVINGS	AVERAGE FIRST SHARE-OUT (UGX)	AVERAGE LAST SHARE-OUT (UGX)	AVERAGE SHARE-OUT GROWTH (UGX)	AVERAGE DEFAULT RATE
No	37%	1,781,372	2,856,194	69%	4.6%
Yes	33%	3,402,116	5,786,448	104%	4.8%

TABLE 2.
Use of agent services and group performance, all groups



We find already that our group is growing and growing, bigger than we had anticipated.

MEMBER OF AOL
INYEKO GROUP, LIRA

Because all project and agent-formed groups by definition had the help of an agent, comparisons based on agent utilization could not be made. However, it is possible to examine self-formed groups' use of agent services. Return on savings, first share-out, and most recent share-out were, on average, all slightly greater among self-formed groups that had used an agent (see Table 3). However, average default rate was also greater, and average share-out growth actually decreased. These mixed results may indicate that self-formed groups did not use agent services as extensively as other group types, thus failing to experience the full positive effects. More research is needed to determine how long after formation self-formed groups engage agents, what services they use, and the effect agent services have on their performance.

TABLE 3.
Use of agent services and group performance, self-formed groups

DID THE GROUP USE AGENT SERVICES?	AVERAGE SIMPLE RETURN ON SAVINGS	AVERAGE FIRST SHARE-OUT (UGX)	AVERAGE LAST SHARE-OUT (UGX)	AVERAGE SHARE-OUT GROWTH (UGX)	AVERAGE DEFAULT RATE
No	39%	2,019,914	2,459,393	69%	6.3%
Yes	45%	2,352,518	2,865,446	23%	7.3%



4 WHAT DO MEMBERS OF REPLICATED GROUPS REPORT ABOUT THEIR EXPERIENCE?

Key Findings

- Overall, in replicated groups most members (85%) learned or improved savings habits through membership in VSLAs or SILCs. Nearly half of replicated groups credited the group directly with teaching them how to save.
- Share-outs were most commonly used for investments (63%), particularly in livestock and land. Loans were most often used to fund immediate needs and school fees (53%).
- Specific comments about saving and borrowing raised a concern that some members of replicated groups may have been making financial decisions not consistent with the model's intent. For example, 22% of groups had members who reported having sold assets to meet their savings requirement, a dynamic that, if involving productive assets, could indicate a misunderstanding of financial concepts. Similarly, two groups reported that members took loans from one group to meet the saving requirements in another. These individual decisions highlight the need for further study to determine whether members of replicated groups are receiving adequate training in vital concepts of financial literacy.
- The majority (54%) of replicated groups did not provide any form of financial compensation for agent services. However, self-formed groups paid for agent services at more than twice the rate of agent-formed groups, and were far more likely to continue using agent services into the current cycle.
- The most common change replicated groups made to their constitution was to increase the minimum savings requirement. The most common rule addition they made was to implement fines (for defaults, absenteeism, and late arrival to meetings). Groups that changed rules performed better, on average.

ESTABLISHING THE CONCEPT OF SAVING

Respondents in focus group discussions reported that exposure to VSLAs or SILCs helped them establish or improve a concept of saving. Nearly 85% of replicated groups had at least one member who reported that they previously had never saved money, or that they had used an informal saving mechanism, such as keeping cash under the mattress. Members in 46% of groups attributed their concept of saving directly to experience in a VSLA or SILC. As a member of Ababaca A group in Kasese district noted, "Before we started this group, whatever money we would get, we would spend it. When we started this group, we learned how to save." Respondents appreciated many group benefits of saving, including growth in savings due to interest, safety from theft, and restraint from personal spending.

Most groups seemed to adapt well to the concept of saving and found it relatively easy to meet their saving requirement. In the majority (90%), members said that engaging in business or labor enabled them to make their regular saving requirements. In 24% of groups, members cited choosing to reduce consumption.

Before we started this group, whatever money we would get, we would spend it. When we started this group, we learned how to save.

MEMBER OF ABABACA A GROUP, KASESE

Three members came to me and advised me to join the group. I told them, "I don't have enough money for you. You save a lot of money." So they advised me that I can save 300 or 400 shillings, and therefore I decided to join and started saving. Since that day when I started saving, I feel I have peace thanks to the group.

MEMBER OF BINYONI TWANZANE GROUP, KASESE

Before joining these groups, we would spend money aimlessly. For example, by drinking alcohol and eating good food. But now, to raise money for savings, you have to forgo most of these pleasures just to raise money.

MEMBER OF BITIRA TUMANYANNE GROUP, BUSHENYI



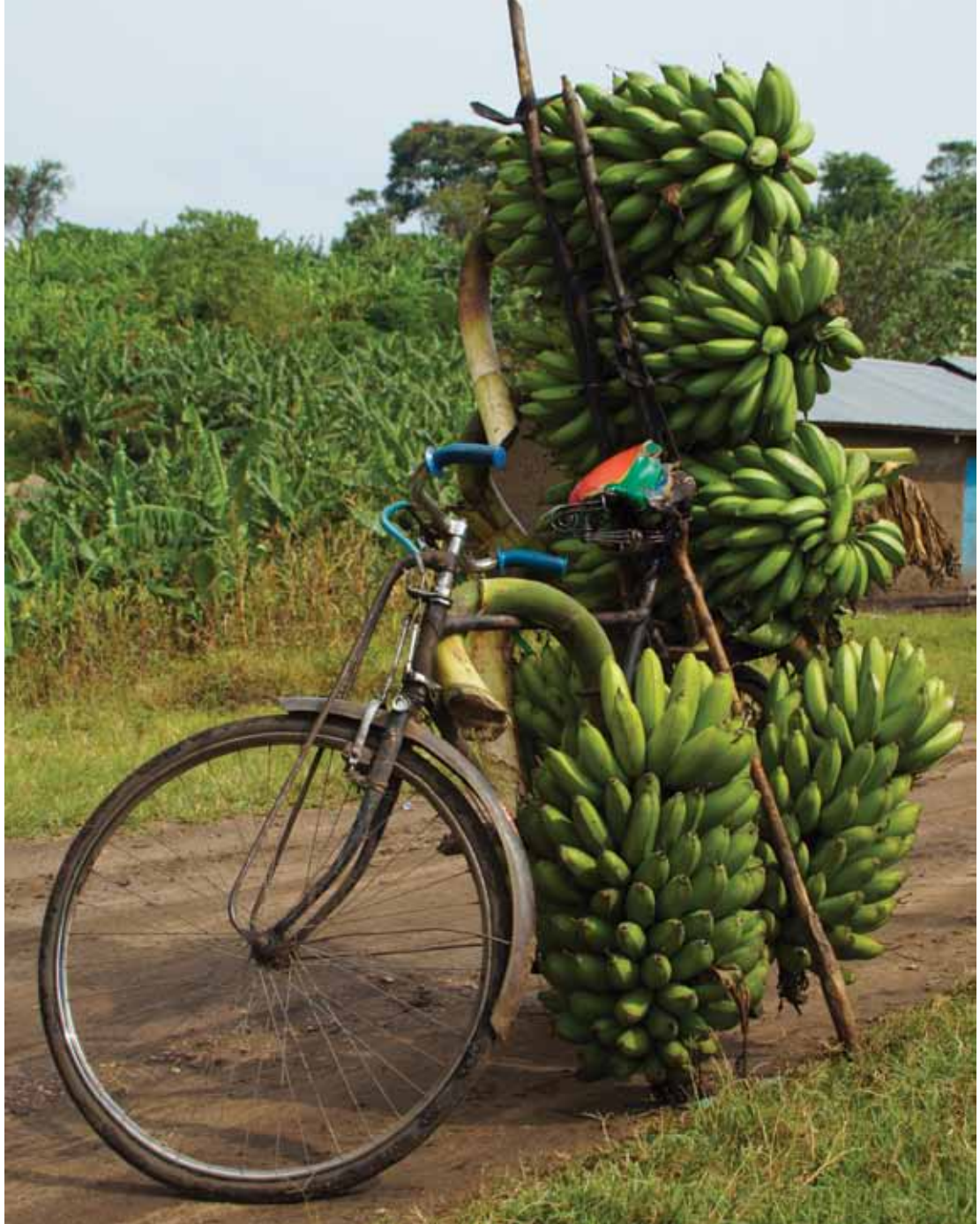
27

Selling an asset to meet saving requirements was generally an indication that a group was not performing well. See Section 4, Appendix 1: Asset Sales Cross-Tabulation Results.

Specific comments about saving raised a concern that some members of replicated groups may have been making financial decisions not consistent with the model's intent. For example, 22% of groups had members who reported having sold assets to meet their savings requirement, a dynamic that, if involving productive assets, could indicate a misunderstanding of financial concepts.²⁷ Similarly, two groups reported that members took loans from one group to meet the saving requirements in another. These individual decisions highlight the need for further study to determine whether members of replicated groups are receiving adequate training in vital concepts of financial literacy.

Sometimes I sell property because I fail to get enough to save. If I can't save in the group, the members may laugh at me. I sell off my chickens so that I can save.

**MEMBER OF
BUTEMURA TWANZANE
GROUP, KASESE**



USE OF LOANS AND SHARE-OUTS

Members of replicated groups took out loans most often to fund immediate needs (53%), followed by investments in business (47%) (see Figure 27). Of the immediate needs, 60% of responding groups mentioned school fees, and 13% mentioned they used loans to pay off loans in other groups. Most common business investments included retail or trade, followed closely by agriculture.

28
The share-out comprises the total savings accumulated over the course of a cycle, plus interest and fees, and is distributed among members at the end of the cycle.

The first time I shared out I bought a plot of land—I paid half way. I intend to pay the rest and complete [the purchase].

MEMBER OF KABUNYASI TWIMUKYE GROUP, KAMWENGE

FIGURE 27.
Use of loans, replicated groups

The first share-out I bought two goats. Then the second share-out I bought another one. Now they are three and they're all producing.

MEMBER OF IRYANGABI ABAMWE GROUP, KAMWENGE

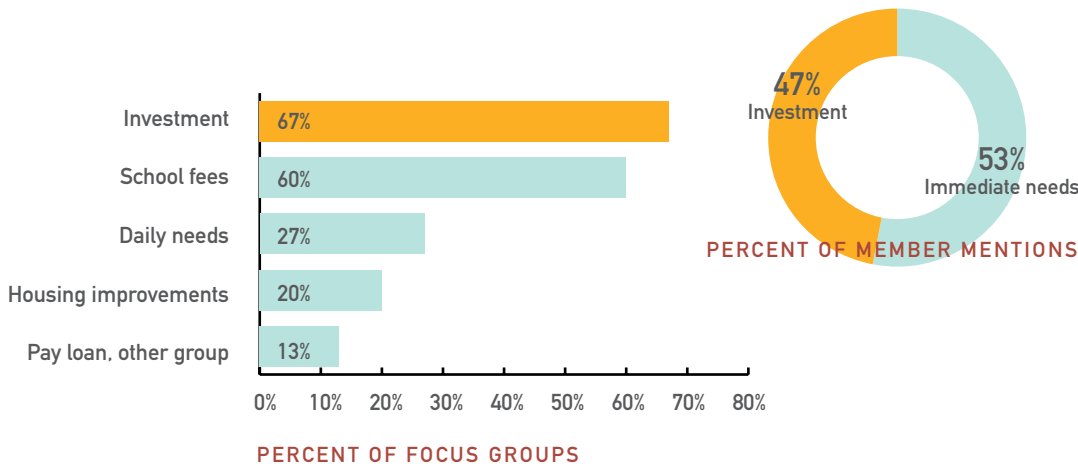
For me, I have my shop. When I get my shares I go and buy more items and put them in the shop so that it expands.

MEMBER OF BAKALYE TWANZANE GROUP, KASESE

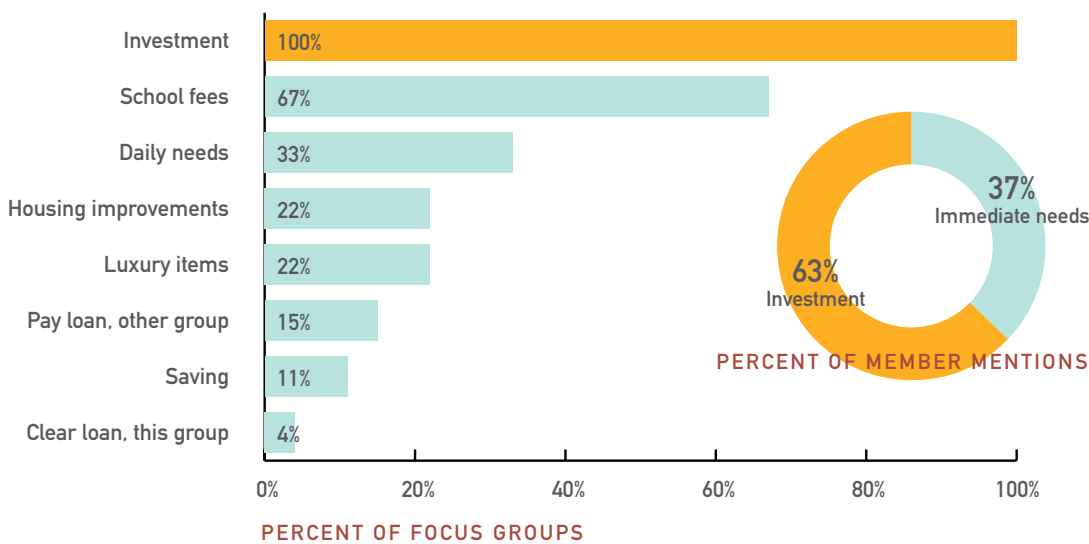
When we shared out, my children didn't have a bed to sleep in, so I bought a mattress for my children to sleep on.

MEMBER OF OBUNAKU NINDALI GROUP, KASESE

FIGURE 28.
Use of share-outs, replicated groups



Data in Figure 28 show that a full 100% of groups had at least one member who used share-outs²⁸ for some type of investment, and that investments were the most-mentioned use of share-out (63%). The next most common uses of share-outs included immediate needs such as school fees. Of the immediate needs, 15% of groups had members who mentioned using their share-out to pay off loans.



Before I joined I didn't have enough plantings for my pineapples. When I got a loan, I used it to transport the plantings and paid workers. Now I get money from the sale of pineapples to pay workers and fees for my children, and then pay back the loan.

MEMBER OF BUREMBO TUKWATANIZE GROUP, KAMWENGE

Data in Figure 29 show that among members who invested their share-outs, most (73%) made investments in agriculture, followed by a retail or trading business (14%).²⁹ Livestock was the most common agriculture-related purchase, followed by a plot of land. Most members (47%) preferred to invest in purchasing goats.

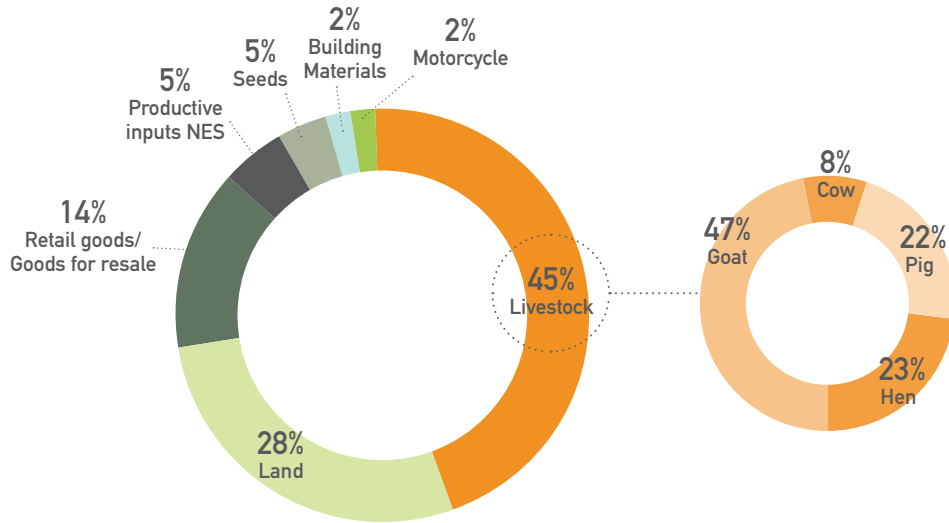


FIGURE 29. Share-out purchases, replicated groups

29 Retail goods/goods for resale includes items like second-hand clothes, fish, beans, charcoal, and raw coffee berries, which were processed and resold. Productive inputs NES includes goods such as a plow, pesticide, a sewing machine, and millet used for brewing.

30 Data on use of agent services "at any time" are from focus group discussions and surveys; data on use of agent services during the "current cycle" are from surveys only.

31 Project groups (not shown) were the most likely overall to continue using an agent's services, with 75% reporting having used these services in the most recent year.

USE OF AGENT SERVICES

The majority (61%) of replicated groups had help from an agent at some time, including 44% of self-formed groups and 33% of influenced groups (see Figure 30). For agent-formed groups, sometime after formation the use of agent services, on average, made a considerable drop, from 100% "at any time" to 60% "in the current cycle."³⁰ This drop was far less steep for self-formed groups that had used agent services. For these groups, agent use declined from 44% "at any time" to 36% in the "current cycle."³¹ This implies that although self-formed groups did not start out with the help of an agent, those that eventually engaged an agent's services (with or without pay) typically found it useful to continue receiving the services over time, including through the current cycle.

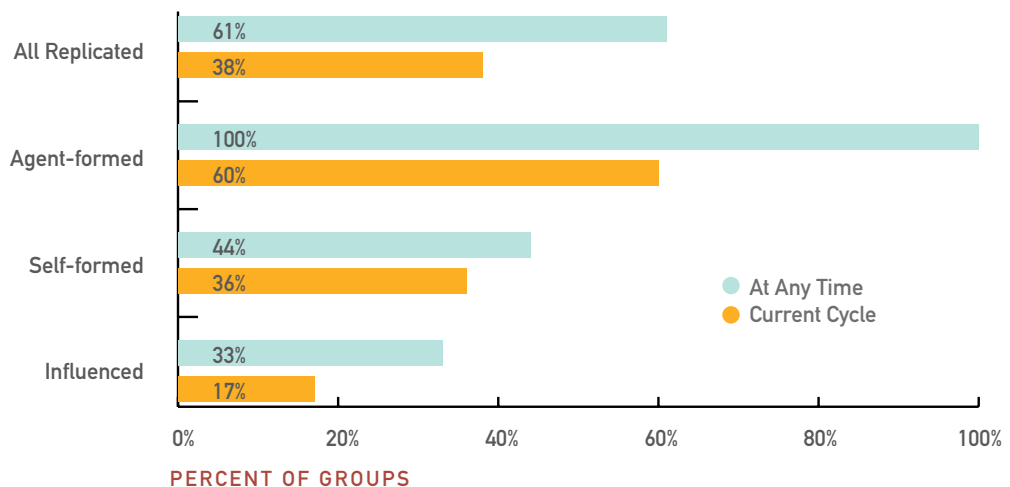
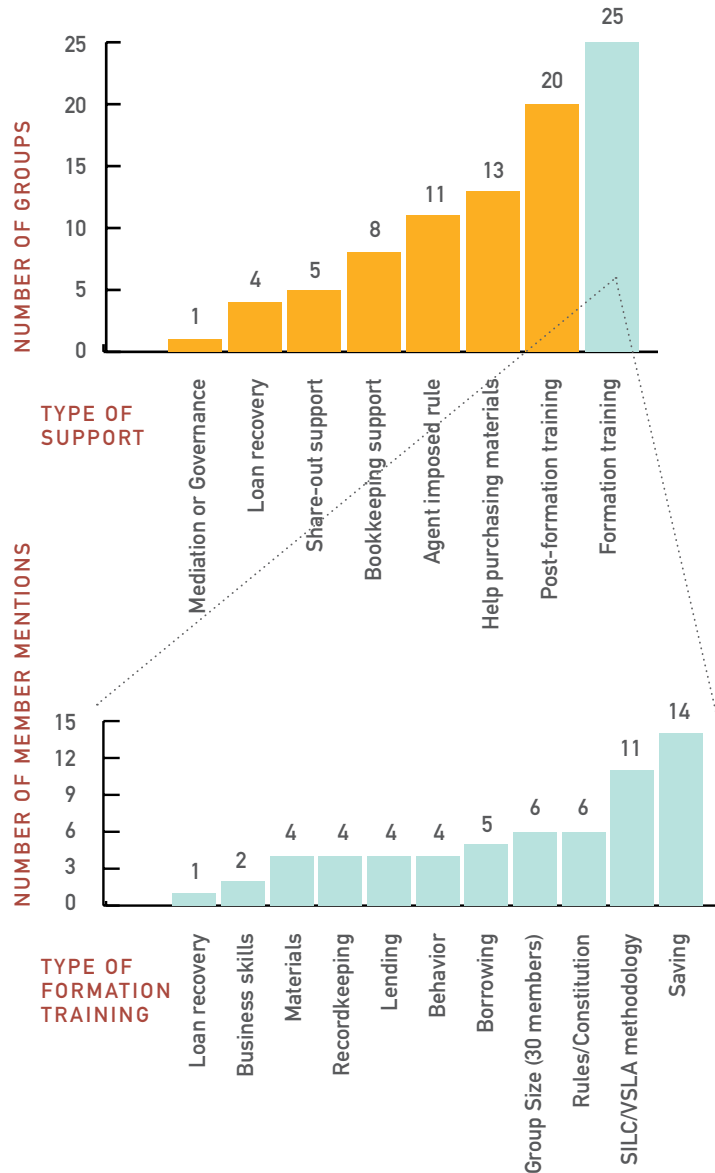


FIGURE 30. Use of agent services, by replicated group type

Of the eight agent service categories in Figure 31, the service mentioned by the most groups was training during formation, particularly in how to save and how to use the SILC/VSLA methodology (see Figure 32). Other services included post-formation training and help purchasing materials.



The challenge we had [when we started] was we didn't know what to do. After we called [the agent], he began showing us what to do. We were keeping records on pieces of paper, and he told us to buy books. He told us where to buy stamps, and how to place the stamps. With his help, the challenge of not knowing what to do was overcome. Currently the big challenge we have is that [the agent] does not have a salary.

MEMBER OF MAKI MOTHU GROUP, TORORO

FIGURE 31. (TOP)
Use of agent services, replicated groups

FIGURE 32. (BOTTOM)
Training received from agent at formation, replicated groups

The majority (54%) of replicated groups did not provide any form of financial compensation for agent services. However, an interesting finding is that the majority of self-formed groups did pay for agent services. Indeed, 70% of self-formed groups paid for agent services, a rate twice that of agent-formed groups 33% (see Figure 33). This suggests that groups who were approached and offered a service may have been less motivated to pay for it than groups that actively sought it out. If this is the case, then further replication may help sustain the model as new, self-formed groups seek out and pay for agent services. However, more research over a longer period is needed to test this theory.



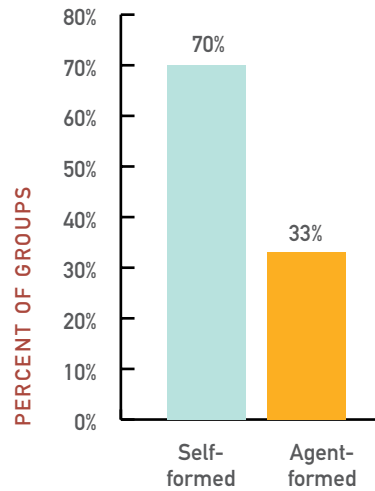


FIGURE 33.
Percent of groups that paid for agent services, by group type

32
Outliers removed.

INCREASED WEEKLY SAVINGS

Many groups (24%) felt comfortable enough with the VSLA or SILC model to raise their weekly savings requirement after formation, and 13% increased the interest rates on loans. Naturally, this translated to higher group performance, such as growth in share-out (see Table 4).³²

CHANGES MADE TO SAVING REQUIREMENT?	AVERAGE SHARE-OUT GROWTH RATE	CHANGES MADE TO LOAN INTEREST RATE?	AVERAGE SHARE-OUT GROWTH RATE
No	43%	No	39%
Yes	54%	Yes	85%
Total Average	48%	Total Average	62%

TABLE 4.
Changes to minimum saving requirement and loan interest rate, and share-out growth



5 WHAT DOES MEMBERSHIP IN MULTIPLE GROUPS TELL US ABOUT REPLICATION AND THE VSLA/SILC MODEL?

Key Findings

- MMG is higher among replicated groups (56%) than project groups (47%).
- The top four reasons for MMG—50 of 87 responses—suggest that members who joined more than one group had saving and borrowing needs that could not be met by membership in a single group.
- Our data indicate that relatively prosperous members may join multiple groups to maximize their saving and borrowing. We found no indication that MMG in itself had negative effects for savings groups or their members. However, the data suggest that some members have taken out loans to pay off debt to other groups. This shifting of debt from group to group could potentially enable a borrower to enter a cycle of debt that the VSLA/SILC model is well designed to protect against—within any one savings group. Potential debt shifting made possible by the phenomenon of membership in multiple groups, by contrast, merits further research.

The reason why I want to be in two groups is because I am used to interacting with many people. I like getting help from all of my friends.

MEMBER OF MAKI MOTH GROUP, TORORO

There is also a social side. The reason we have a group is because we want to be together and share our problems. So we belong to other groups because of that reason—because it’s a different kind of group setting. We wish to belong.

MEMBER OF ABABACA A GROUP, KASESE

When you join more associations, you get more friends to help you.

**KATARE BAKYARA
TUKUNDANE GROUP,
BUSHENYI**

MEMBERSHIP IN MULTIPLE GROUPS ACROSS GROUP TYPES

Replicated groups had a higher rate of MMG. On average, 56% of replicated group members were also participating in other groups, while the same figure for project groups was 47% (see Figure 34). Within replicated groups, influenced groups had the highest rate, with an average of 63% of members belonging to multiple groups.

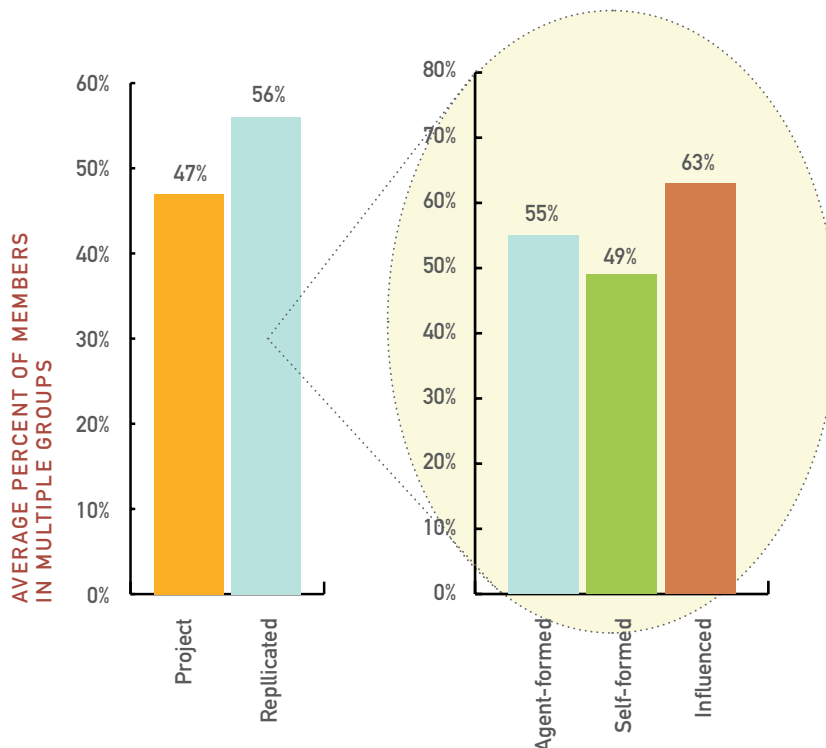


FIGURE 34. Percent of groups whose members were in multiple groups, by group type



Being in more than one group is helpful because I save here and I also save with the other group. So at the end of the year I end up getting some good money from the two groups.

MEMBER OF ST. HENRY'S GROUP, KASESE

MEMBERSHIP IN MULTIPLE GROUPS ACROSS FACILITATING AGENCIES

Figure 35 shows that on average, groups operating in CARE areas had a significantly higher rate of MMG³⁷ than groups operating in CRS areas: an average of 66% of members were in more than one VSLA, compared to 38% of members in more than one SILC.

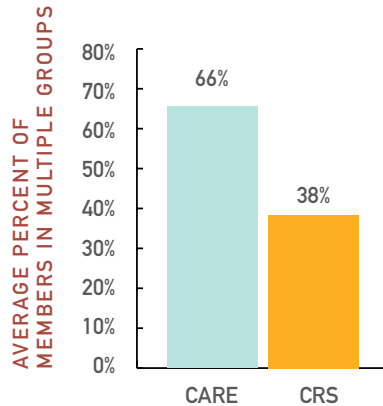


FIGURE 35. Membership in multiple groups, by facilitating agency

REASONS FOR MEMBERSHIP IN MULTIPLE GROUPS AND POSSIBLE LIMITATIONS OF THE VSLA/SILC MODEL

Participants responded to the question “What are the benefits of being in multiple groups?” in 32 of the 46 focus group discussions. The top four reasons for MMG—50 of 87 responses—suggest that members who joined more than one group had saving and borrowing needs that could not be met by membership in a single group. The ability to access multiple sources of credit was the most common reason for joining other groups, followed by the ability to earn more from multiple share-outs, the opportunity to save more excess income, and the ability to get cash to save or pay off a loan in another group (see Figure 36).

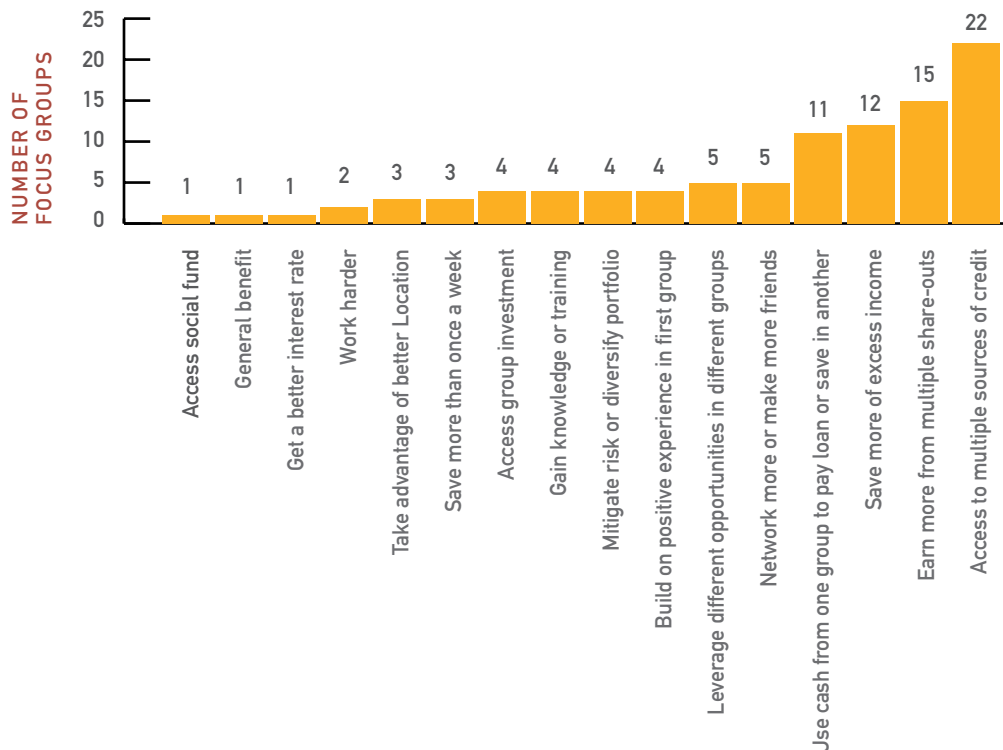


FIGURE 36. Reasons for membership in multiple groups

Participants who cited access to additional sources of credit as a reason for joining multiple groups provided several explanations, which fall under two broad categories: insufficient capital, and timing (Figure 37). The most members (44%) said they needed to combine two loans to make a single purchase because the largest loan available in their first group often was not large enough. It is likely that this problem occurred earlier in a cycle, before the loan pool had a chance to grow. About 23% of respondents said timing was a constraint, and that they frequently needed an additional loan before they had fully repaid their first loan.³³

33
Most groups have a rule requiring members fully repay one loan before they may qualify for another loan.

When you get different loans from different associations, it can help you because they meet on different dates. So you can get a loan in one, and use it to pay in the second association.

MEMBER OF KAMWE KAMWE GROUP, KASESE

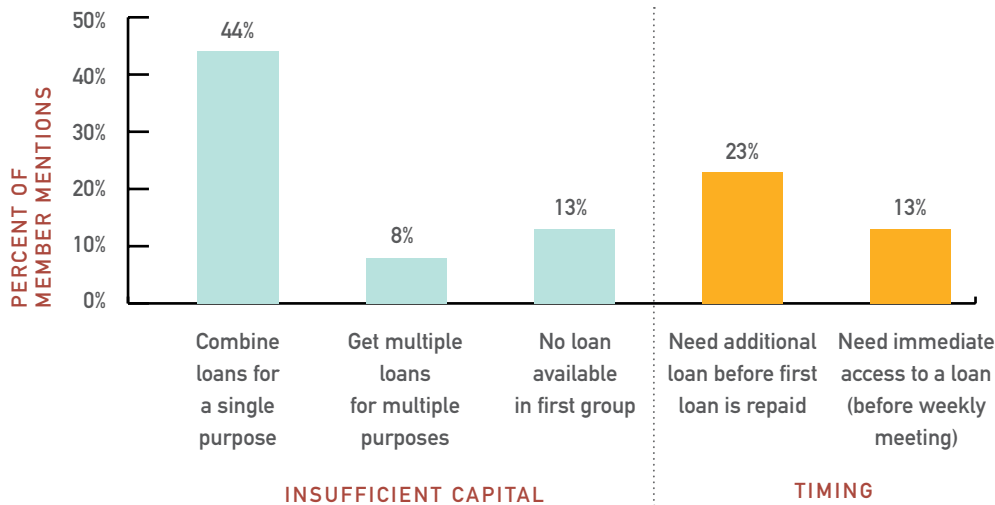


FIGURE 37. Reasons individuals sought multiple sources of credit

Data suggest that there may be two types of members who typically join additional groups: relatively prosperous members who maximize different attributes of the financial services afforded by multiple groups, and relatively poor members who use MMG to shift debt from group to group. Below are direct quotes from members providing further evidence that one group is not sufficient to meet all of a member’s needs. Note that each of the members quoted below belonged to a group that had contact with an agent.

Moderator: Have you ever considered just saving more within one group instead of joining several groups?

Member: One is not enough. First of all, I have two children, the money I get from one cannot pay for two children’s school fees. (Kabunyasi Twimukye Group, Kamwenge)

Moderator: If [you] were just in one group, could [you] take out two loans, or one bigger loan, from the same group?

Member 1: It’s not possible. You have to first clear the first loan, then come for another one.

Member 2: Even if you buy many shares in this group, it’s not possible to take more than one loan. If you take 500,000, you have to first clear that date before they give you a second loan. But if you’re in two groups, you can as well cross over and borrow another 500,000 from a different group. Sometimes you find the 500,000 you borrowed cannot solve the problem, so you’re forced to go into another group and get more money to get what you need. (Tukwatanize SILC Group, Kasese)



Moderator: Why wouldn't you just put all of your savings in this group?

Member: Sometimes, savings are limited. For instance here, the minimum savings is 1,000 and maximum is 10,000. I may find that I have my money that I would like to save and can be limited by the rule. Then what happens is I take it and save it in another group. You may stay with it and eat it [use it up], so the best way is to take it and save it in another group. (St. Henry's Group, Kasese)

POSSIBLE IMPLICATIONS FOR INDIVIDUAL AND GROUP RISK

Accessing multiple financial services is an important way that people in poverty manage money and smooth consumption. A study on poverty in Bangladesh found that no household surveyed had used fewer than four different kinds of financial tools over the course of the year and, on average, each used nine (Rutherford, 2010). Similarly, MMG increases opportunities for individuals to maximize their utility. This is demonstrated by the second and third most-cited



reasons for MMG: the desire to earn more from multiple share-outs, and to save more excess income. However, the most commonly cited reason—the desire to access multiple sources of credit—raises the possibility that individuals could shift debt from one group to another, potentially engaging in unsound borrowing practices that the model is designed to prevent in any one group. The potential debt shifting made possible by the phenomenon of membership in multiple groups, by contrast, merits further research.

The following sample of direct quotes provides examples of risky behavior associated with MMG, including taking multiple loans, taking loans in one group to make loan payments in other groups, taking loans in one group to make weekly savings in other groups, and selling assets to make weekly savings. All groups to which quoted members belonged had enlisted the services of an agent.

Moderator: I know that all 20 of you are in other savings and loan groups. Can you tell me why you decided to be in more than one group?

Member: Being in two groups has helped me to repay loans. For example, I can go to another group, and borrow a loan. This helps me to repay a loan in this group. (Kateetee Bitira Tumanyane Group, Bushenyi)

Member: I am in more than one group because if I fail to repay this group then I go and take a loan from the other group to use to pay and offset this one. (Kendahi Bakalye Twanzane Group, Kasese)

Member: Being in two groups has helped me to raise savings, for example I can come in this group, take a loan and I use it to save in the other group, due to the low interest rate on loans. (Nyamitoojo Bugaara Twetungure Group, Bushenyi)



Conclusion

This study has examined savings groups in Ugandan villages to estimate the rate at which they replicated after the original project funding ended. It documents members' motives for forming groups, showing the degree to which their experience met and exceeded initial expectations. Our data indicate that overall, the savings groups studied provided major benefits and fulfilled members' desires to "grow" their money, by enabling them to save steadily and to borrow money to purchase assets that will generate future income. Members typically expressed satisfaction with their groups, and any surprises they encountered tended to be positive.

Of all the contributions savings groups appear to have made to improving the lives of their members, perhaps the greatest is the fundamental change in individuals' relationship with money. This is readily apparent in the establishment of a steady habit of saving. In nearly all focus group discussions the enthusiasm was clear: not only does money "grow" through interest accrued, but also through the mere fact of being stored in one place where it can accumulate. This appears to be a game-changing dynamic clearly attributable to the VSLA/SILC model.

Further research is needed to assess the full influence of agents, especially on self-formed groups. How do self-formed groups become aware of the availability of agent services? At what point do self-formed groups seek out the help of an agent? How do membership, leadership, rules, meetings, transactions, and performance change after a self-formed group enlists an agent? What role do agents play in promoting financial literacy? A future study is needed to investigate the degree to which agent training is necessary for optimal performance.

A particularly rich area for future research is membership in multiple groups. Any future attempts to gauge saturation will need to look carefully at this quickly growing facet of savings groups in Uganda. The potential positive and negative effects of membership in multiple groups on the integrity of the model also merit further study. Important safeguards inherent to VSLA/SILC project groups could potentially be by-passed—not by membership in multiple groups per se, but by individuals who join multiple groups to leverage more debt than they can repay. Further data collection will be needed to assess overall impacts and to ensure that the benefits of the model will remain intact over time.



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Appendices

STUDY METHODS AND STATISTICAL CONSIDERATIONS

Sampling: A random sample of 20 project groups—which resulted in 10 CARE and 10 CRS groups—was drawn from a list provided by SAVIX of CARE and CRS groups across all of Uganda. The sample of 46 replicated groups was generated from suggestions from these sampled project groups. The replicated group sampling can therefore be considered random as their selection is grounded in the original random selection of project groups.

Survey methodology: Researchers administered surveys to all 66 groups included in this study. Surveys were conducted in small groups composed of a mix of executive committee members and regular group members. The survey had 55 questions and took an average of 30 to 60 minutes to complete.

Focus group methodology: Researchers held focus group discussions with the 46 replicated groups identified through this study. The facilitating researcher asked a series of open-ended questions to assembled group members, approximately 15 committee members and regular group members on average. An interpreter speaking the local language translated the questions to the group and the responses back the facilitator. Each focus group discussion was recorded and transcribed with the assistance of an interpreter.

Sample sizes: This study utilized a sample of 20 project groups and 46 replicated groups, of which 15 were agent-formed, 25 were self-formed, and 6 were influenced. A sample size of 27 is preferred for correlation analysis. It should be noted that correlations involving replication were conducted using the sub-sample of 20 project groups, allowing for the possibility that actual correlation strength may be weaker than reported here.

Normal distribution of data: This study assumes that the populations from which our samples were drawn were normally distributed.

Exclusion of data in statistical tests: Only complete observations were included in statistical tests.

Correlation Scale: The following scale was used in interpreting correlation strength:



R value (Correlation Coefficient)	Interpretation
+ .70 or higher	Very strong positive relationship
+ .40 to + .69	Strong positive relationship
+ .30 to + .39	Moderate positive relationship
+ .20 to + .29	Weak positive relationship
+ .01 to + .19	No or negligible relationship
- .01 to - .19	No or negligible relationship
- .20 to - .29	Weak negative relationship
- .30 to - .39	Moderate negative relationship
- .40 to - .69	Strong negative relationship
- .70 or higher	Very strong negative relationship

Source: Quinnipiac University. Pearson's r Correlation. Retrieved September 12, 2013, from <http://faculty.quinnipiac.edu/libarts/polsci/Statistics.html>.

T-tests: This study used t-tests to determine whether observed differences between the average of a control group and a target group were statistically significant. T-tests were held to a 99% confidence level, represented by a p-value of 0.01. The use of the term “significant” in this report indicates that a difference was significant at the 99% confidence level.

Cross-tabulation: This study used cross-tabulation via pivot tables to examine relationships involving dummy variables. This approach provides a basic picture of the interrelation between two variables, but does not provide information about strength of relationship or statistical significance.

Types of agents: This study’s “agent” term is used to describe those individuals who received training and funding from CARE, CRS, or one of their partner organizations to spread the VSLA/SILC model in Uganda. These include the following designations:

	Community-based Trainer (CBT)	Village Agent (VA)	Field Agent (FA)	Private Service Provider (PSP)
CARE or CRS model	CARE	CARE	CRS	CRS
Agent paid under an active project	Yes	No	Yes	No

Agent-formed and self-formed group classification detail: The table below describes the classification method for agent- and self-formed groups and provides some hypothetical examples.



	Agent-formed	Self-formed
Origin of idea to form or transition to a VSLA/SILC	Agent	Future group members or other non-agent source (e.g. neighboring group, radio advertisement, etc.)
Example 1	Agent Y just completed PSP certification and is ready to begin forming people into SILC groups for a small fee. Agent Y stands at the front of her church after Sunday service and tells the congregation about SILC groups, encouraging them to contact her for training on how to form such a group. After the service, she is contacted by a few members of the congregation, who ask her if she can help them form Group A. Agent Y agrees and helps the group get started. Group A is an Agent-formed group, regardless of whether the group members ultimately paid for the agent's services.	Person A walks by Group B on a day when Group B is holding its share-out. Person A is encouraged by the success of Group B and gathers a few of his friends to form Group C. Person A and his friends recruit new members, and Group C grows. Group C is classified as a Self-Formed group regardless of whether the group it learned from (Group B) was Self-Formed or Agent-Formed. If Group C later decided to hire an agent to provide training, this would not change its classification as a self-formed group.
Party responsible for organizing members into a group	Agent	Future group members, likely a small group of founding members
Example 2	Agent Z is a VA who is a member of another VSLA group, but wants to form a new group that will hopefully pay him for training. He goes door-to-door in his village, encouraging people to join Group D. He gathers the first few members of Group D together and provides the group with initial training in the VSLA model. As word of Group D spreads, the group's membership grows. Group D is an Agent-Formed group, regardless of whether the group members ultimately pay Agent Z for his service.	See Example 1.
Was the group trained?	Yes	Maybe
Who provided the training?	Agent	Agent, community member, government employee, or member of another group
Example 3	See Example 2.	Person B heard a government-sponsored radio program encouraging people to form SILC or VSLA groups. She and a few friends formed Group E and started saving and giving loans. After they formed the group, a PSP or VA stopped by to offer the group training. They accepted, and they added a formal constitution with new rules that helped the group operate more effectively. Group E is a Self-Formed group.

Treatment of focus groups outside a sample village: Five of 46 focus group discussions were held with replicated groups located outside the village where the sample project group was located. Groups located outside a sample village were not counted in replication estimates. Data collected from these groups were included, however, in the discussions of replicated groups' experiences and performance found in Sections 2, 3, 4, and 5.

Treatment of disbanded groups: Four of the 20 sample project groups had disbanded at the time of this research. However, researchers administered surveys to committee members of each of the four groups. All of the groups were CRS groups, and three of these began in January of 2009.³⁴ Two of the four groups had relatively high default rates of 24% and 33%, which may have contributed to their collapse. Below are some summary statistics on the four disbanded groups.

34
The formation date for St. Matia Mulumba group, Apr-07, was provided by the group, but is inconsistent with project records, which indicate operations began in 2008.

Disbanded Group Name	District	Village Name	Village Population	Founding Date	Years in Existence	Facilitating Agency	Partner Org.	No. of Criteria Met by Group
Kasanzi SILC Group	Bundibugyo	Kasanzi I	100	Jan-09	4.456	CRS	Self Care	12
Kendahi Thukolerehaguma	Kasese	Kendahi	105	Jan-09	4.464	CRS	KWGS	11
Kweterane SILC Group	Kasese	Hima/Lower Mowlem	555	Jan-09	4.464	CRS	KWGS	13
St. Matia Mulumba	Kasese	Ibanda 1	1000	Apr-07	6.247	CRS	KWGS	11

Disbanded Group Name	Membership in beginning	% female	% members in other groups	Social Fund	Constitution	Changes to rules	Did group use ledgers, passbooks, and/or a cashbox?	Did group keep funds outside the cashbox?
Kasanzi SILC Group	13	61.54%	100.00%	Yes	Yes	no	ledger cashbox	no
Kendahi Thukolerehaguma	30	80.00%	66.67%	Yes	Yes	no	ledger passbook	no
Kweterane SILC Group	30	73.33%	100.00%	Yes	Yes	yes	ledger passbook	yes
St. Matia Mulumba	10	30.00%	0.00%	Yes	Yes	no	ledger passbook	yes



Disbanded Group Name	How often the group met in the beginning?	Value of first share-out	Did group own property at the end of the first cycle?	Interest rate in beginning	Amount receiving loans	Loan Interest Rate	Size of most common loan (UGX)	When must loans be repaid?
Kasanzi SILC Group	weekly	3500000	yes	10	all	10	75,000 - 149,999	3 mo
Kendahi Thukolere-haguma	weekly	927200	yes	10	all	10	150,000 - 250,000	3 mo
Kweterane SILC Group	weekly	5500000	yes	10	all	10	150,000 - 250,000	3 mo
St. Matia Mulumba	weekly	900000	yes	10	all	10	>250,000	3 mo

Disbanded Group Name	Outstanding loans (UGX)	% of loans not repaid	Savings-to-loan ratio?	Group property today?	Value of last share-out (UGX)	Min. savings
Kasanzi SILC Group	0	0%	yes	yes	3500000	1000
Kendahi Thukolerehaguma	350500	33%	yes	no	1000000	500
Kweterane SILC Group	400000	24%	yes	yes	4400000	1500
St. Matia Mulumba	0	0%	no	no	1200000	1000

SECTION APPENDICES

Section 1, Appendix 1: Replication Correlation Results

	Replication per project group w/in sample village
% Founding members who left active in other groups ³⁵	-0.03
Years in operation	0.08
Membership in beginning	0.24
Membership in beginning - female	0.09
Membership- % female in beginning	-0.02
How many members are still active in the group?	-0.04
% founding members still active	-0.11
Founding members who left who are now active in other groups	-0.08
Value of first share-out	0.24
Value of most recent share-out	0.03
% growth in share-out	-0.15
Total # of rule changes	-0.05
No. meetings per year now ³⁶	0.01
Current membership	0.00
Current membership - female	0.00
Current membership- % female	0.00
Average age of members	0.06
Repay periods (months)	0.17
% members receiving loans last cycle	0.12
% loans not repaid last cycle	0.10
Minimum weekly savings (both CARE and CRS)	0.35
% of members in other groups ³⁷	0.44
Saturation	-0.11
Distance to urban area	0.04

³⁵ Four rows containing blank cells excluded from correlation.

³⁶ Correlation excludes disbanded groups.

³⁷ Correlation excludes disbanded groups.



Section 3, Appendix 1: Performance Statistics across Group Type

Analysis	Total	Project	Replicated (w/Influenced)	Replicated (w/o Influenced)	Agent-formed	Self-formed	Influenced
% of loan not repaid at the end of the cycle							
Average	5.7	4.5	6.3	7.3	7.0	7.6	0.2
Median	0	0	0	0	0	0	0
Max	50	33	50	50	38	50	1
Min	0	0	0	0	0	0	0
Standard deviation	11.15	8.89	12.15	12.88	13.65	12.62	0.41
Total groups defaulting	23	7	15	15	5	9	1
Total groups (excluding those with no data)	61	20	41	40	15	20	6
% Groups w/ loan defaults	37.7%	35.0%	32.6%	37.5%	33.3%	36.0%	16.7%

Analysis	Total	Project	Replicated (w/Influenced)	Replicated (w/o Influenced)	Agent-formed	Self-formed	Influenced
Return on savings							
Average	33.6%	30.4%	35.2%	36.1%	30.0%	41.4%	31.0%
Median	30.7%	30.0%	31.6%	31.6%	27.1%	34.2%	31.5%
Max	87.5%	87.5%	87.2%	87.2%	52.4%	87.2%	56.1%
Min	4.8%	5.5%	4.8%	17.0%	17.0%	17.9%	4.8%
Standard deviation	21.4%	20.4%	22.0%	22.6%	15.6%	26.2%	17.6%
No data (# groups)	18	4	14	14	3	11	0
Total groups	62	20	46	40	15	25	6

Analysis	Total	Project	Replicated (w/Influenced)	Replicated (w/o Influenced)	Agent-formed	Self-formed	Influenced
Share-out size (first share-out) in UGX							
Average	3,256,106	3,539,903	3,114,208	3,217,129	3,681,720	2,850,347	2,530,983
Median	2,750,000	3,500,000	2,450,000	2,750,000	4,000,000	2,400,000	700,000
Max	11,000,000	8,000,000	11,000,000	7,500,000	7,500,000	7,000,000	11,000,000
Min	85,900.00	900,000	85,900	150,000	980,000	150,000	85,900
Standard deviation	2,306,719	1,859,638	2,510,559	2,159,055	1,943,729	2,299,073	4,232,780
No data (# groups)	6	0	6	6	0	6	0
Total Groups	62	20	46	40	15	25	6

Analysis	Total	Project	Replicated (w/Influenced)	Replicated (w/o Influenced)	Agent-formed	Self-formed	Influenced
Loan size (>250,000 counted as 250,000) in UGX *(see breakdown key below)							
Average	3.44	3.55	3.39	3.35	3.53	3.24	3.67
Median	4.00	4.00	3.00	3.00	4.00	3.00	4.00
Max	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Min	1.00	2.00	1.00	1.00	2.00	1.00	3.00
Standard deviation	1.01	0.83	1.08	1.14	1.06	1.20	0.52
Total groups	66	20	46	40	15	25	6

Loan Size Breakdown Key:

Loan Size	Designation
>250,000	5
150,000 - 250,000	4
75,000 - 149,999	3
15,000 - 74,999	2
<15,000	1

Section 3, Appendix 2: Performance Correlation Results

All Groups (with disbanded)	Value of first share out	Interest rate in beginning	loan_ir	Outstanding loans	% of loans not repaid	Group Age	Return on Savings	Savings (inc. membership fees)	Min Weekly Savings	% of Men in Groups	Average Weekly Savings (Calc)	# of Rule Changes	% of Members in Other Groups	Criteria Met
Value of first share out	1.00													
Interest rate in beginning	0.05	1.00												
loan_ir	-0.23	0.72	1.00											
Outstanding loans	0.55	-0.02	-0.26	1.00										
% of loans not repaid	-0.12	0.08	0.17	-0.10	1.00									
Group Age	0.09	-0.10	-0.15	0.09	-0.10	1.00								
Return on Savings	0.03	0.11	-0.04	0.15	-0.01	0.05	1.00							
Total Savings (inc. membership fees)	0.49	-0.10	-0.27	0.60	-0.21	0.07	-0.31	1.00						
Min Weekly Savings	0.05	0.13	0.07	0.00	0.09	-0.19	0.06	-0.02	1.00					
% of Men in Groups	-0.01	-0.16	-0.15	0.26	0.00	-0.17	0.19	0.22	0.13	1.00				
Average Weekly Savings (Calc)	0.50	-0.09	-0.34	0.53	-0.21	0.05	-0.26	0.95	0.04	0.20	1.00			
# of Rule Changes	0.04	-0.24	-0.13	0.21	-0.05	0.14	0.04	0.17	-0.10	-0.07	0.16	1.00		
% of Members in Other Groups	-0.01	-0.07	-0.20	-0.05	-0.22	0.08	0.14	-0.28	-0.09	-0.07	-0.16	-0.03	1.00	
Criteria Met	0.31	-0.13	-0.33	-0.05	-0.02	0.04	0.01	0.00	0.17	-0.02	0.08	-0.14	-0.16	1.00



All Groups (without disbanded)	Value of first share out	Interest rate in beginning	loan_ir	Outstanding loans	% of loans not repaid	Group Age	Return on Savings	Savings (inc. membership fees)	Min Weekly Savings	% of Men in Groups	Average Weekly Savings (Calc)	# of Rule Changes	% of Members in Other Groups	Criteria Met
Value of first share out	1.00													
Interest rate in beginning	0.05	1.00												
loan_ir	-0.23	0.72	1.00											
Outstanding loans	0.56	-0.01	-0.25	1.00										
% of loans not repaid	-0.12	0.07	0.16	-0.08	1.00									
Group Age	0.14	-0.15	-0.21	0.18	-0.21	1.00								
Return on Savings	0.04	0.11	-0.04	0.15	-0.04	0.04	1.00							
Total Savings (inc. membership fees)	0.48	-0.09	-0.26	0.60	-0.17	0.10	-0.31	1.00						
Min Weekly Savings	0.03	0.13	0.07	0.00	0.11	-0.21	0.07	-0.04	1.00					
% of Men in Groups	-0.01	-0.16	-0.15	0.26	0.00	-0.17	0.19	0.22	0.13	1.00				
Average Weekly Savings (Calc)	0.49	-0.08	-0.33	0.52	-0.17	0.08	-0.25	0.95	0.03	0.20	1.00			
# of Rule Changes	0.03	-0.22	-0.11	0.17	0.01	0.28	0.05	0.14	-0.11	-0.07	0.14	1.00		
% of Members in Other Groups	-0.01	-0.07	-0.20	-0.05	-0.24	0.08	0.14	-0.28	-0.08	-0.07	-0.16	-0.02	1.00	
Criteria Met	0.29	-0.13	-0.33	-0.05	-0.02	0.07	0.01	-0.01	0.16	-0.02	0.07	-0.16	-0.16	1.00

Project Groups (with disbanded)	Value of first share out	Interest rate in beginning	loan_ir	Outstanding loans	% of loans not repaid	Group Age	Return on Savings	Savings (inc. membership fees)	Min Weekly Savings	% of Men in Groups	Average Weekly Savings (Calc)	# of Rule Changes	Members in Other Groups	Criteria Met
Value of first share out	1.00													
Interest rate in beginning	0.13	1.00												
loan_ir	-0.15	0.44	1.00											
Outstanding loans	0.50	0.10	-0.47	1.00										
% of loans not repaid	-0.17	0.22	0.24	-0.23	1.00									
Group Age	-0.10	0.21	-0.02	-0.04	0.25	1.00								
Return on Savings	0.62	0.22	-0.17	0.75	0.16	0.26	1.00							
Total Savings (inc. membership fees)	-0.14	-0.15	-0.07	-0.12	-0.22	-0.17	-0.27	1.00						
Min Weekly Savings	0.62	-0.06	-0.42	0.67	-0.05	0.25	0.69	0.10	1.00					
% of Men in Groups	-0.05	0.04	-0.25	0.29	0.19	-0.19	0.08	0.29	0.27	1.00				
Average Weekly Savings (Calc)	-0.13	-0.15	-0.08	-0.10	-0.24	-0.18	-0.26	1.00	0.12	0.30	1.00			
# of Rule Changes	-0.05	-0.28	-0.17	0.11	-0.17	-0.25	0.14	0.31	-0.04	0.00	0.30	1.00		
% of Members in Other Groups	0.14	0.12	-0.34	0.29	-0.07	0.01	0.03	-0.52	0.14	-0.04	-0.50	-0.24	1.00	
Criteria Met	0.23	-0.54	-0.47	0.38	-0.26	-0.24	0.00	0.02	0.31	0.37	0.03	0.08	0.20	1.00

Replicated (with Influenced)	Value of First Share-out	Interest rate (beginning)	Interest Rate (current)	Outstanding loans	Loans Not Repaid (Default Rate)	Group Age	Return on Savings	Savings (inc. membership fees)	Min Weekly Savings	% of Men in Groups	Average Weekly Savings (Calc)	# of Rule Changes	% of Members in Other Groups	Criteria Met
Value of first share out	1.00													
Interest rate in beginning	0.02	1.00												
loan_ir	-0.24	0.82	1.00											
Outstanding loans	0.57	-0.05	-0.19	1.00										
% of loans not repaid	-0.09	0.07	0.14	-0.06	1.00									
Group Age	0.02	-0.33	-0.15	0.13	-0.26	1.00								
Return on Savings	-0.17	0.11	-0.01	-0.07	-0.10	0.09	1.00							
Total Savings (inc. membership fees)	0.65	-0.11	-0.30	0.82	-0.19	-0.01	-0.31	1.00						
Min Weekly Savings	-0.01	0.15	0.13	-0.09	0.12	-0.31	-0.06	-0.05	1.00					
% of Men in Groups	0.04	-0.18	-0.15	0.28	-0.04	-0.06	0.23	0.25	0.11	1.00				
Average Weekly Savings (Calc)	0.66	-0.11	-0.40	0.72	-0.19	-0.08	-0.23	0.94	0.03	0.21	1.00			
# of Rule Changes	0.08	-0.25	-0.12	0.26	-0.01	0.49	-0.03	0.13	-0.13	-0.08	0.13	1.00		
% of Members in Other Groups	-0.04	-0.10	-0.16	-0.15	-0.28	0.21	0.19	-0.18	-0.13	-0.10	-0.01	0.07	1.00	
Criteria Met	0.29	-0.13	-0.30	-0.16	0.04	-0.21	0.07	-0.09	0.18	-0.02	0.00	-0.22	-0.23	1.00

All groups (without disbanded or groups that had not yet completed a cycle)	Group Age
Default rate	-0.21

Section 4, Appendix 1: Asset Sales Cross-Tabulation Results

Did someone in the group sell and asset?	Average first share-out (UGX)	Average last share-out (UGX)	Average share-out growth rate ³⁸	Average default rate
Yes	2485000	2893473	8%	3.6%
No	2871161	5037408	57%	6.3%

Section 4, Appendix 2: Rule Change Cross-Tabulation Results³⁹

Group has made changes	Average return on savings	Average share-out growth rate	Average default rate	Average first-share-out (UGX)
No	28.3%	43.5%	4.0%	2894437
Yes	37.1%	471.4%	5.2%	3018249

³⁸ Outliers removed.

³⁹ Outliers removed from growth rate calculations.



Changes made to min/max saving	Average return on savings	Average share-out growth rate	Average default rate	Average first-share-out (UGX)
No	34.4%	43.2%	5.5%	3172107
Yes	31.4%	54.2%	4.7%	2297556

Changes made to interest rate	Average return on savings	Average share-out growth rate	Average default rate	Average first-share-out (UGX)
No	33.2%	38.7%	5.1%	2752328
Yes	35.1%	85.3%	6.2%	4123590

Changes made to social fund policy	Average return on savings	Average share-out growth rate	Average default rate	Average first-share-out (UGX)
No	32.9%	356.0%	5.8%	2921521
Yes	39.2%	110.4%	0.3%	3345833

Changes made to types of position in management committee	Average return on savings	Average share-out growth rate	Average default rate	Average first-share-out (UGX)
No	33.8%	36.4%	5.3%	2843004
Yes	30.2%	110.4%	5.0%	4775000

Changes made to membership size	Average return on savings	Average share-out growth rate	Average default rate	Average first-share-out (UGX)
No	33.7%	46.4%	5.1%	2976695
Yes	28.6%	32.2%	10.0%	2428900

Changes made to loan policies	Average return on savings	Average share-out growth rate	Average default rate	Average first-share-out (UGX)
No	34.3%	341.3%	5.0%	2963835
Yes	29.5%	244.8%	7.9%	2928571



