Analyzing Village Savings and Loans Associations through the Sustainable Livelihoods Approach

A CASE STUDY IN KABAROLE DISTRICT

Wetenschappelijke verhandeling
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Confidentiality agreement:

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Name student: Thomas Surmont

Signature:

Date:
“Development is about transforming the lives of people, not just transforming economies.”

— Joseph E. Stiglitz, *Making Globalization Work*
ABSTRACT (NL)

Door een gedetailleerde analyse van kleinschalige ‘dorpspaar- en leningassociaties’ (VSLA’s) - ook gekend als spaargroepen (SG’en) - in een beperkt focusgebied (Busibi, Kabarole district, West-Oeganda), tracht ik de verwezenlijkingen en uitdagingen die dit spaarmechanisme kent, te bespreken. Verscheidene belanghebbenden die betrokken zijn bij projecten die de spaarcultuur stimuleren, beschrijven spaargroepen als levensveranderende organisaties die het levensonderhoud van de rurale armen significant kunnen verbeteren, omdat ze daadkracht geven en ze machtiging stimuleren. Daarom is het relevant om te analyseren hoe in het veld deze spaargroepen werken als een mechanisme binnen de ‘Duurzame Levensonderhoud Aanpak’ (SLA). Door aan te vangen met een studie van hoe microfinanciering georganiseerd wordt, tracht ik te onderzoeken hoe een informele vorm van rurale microfinanciering een positie neemt binnen de SLA en via deze paper tracht ik bij te dragen aan de discussie of VSLA als een succesvol mechanisme gezien kan worden voor emancipatie van de rurale armen.

De specifieke waarde van deze thesis zal bestaan uit het etnografisch verzamelde materiaal, om zo verder te bouwen op bestaande studies en inzichten in het bredere ontwikkelingsdebat aan te bieden. Een bevinding is dat de VSLA methode populair is en dat het potentieel biedt tot het verbeteren van levensonderhoud, maar dat er ook tekortkomingen zijn. Daarom bestudeer ik de transformaties qua beleid die werden doorgevoerd met tot doel het verbeteren van de methode, maar ik haal ook de risico’s van de doorgevoerde formalisering van de praktijk aan.
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LIST OF ABBREVIATIONS

CBO  Community Based Organization
CDO  Community Development Officer
CRS  Catholic Relief Services
DCO  District Commercial Officer
FGD  Focus Group Discussion
K DFA Kabarole District Farmers’ Association
KRC  Kabarole Resource and Research Centre
MB   Member of the Board
MFI  Micro-Finance Institution
MotMU Mountains of the Moon University
NGO  Non-Governmental Organization
OWC  Operation Wealth Creation
PWD  People with Disabilities
SACCO Savings and Credit Cooperative Organization
SCDO  Senior Community Development Officer
SG   Savings Group
SLA  Sustainable Livelihoods Approach
STC  Save The Children
VSLA Village Savings and Loans Association
WDC  Women District Councilor
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PART ONE: INTRODUCTION

CHAPTER ONE: PRESENTATION OF THE STUDY

I present a study on rural Village Saving and Loans Associations (VSLAs) and the role they play in livelihood strategies of rural inhabitants. The data presented is based on a two-month ethnographic research project in a rural area in Western-Uganda; more specifically in five neighboring villages in Karago town council (TC) and Kicwamba sub-county (SC), in Kabarole district. The objective of this study is to contribute to existing literature on these village saving groups (SGs) as a development practice by means of an ethnographic case study. I hope that my approach can contribute to shaping policies on VSLA.

With this study, I hope to take part in the ongoing discussion on microfinance and I attempt to contribute to poverty reduction in the area of focus\textsuperscript{1}. The development debate is decades old and intends to map out the best methods for organizations and government actors to alleviate poverty in the global South in a structural way, so that agency is given to the subjects in order to improve their livelihoods. This research particularly addresses the rural poor which are targeted in VSLAs. These are village-based and small-scale SGs for which the primary purpose is to promote food security and economic welfare by providing “simple savings and loan facilities, in a community that does not have access to formal financial services. Loans can also provide a form of self-insurance to members, supplemented by a social fund which provides small but important grants to members in distress” (IRC, 2012, p. 9). Its baseline is that one can improve one’s livelihood by improving on his savings. Therefore, these SGs are promoted as “life-transforming organizations” (CRS, 2017).

I refer to Hansen who argues that “academic literature on VSLA is very limited [and especially] how to gain access [to a SG] is seemingly a rather unexplored field” (2012, p.9). I intend to further explore this academic topic by researching whether VSLAs can be considered a successful method to stimulate livelihood strategies for the poor as they attempt to cope with economic vulnerability, socio-economic insecurity, inequality and/or other stresses. For this study I refer to

\textsuperscript{1} I refer to Annex 13 which consists of a report of each of the groups that were visited. Besides providing insights on the efficiency of the VSLA scheme, it may also serve as basis for stakeholders’ involvement.
Bhuiyan et al. (2012, p.331), who define livelihood strategies as efforts by the poor to move themselves “from the vulnerable context through existing structures and running process by use of their existing assets and financial access in the income-generating activities”. Since I found Bhuiyan’s study on linkage of microfinancing approaches towards sustainable livelihood very limited, I hope to contribute to the ongoing development debate on microfinance with this study.

The SLA presents a framework for development practice by mapping out vulnerabilities which challenge the rural poor as well as strategies on which they could rely to improve their capital. The central research question is whether membership of rural saving groups can serve as an instrument to acquire certain forms of capital and if it is successful in making households become more resilient towards a particular vulnerability context?

Although poverty in Uganda has been reduced greatly in the previous couple of decades, about twenty-seven percent of all rural people –some eight million men, women and children– still live below the national rural poverty line. Poverty remains firmly entrenched in rural areas, which are home to eighty-four percent of Ugandans:

Remoteness makes people poor inasmuch as it prevents them from benefiting from Uganda's steady economic growth and dynamic modernization […] The lack of health care and other social services puts rural women at a particular disadvantage. They work far longer hours than men, have limited access to resources and lack control over what they produce. Among their many other tasks, they also bear the double burden of ensuring that their households are adequately fed and caring for the sick, the elderly, and for orphaned children. In 2012, Uganda ranked 161st among 187 countries on the United Nations Development Programme's Human Development Index, in the Low Human Development category (RPP, 2017).

In the above definition, poverty is mostly defined in economic terms. For this study I want to expand that -in line with other development thinkers like Sen (1999 et al.), to a deprivation of basic means and rights, choices and opportunities (UN Statement, June 1998; UN, 2009). Throughout this study, I attempt to find if (non-) membership of VSLAs impacts daily livelihood conditions of these rural poor and if it can provide a means for alleviating poverty and consequently
for development. Part of this discussion will lead us to the involvement of the different stakeholders and how they are relevant for these projects.

Based on data collected on the ground, I discuss whether and how village saving can be positioned within the SLA, by pointing out the achievements which have so far been made as well as to the areas with room for improvement. I make use of existing literature, but the most important part consists of a qualitative analysis with an ethnographic sensitivity. I have investigated VSLA organization, participation and objectives in the study area. For that purpose, I interviewed both members of the existing village-based savings and loans associations as well as inhabitants of the same geographical area who are not. The most important research techniques include focus group discussions with both administrators and separately with members of VSLAs, a household questionnaire to map the village and the assets of its inhabitants, many in-depth interviews with different government and civil society stakeholders and half-open interviews with a sample of non-members. This way I attempt to discuss how access to microfinance on its lowest level brings changes (if any) in clients’ livelihoods.

The area of study consists of six neighboring villages. Busibi is the geographical middle and the central focus for this research. It were the instigators of *Eight* who selected this village. *Eight* is a Belgian non-profit which between 2017 and 2019 has a basic income-project running in this village, in accordance with Guy Standing’s (2012) methodology: the project aims at reducing inequality through giving an unconditional cash transfer for two years (*Eight*, 2017). Its instigators selected Busibi precisely because of its vulnerability and because of being isolated while only seven kilometers out of the nearest town. Furthermore, this area is little studied and is generally described by government officials as a neglected area. There are limited facilities which contributes to its marginalized status. This development organization has four triggers of change, elements which it hopes to see changed for the better by the end of the two-years period: 1. more girls/women that go to school; 2. easy access to healthcare; 3. engage people in democratic self-support organizations; 4. increased local economic development. Through fundraising the project has collected 22,000 € so far, which –as described on the organization’s website “covers the basic income for [Busibi] for the first year” (personal e-mail with *Eight*-coordinator, 26 Augustus 2016; *Eight*, 2017). I want to stress that during this research I have operated independently of this project in all aspects. I
purposefully did not speak about the project during the field research to maintain a neutral position. Because that project had not yet started at the time of my research, I can only guess what its impact will be. I have opted to research the VSLA -a savings mechanism which is common everywhere in Uganda- in this setting, since I hope that findings in this research may be of use for the Eight project. A possible collision between different development strategies in the area should consequently be avoided.

Concerning the terminology used in this study, the terms VSLA and ‘savings group’ (SG) are used interchangeably. They refer to a model which is also known as community-managed or ‘Tier 4’ microfinance (Rasmussen, 2013, p. 12). I refer to annex 1 for an explanation of how the VSLA cycle works and to annex 2 for a distinction between different types of village-based savings such as ROSCA, ASCA and SILCS, but a detailed analysis is not deemed relevant for this research. These are all small-scale groups which aim to engage in group-based saving and loan activities in order to create possibilities for people in the rural areas to diversify their livelihoods and to alleviate poverty. They share relevant characteristics such as leadership structure, record keeping, regular meetings, rules and regulations and most importantly they engage in saving and lending activities. Since the industry consensus in 2010, savings group has been mostly used as generic term (Rippey & Majara, 2011). Yet, not all researchers agree on using this term. Rasmussen for example prefers the term ‘savings and loan association’, because it emphasizes on the one hand that “groups provide loans as much as savings” and also that “they are associations in the sense that they have a constitution, a board and elections” (2013, p. 12).

The first phase of the research consists of a methodological chapter. Secondly, a literature review to situate the VSLA method and the SLA framework within the development debate will provide the necessary background. In the analysis which follows, I want to examine case observations to conclude whether or not this is (not) a successful instrument for acquiring capital and for stimulating strategies to improve livelihood conditions.

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2 For the classification of microfinance institutions (MFIs) into four ‘tiers’, criteria such as sustainability, size and transparency are commonly used. Tier 1 are mature, financially sustainable and large MFIs that are highly transparent; Tier 2 are small or medium sized, slightly less mature MFIs that are, or are approaching, profitability; Tier 3 are start-up MFIs or small NGOs that are immature and unsustainable. Tier 4 then is the most informal and small-scale (MicroRate, April 2013).
CHAPTER TWO: METHODOLOGY

A variety of methods were used before writing this study. Its design and purpose are first discussed, followed by an overview of the different techniques used. I describe how the data was compiled, what I had to take into consideration and what the challenges were over the course of the research.

2.1. RESEARCH DESIGN

The purpose of this qualitative case study with an ethnographic sensitivity is to understand the importance of VSLAs for the rural poor. At this stage in the research, the VSLA can be generally defined as:

a group of people who save together and take small loans from those savings. The activities of the group run in cycles (typically of one year), after which the accumulated savings and the loan profits are distributed back to members. The purpose of a VSLA is to provide simple savings and loan facilities in a community that does not have easy access to formal financial services (Montesquiou et al., 2014, p. 16).

I intend to study the impact VSLAs have on capital expansion and livelihood improvement in a chosen area of study. To answer this research question appropriately, a mixed methodology with emphasis on the qualitative data collection was used (Weiss, 1994). It consists of a combination of a literature review with ethnographic data collected over the period of about two months which was spent in the area of study.

2.2. RESEARCH PURPOSE

With a literature study as basis, I present an intrinsic case study in Busibi, Buhara A, Buhara B, Kyartanga, Kalyango and Kangulya, which are six small and neighboring rural villages, in Burahya County. The sample of informants was selected mostly through snowball effect and with the purpose of maximum variation (Creswell, 1998). Flyvbjerg (2006) is one of the authors who discusses the usefulness of the case study approach. Notwithstanding common misunderstandings surrounding this research approach, he proves that cases can be useful to make generalizations and deeper insights on specific topics.
Studying a specific research context in detail has enabled me to understand the different dynamics present in the area of study. I have gotten deeply immersed in the research setting which has enabled the acquisition of more detailed information. An interesting aspect of the geographically limited area is that first-hand information was always available. A comparative study would not have allowed the same level of profound understanding of the context considering the limited time, resources and manpower which were available. On the other hand, a focus on VSLA is deemed interesting because it is broadly implemented in the Global South and because of its small scale it is found to be meeting fewer problems -such as defaulting- than other microfinance methods (DCO, 10/12/2016).

2.3. OVERVIEW OF RESEARCH METHODS

2.3.1. Document review

Before starting the research itself, a literature analysis was conducted. The objective was firstly to gain a clear idea of what had previously been researched on VSLA as a development method and its relation to the SLA framework. I focused on the lacunae where additional field research could mean a contribution to the already existing literature. Also during the time of my fieldwork, I have intended to corroborate my findings with evidence from existing studies. The benefit of being at the site of research is that I was able to consult specific sources at Kabarole Resource and Research Centre (KRC) and Mountains of the Moon University (MotM). At MotM I was in touch with the head of the Microfinance department and the head of the School of Business during the period of research. After having returned from Uganda, additional literature was consulted to shape my ethnographic data into a strong analytical paper.

2.3.2. Ethnographic observations

During my two-months stay in the village, I continuously made ethnographic observations. The longer I spent in the same area, the better I could understand the importance and over-presence of the rural savings mechanism. This way, my data is completed with additional information which was collected through informal interviews and observations. By participating in the village life, I was in a position to make ethnographic observations. Besides sleeping at one local’s house, I
participated in the everyday activities including agricultural activities, buying groceries at local markets, cooking and eating local food as well as learning some basics of the locally spoken Rutooro. Notwithstanding, I have borne in mind the importance of neutrality in research and have for that reason preferred to abstain from getting too personally involved.

2.3.3. Household Survey

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<td>Total no. interviews with women</td>
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Table 1. Overview household surveys

I refer to annex 5 for the exploratory household survey which was used as basis for the field research, to get a thorough idea of the functioning of socio-economic realities in the villages before getting deeper into the SGs. In Busibi I interviewed every household, totaling 36. During each household interview, questions were asked about the household rather than the individual. Still, an equal number of men and women were interviewed because of aiming at answers free from gender prejudice. The questionnaire was structured according to the information which is compiled under the five capitals in the SLA framework: human/physical/financial/natural/social capital. Based on this information I provide a context description of the research field.

A census in one of the villages was deemed more interesting than sampled questionnaires in the various villages, as I had to ensure I did not miss out any important information in Busibi, where Eight will start its project. Also, by interviewing everybody I can understand the interactions among the villagers and between the neighboring villages and the nearby Fort Portal town. Information collected from the other villages is based on samples because no major differences were noticed between these villages and Busibi. The interactions between the different villages are frequent and significant, so that splitting up information about these villages would be more of a formality rather than providing us with more useful information. Despite the differences in accessibility of the villages, I find it favorable to discuss these villages as an agglomeration which is characterized by specific conditions and which together form the area of focus for this research.
2.3.4. Interviews

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<tr>
<th>In-depth interviews</th>
<th>Number of interviewees</th>
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<tr>
<td><strong>Government officials</strong></td>
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<td><strong>National level</strong></td>
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<tr>
<td>- Senior Economist at Ministry of Finance, Planning and Economic Development</td>
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<tr>
<td>- Finance Officer in the Ministry of Finance, Planning and Economic Development</td>
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<td><strong>District level</strong></td>
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<td>- SCDO</td>
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<td><strong>Local level</strong></td>
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<td>- LCI Kalyango Cell</td>
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<td>- CDO Kicwamba sub-county</td>
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<tr>
<td><strong>International NGOs</strong></td>
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<td>- CRS/ Caritas</td>
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<td>- CARE Intl.</td>
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<td>- SATNET</td>
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<td>- Save the Children</td>
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<td>- USAid</td>
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<tr>
<td>- TPO Uganda / DOVCU</td>
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<tr>
<td><strong>CBOs</strong></td>
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<td>- COSIL</td>
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<td>- KDFA</td>
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Table 2. Overview of conducted interviews

2.3.4.1. In-depth Interviews

A number of interviews with government and NGO officers who are active in the area of focus were administered during the period of research. For the former, I made use of a questionnaire to make sure that I would obtain the required information. An additional benefit of semi-structured in-depth interviews is that it makes a stronger standardization of the results possible. As a consequence, it is easier to compare the answers of the different research units (Meuleman & Roose, 2013). When interviewing project coordinators at NGOs, I informed on the VSLA component through an open question. By means of a topic list I could ask additional questions when desirable. These officials provided an insight in formation, training of and follow-up on VSLA groups and the related achievements and challenges. During this phase of the research, two government officials at national level were interviewed, two at the district and six on local level. Seven international NGOs,
one Ugandan national NGO and two CBOs, as well as six other key resource persons were interviewed, totaling 26 in-depth interviews with an average duration of about 45 minutes each. In annexes 6 to 12 the interview questions can be found\textsuperscript{3}. Most of the interviews were done in Fort Portal, therefore I only make mention of the location in case of having taken place elsewhere.

2.3.4.2. Focus Group Discussions

To evaluate the effectiveness of VSLAs, I have partaken in SG’s meetings which I combined with focus group discussions (FGDs) with both administrators and members to allow different points of views on the given topic of discussion. To select which SGs to visit, I started from information on the financial capital from the household surveys. The principal explanation behind this method is that a contact person in these groups was deemed indispensable in order to obtain the trust from the group members so that they would be willing to share honest information on their saving habits. As I had already spent time in Busibi village, it was easier for me to be trusted and welcomed to these SGs. There was some snowball-effect, when I spontaneously got invited to visit other groups in the area, often by a member who was saving at multiple VSLAs. Groups which meet within the area of focus were targeted and I wanted to find a balance in youth groups, elderly groups and women groups. Equally very small groups or those with a different modus operandi such as urban SGs or bigger SACCOs were left out. A total of thirteen groups were visited, and each of these focus group discussions consisted of two parts: firstly, the administrators were interviewed and then members were questioned in a focus group. I refer to annex 6 for the questionnaire. During my research, I used a visitors’ book to collect the e-mail addresses of the people I interviewed, so that I can easily share my report. For that purpose, I write in English so that this study can provide as much concrete relevance as possible. By comparing these findings with information I collected by sampling individual non-members of VSLAs, I could study the difference between livelihood conditions.

\textsuperscript{3} The 24 interviews can be consulted on Google Drive: https://drive.google.com/drive/folders/0B9M4l9rRLJwuVHA3NzZuVnFwcXc?usp=sharing
2.3.4.3. Sampling individual interviews

I interviewed 45 randomly selected villagers - an equal number of men and women - on their saving habits outside the VSLAs. Between five and eleven residents of each of the villages were asked half-open questions on the motivations one has (not) to join such groups (cf. Annex 7). Passers-by were randomly addressed, rather than, for example, addressing people at the trading center, where a more biased sample would have been reached. According to Weiss (1994, p. 24), such a probability sample in which a number of respondents are picked completely independently of each other “will result in a statistically significant survey of most populations”. Because of data saturation I completed the sample after 45 interviews.

2.4. Ethical Considerations

Bryman (2008, p. 113) discusses the importance of taking ethics into account during research. I respected the integrity of individuals and for that purpose the names of the interviewees are not mentioned. Even in focus group discussions, I first asked consent from all respondents for their involvement. The names of the VSLA groups are not covered because I asked if I could mention their names in my report and the administrators agreed because they perceive this as a possible way to apply for grants or external support.

2.5. Challenges and Limitations of the Study

Some challenges were met over the course of the fieldwork. To start with, I can criticize my data collection because my sampling size and method may not guarantee that there is no divergence possible. Notwithstanding, within the time and financial limit, this was the best possible sampling method. A similar critique would be true for the baseline study: I have taken a detailed household questionnaire in one village but not in the other five. In this case, this focus can be justified because that baseline study was done to get a general idea of the different capitals and how they are present in the research context. I am aware that - although neutrality was pursued, respondents may have adapted their answers according to specific expectations. Some interviewees tend to stress their challenges in an attempt to stimulate external involvement. This may influence the research data. I
took this into account during the interpretation of my data from interviews and (informal) talks. To diminish the risk of presenting wrong information, I selected a big enough sample and made use of data triangulation, since Meuleman & Roose (2013) state that the quality of the analysis will increase when statements are being confirmed in different data sources.

After having introduced the topic and the research methods in part one, I first delve into the existing literature on the VSLA and the SLA in part two. In part three of this study, the case will be analyzed by bringing together background from the literature with data collected during the fieldwork.
PART TWO: LITERATURE REVIEW

To start with, I intend to situate this study in the broader development debate by discussing the background on VSLA in chapter three and on the SLA in chapter four. I aim at framing their importance and I review both proponents and opponents of these development schemes.

CHAPTER THREE: SITUATING THE VSLA AS A POVERTY-ALLEXIATING MECHANISM WITHIN THE DEVELOPMENT DEBATE

To better understand the importance of the VSLA within the development debate, I first describe how this is related to the broader microfinance mechanism. Then I provide an overview with some of the most relevant findings from the literature on this scheme: how it is perceived by political economists, what its potential as a procedure for empowerment is and where the debate between its advocates and adversaries has its roots.

3.1. INTRODUCTION: THEORETICAL BACKGROUND WITHIN THE DEVELOPMENT DEBATE

Microfinance has grown historically since at least the 14th century and was identified “as an important instrument to achieve the Millennium Development Goals” (Scheurle, Fanconi, & Staudacher, 2014, p. 142). It enables the poor to take loans and make investments so that improvements in their livelihood conditions become possible. Yunus founded the microcredit movement in the 1970s through the Grameen Bank. There are now nearly 8.5 million borrowers. Ninety-seven percent of them are women (Yunus & Jolis, 1999). It was primarily used by development institutions which aim at alleviating poverty for the (mainly rural) poor, but by now a variety of actors have gotten involved. Yunus defines poverty as “imposed on the poor by the system that we created […] Poor people are bonsai people. There is nothing wrong with the seed. Society simply never gave them the space so that they can grow as tall as anybody else. A lack of money equates to a lack of space” (Gehrke, 2013). Generally a distinction is made between extremely poor/destitute, moderately poor and vulnerable non-poor (cf. Barnes et al. p.83), which is relevant for this analysis.
The baseline for microfinance is that a change in the banking system is needed so that the poor get access to money which enables them to grow. Yunus wants to see foreign aid as enabling social business. VSLA is a particular branch of microfinance which uses a particular modus operandi since it is small-scale and community-based. According to some experts, “VSL schemes [are viewed] as the one glimmer of hope for the poor, a critical way out of poverty and a means to the empowerment of low income-earners, especially women” (Mochoge, 2016, p. 4).

3.2. LITERATURE ON MICROFINANCE

Extensive research has been done on the potential role of microfinance in sustainable rural livelihoods, which provides the necessary background (Adato & Meinzen-Dick, 2002; Al-Shami, Majid, Rashid & Hamid, 2014; Anand, 2013; Bhuiyan, Siwar, Ismail & Islam, 2012; CGAP, 2017; Lakwo, 2007; Mosha, 2014; Montesquiou, 2014; Nakiyimba, 2014; Niyibizi, 2014; Novib, 2015; Tonny, 2012; Wrenn, 2007). Generally, research finds that microfinance has much potential as a mechanism for improving livelihoods, but some challenges impede it from reaching its full potential. Where other studies focus on microfinance as a whole, in this paper I focus on the VSLA mechanism and the role it plays as a livelihoods strategy specifically. To better situate the debate, I provide background information on the scale of VSLA in development activity in 3.2.1. and on its position within the development debate in 3.2.2.

3.2.1. Background on VSLAs

CARE initiated the VSLA approach in Niger in 1991 and was the first to implement it in Uganda in 1998. This major international humanitarian agency had come about with a project aimed at “help[ing] women participants cope with the numerous responsibilities that they faced in a challenging economic and social environment” (Allen & Staehle, 2007, p. 9). In Uganda, this savings practice has greatly increased over the last few years, and the number of existing groups has increased to over 22,000 by CARE alone. In total there are at least 80,000 officially registered groups with more than 2 million members, but “other counts find three times as many” (VSL Associates, 2013). In CARE’s guideline it is promoted as (partially) covering the financial service gap from formal financial institutions and offering access to finance which are customized in order to meet the requirements of the poor, inclusive of the rural women: “Using the VSLA approach,
CARE has managed to reach all layers of rural societies including the very poor and the extremely vulnerable by giving people the power to break the vicious circle of poverty themselves” (CARE, 2014). Its benefit is that it does not depend on outside contact once the VSLA is established:

In contrast with many other aid initiatives, the VSLA approach is well understood by communities and the VSLAs themselves are 100% member owned, and results show that members avoid becoming dependent on aid. Furthermore, the VSLAs replicate themselves, involving growing numbers of people and surpassing the scope of the initial programme. The programme offers a range of basic financial services created in order to bring about a virtuous cycle of rising household incomes, improved health, better education and greater participation in their communities and nations […] The success of the VSLA model in Uganda and elsewhere can be explained by its simplicity and responsiveness, which makes it easily understood and easily replicated. The high degree of responsiveness ensures that VSLAs can thrive in just about any settings, including areas with extreme poverty and low literacy (CARE, 2014, p. 17).

The World Bank (2007) observed that from the 193.6 million families which are categorized as poor worldwide, only 47.8% were found to be in the range of reaching the formal financial institutions’ services (Mochoge, 2016, p. 1). In the case of Uganda, exclusion from the banking sector is great, but a “remarkable improvement in financial inclusion in Uganda from 70% in 2009 to 85% in 2013” has taken place and most commonly used are non-bank formal or informal financial services (FinScope, 2013, p. 5). The VSLA is an important mechanism in the latter category.

Yunus (2007) therefore described the VSLA scheme as an important vehicle towards improving rural economy and the livelihood of rural people. Saving enables making investments which will stimulate access to school fees and healthcare for the least wealthy part of the population (CARE Itl., 2013). Sarumathi & Mohan (2011) and Karlan et al. (2017) confirm the importance of VSLA in comparison to other microfinance organizations. Moreover, Rasmussen (2013, p.13) expounds how VSLAs can stimulate social capital through weekly meetings: those who join a VSLA are expected to gain an increased sense of independence, both economic and social, since “due to their democratic structure, the groups might serve as an exercise in democracy and accountability”. For this reason, groups often combine savings with trainings, sensitization or local advocacy.
Where at first mostly NGOs were involved with VSLA projects, the Ugandan government has gotten actively engaged recently, because it proved a successful mechanism for financial inclusion of the poor. According to a report on VSLA activity in Kabarole, both national and international NGOs have been involved with the promotion and start-up of these kinds of SGs. Within VSLAs, there is the distinction between ‘indigenous groups’ contrary to ‘facilitated groups’, where only the latter rely on external support or training from government or private actors (Ledgerwood, 2013, p. 150). In figure 1, a graph illustrates the VSLA scheme. I also refer to the CARE manual (Allen H., 2006), where the approach is described in detail.

Figure 1. The VSLA-cycle (CARE, 2014, p. 7).
3.2.2. Situating VSLAs in the development debate

For the reasons discussed above, there is a great potential for VSLA groups for improving livelihoods and empowering the poor and women in rural communities according to many development actors (cf. Mochoge, 2016). Nevertheless, in the debate on development the methodology has not been universally applauded.

Major ‘residualists’ institutions like the World Bank advocate for economic ‘catch-up’ as means for development. Bernstein (1992, p. 24) used the term ‘residualists’ in the ‘inclusion/exclusion-discourse’ to refer to those who believe that “inclusion (into capitalism, or globalization, or the world market) brings economic growth and development, and improves the incomes and livelihoods of all participants”. For my conception of poverty on the other hand, I refer to Sen’s capability approach which implies that real freedoms - i.e. being free from starvation, under-nourishment, escapable morbidity and premature mortality, being literate, numerate, able to speak freely and being politically included, so that one can exercise his reasoned agency - must increase in order to achieve development. He rejects “the reduction of development to economic measurements” (Sen 1999, xii, 3). Although not discussed by Sen, the VSLA may signify a constructive development method because of its social positive.

Marxist-oriented political economists including Sandbrook (2000) on the other hand criticize Sen’s ‘pragmatic neoliberalist’ approach because it “pursues a false promise to the poor and socially excluded” (p. 1071). In The Global Development Crisis (2014), the Marxist political economist Ben Selwyn critically analyses current development policies, as well as Sen’s take on development, which he finds residualist. Selwyn criticizes the relation where “enlightened actors” (states, entrepreneurs, international institutions and Non-Governmental Organizations) such as the UN carry out actions for the poor and develop strategies for expanding their capabilities (Selwyn, 2014, p. 3; p. 168).

We see Yunus’ comparison of the poor with a bonsai tree because of lacking money (cf. supra) contested here. According to Selwyn, development practices should be critical of capitalism rather than encouraging the system. For that reason, he advocates for a more integrated conception of development that is “undertaken by ‘the poor’ themselves – that is, a labor-centered conception of development” (Selwyn, 2014, p. 3).
In this aspect, the VSLA could mean a mediation between the different stances on development, since it aims at making the poor actors rather than subjects and has as objective to increase on the different capitals and encourage freedom for the poor. CARE promotes the VSLA as “100% member owned” (CARE, 2014, p. 17). Is this what Selwyn is looking for as a community-based development strategy or does the CARE’s active promotion of financialization through linkage with commercial banks (cf. infra) show the true nature of VSLA as a mechanism for expansion of capitalist markets? (cf. Boyle, 2015).

3.3. LITERATURE ON EFFICIENCY OF VSLAs

Much research has been done on the functioning of saving groups, but the question whether it serves as a mechanism for livelihoods improvement is difficult to answer. Specific literature on internal dynamics in, and sustainability of groups can be found in Anderson et al. (2009); Besley et al. (1993); Etang et al. (2011); Karlan (2006) et al. Bouman (1983) has written on the motivations for participating in a VSLA. I want to start the debate with some of the arguments advocates make use of.

3.3.1. Advocates

A great share of literature on the methodology shares the viewpoint that village savings can significantly improve rural livelihoods (Mohanty, Mohapatra and Khuntia, 2013 et al.). Other studies have shown that although the VSLA procedure has proven its value, it still meets many challenges (Allen, 2006; Allen & Staehle, 2009; Allen & Panetta, 2010; Ghatak, 1999; Hansen 2012; Myrray & Rosenburg, 2006 et al.).

In Helmore et. al. (2009), VSLA is hailed as being cost-efficient, sustainable, relying on traditional economic systems but not on external capital and it is furthermore applauded for its proclaimed ability to reach the poorest of society. Allen and Hobane (2004) draw linkages between VSLAs and poverty reduction and confirm other positive findings: membership of SGs is found to contribute to increasing household assets; improvement in the quality of housing and growth of income generating activities of members. Schola (2015) found that VSLA membership can lead to increased social capital, because it encourages a hard-working attitude and improved status within families and the community.
Additional achievements found in other studies include short-term economic empowerment for women; higher profits in business enterprises; increased influence of women in the household and community decisions (Anyango, E., et al. 2006). Some of the principal development institutions have applauded the VSLA approach for its incorporation of women in the financial system and its empowerment of the rural poor. Mochoge (2016) finds that women form approximately 83% of the reported clients of VSL projects. He observed that the strength of VSL schemes was founded on women’s proper utilization of funds, financial discipline and timely repayment of loans. Robinson (2004); Ghadoliya (2000); Martins (2015) et al. found that membership of VSLAs have a significant effect on female rural livelihood outcomes and can lead to an increase in average monthly gross profit over time. Other capitals can also be stimulated: housing conditions, education and access to healthcare improve.

In other words, the VSLA approach has much potential, but the methodology’s benefits could become more comprehensive if certain challenges, which opponents of the method pointed out (cf. 3.3.2.), were coped with.

3.3.2. Opponents

Over the years some criticism of the method has arisen due to fraud and groups collapsing, for which it was “no longer hailed as the ‘silver bullet’ for poverty alleviation” (Hollingworth, 2014). Unsuccessful targeting of the (very) poor, high interest rates and gender bias of microfinance interventions are some of the common critiques. Hansen (2012) finds the “financial exclusion of particularly the poorest” a major challenge because the scheme misses its ‘access for all’-goal, especially in the farthest regions of especially Africa (2012, p.6). Mersland and Eggers (2007) find that because members self-select each other, there is a “continued practice of exclusion in the local communities. The more vulnerable, the disabled, the outcasts etc. are often excluded [in VSLAs]” (2007, p. 20). Simanowitz (2002) suggests ways in which the poorest may be excluded from membership: due to personality traits, self-selection practices, negative perceptions of the poor or incentives for stronger individuals to exclude the poorer community members. I quote from Montesquiou et al: “serving the extreme poor effectively is more expensive and more difficult, both because such populations are often geographically and socially isolated and also because of the complex, multi-dimensional nature of severe poverty” (2014, p.2).
Referring to the development debate (cf. 3.2.2.), Schola (2015, p. 26) finds that other surrounding factors also need to be tackled, because “access to financial services alone cannot solve poverty challenges faced by women”. While some authors argue that there must first be female empowerment within patriarchic societies, others argue that precisely VSLAs will enable this empowerment. According to Mayoux (2001), negative impacts for women include an increased workload, indebtedness and vulnerability to domestic violence precisely because of the procedure’s focus on women. Also Oxaal & Baden (1997, p.9) conclude that loans can become a burden to women instead of a tool to reduce poverty: they are often forced to surrender their loans to their husbands to help them manage the home, since their workload is increased without any increase in resource control or decision-making power.

Another challenge has to do with the system that relies on trust and bias. Johnson’s (2004) study finds that the group’s social component has a potential negative effect, because “norms are often enforced through sanctions such as guilt, shame and informational sanctions, which may for example aim at damaging someone’s reputation” (p.1359). Because of its informal nature, fraud is also a common issue and has “provided a lee way for the crooks because they know that the only punishment they can receive is to get expelled from the association” (Busingye 2015, p. 65). Busingye adds to this discussion that “women by default had been taken to be trustworthy”, but equally betrayed (2015, p.66). From a CARE research (2006) it was concluded that short term loans limit long term investment and Busingye finds that the required weekly contribution and the short-term loans put a lot of pressure on the group’s beneficiaries. On the other hand, late loan repayment is also found to be problematic, because it will negatively influence “the sustainability of the group and the model” (2015, p.65).
CHAPTER FOUR: SUSTAINABLE LIVELIHOODS APPROACH: AN ANALYTICAL TOOL

Where in the previous chapter the focus was on positioning the VSLA within the development debate by discussing arguments of both advocates and opponents of the scheme, I move to the SLA framework in this chapter. Some background on the framework is provided and its achievements and challenges are further discussed in 4.1.1 and 4.1.2.

4.1. THE SLA WITHIN THE DEVELOPMENT DEBATE

The Sustainable Livelihoods Approach\(^4\) first came up in the mid-1980s because conventional development concepts did not yield the desired effects. Also, there was the additional population pressure issue. This approach was initiated by Chambers’ *Rural Development: Putting the Last First* (1983) when the food security perspective was widened to a livelihood perspective. It intended to enhance development cooperation and was designed to empower the poor. Through its concepts, the SLA was consequently developed by the British Department for International Development (DFID) as a tool for livelihoods analysis: a development mechanism with the objective of eliminating poverty. In the course of this assignment I want to determine whether VSLA fits as a tool within this checklist that the SLA provides for a reduction of poverty.

This SLA framework is built on participatory approaches and was developed in order to organize and improve organizations’ efforts to eliminate poverty (Atha, 2017). Farrington (2001) explains that “the approach can be discussed on three different levels: as a set of principles, as an analytical framework, or as an overall developmental objective” (p.3). Kollmair & Gamper (2002) describe it as a tool “to understand poverty in responding to poor people's views and their own understanding of poverty” (p.3).

This take on development has grown out of a number of older trends and ideas, for example Amartya Sen and his writing on capability (Sen, 1999)\(^5\). The framework relies on the idea of community-driven development and is acclaimed for taking a holistic perspective in determining problems and opportunities for program activities, which involves study of context; resources;

\(^4\) Mind the difference between ‘VSLA’ and ‘SLA’. Although there is only one letter difference, both abbreviations are not related.

\(^5\) I refer to Frankenberger (2000) and Morse et al. (2009) for a detailed overview of the background behind the SLA.
institutions and organizations; livelihood strategies and livelihood outcomes: “[SLA] combines consideration of social, economic and natural assets and mirrors the broader field of sustainable development and indeed integrated rural development in that regard” (Morse, McNamara, & Acholo, 2009, p. 14). This approach is acclaimed for departing from the traditional income-centric view of livelihood promotion (Atha, 2017). In this aspect, it matches the ‘non-residualist’ take on development.

The framework was adopted by several major developmental organizations who advocated livelihoods approaches as central to their development program, and even organizational structures. DFID’s Sustainable Livelihoods Approach is one of them (Scoones, 2009, p. 172).

Figure 2. The DFID’s Sustainable Livelihoods Approach (Scoones 1998)

In the remainder of the chapter I first present the advocates of the approach and discuss its achievements, followed by a discussion of its challenges in 4.1.2.
4.1.1. Advocates of the SLA

Principal advocates of the SLA include Bebbington (1999); Carney (2002); Chambers and Conway (1991); Eldis (2011); Scoones (1998) and Sen (1999). Ashley and Carney (1999) perceive it as a strength that in the SLA the poor are “key actors in identifying and addressing livelihood priorities” (1999, p. 7). The scheme has value in addressing the constraints in poor people’s livelihoods (Carney, 2002). By seeing the poor “not as victims, but as decision-makers with their own sets of priorities” (Atha, 2017), it has encouraged “a deeper and critical reflection” (Scoones & Wolmer, 2003). It offers an important lens for looking at complex rural development questions and aims at maximizing livelihood benefits for the poor by enhancing their capacities (ibid.). Furthermore, this approach has mostly received approval because of its integrated multi-level approach to poverty, as it goes beyond a narrow set of indicators like income and productivity. It is dynamic and recognizes multiple influences, actors, strategies and outcomes when attempting to understand complex cause-and-effect relationships (DFID, 1999). According to the DFID’s SL guidance sheets (1999), the framework is aimed at building policy and facilitates linking research directly to policy (Atha, 2017).

That is why proponents of the SLA find it a successful instrument for empowerment of the poor, since it promises “targeted assistance, better communication channels, and new possibilities” for rural people (Eldis, 2011, p.2). For its holistic take on development, it may -just as the VSLA- find appraisal among non-residualist thinkers. The outset is that it is important to focus on livelihoods assets because people’s possibility to access balanced and diversified assets will determine their ability to escape poverty. These resources will consequently be transformed into livelihoods outcomes (DFID, 1997). Morse et. al. (2009, p. 12) applaud the potential of the SLA when they put it in contrast with top-down development practices which fail at thinking through feasibility.

4.1.2. Opponents of the SLA

On the other hand, various authors have criticized the SLA for starting too much from a capitalist worldview or for not giving enough agency to the people, although it is supposed to be a
people-centered approach (cf. Mdee, 2002). The economist Sarkar (2015) refers back to Polanyi (2001) and Sen (2000) and critiques the SLA as a patchwork which creates a microcosmic capitalism by putting too much emphasis on acquiring assets and earning incomes for improving livelihoods: “the people-centered approach for providing more income or assets becomes a way of subtle persuasion to accept the macroeconomic situation and work within that framework to maximize individual economic returns” (Sarkar & Sinha, 2015, p. 5). An essential critique of SLA is that it fails at initiating any systematic transformation: “over time, the local distribution of wealth and income actually worsens. This might weaken the overall stability and strength of the local community” (ibid., p.6). Thirdly, the SLA is criticized for individualizing and ignoring the notion of community. Furthermore, because of its focus on capitals, the SLA’s look at nature “as having a purely instrumental value” can be problematic (ibid.). Summarized, the SLA is not universally acclaimed because it may be too much embedded within a market-based economic structure.

Another critique ousted by Morse et al. (2009, p. 14) is that it will be the basis for policy reports but it is hard to put the approach into practice. For that very reason is Scoones in his recent work (2009) more critical on the approach than in his original work (1998): livelihoods approaches are “not compatible with real-world challenges and decision-making processes” (Scoones, 2009, p. 181). The livelihoods debates have generated their own business for the practitioners who are involved, but fail at linking back to governance debates in development (ibid.). It focusses too much on the local level and fails at addressing global processes such as long-term shifts in rural economies (ibid., p. 182). Carney criticizes that “despite the growing list of SL ‘successes’, some of the greatest challenges in development (e.g. reaching the very poorest, building capacity in failing institutions, governance reform, etc.) remain challenges with or without SL approaches” (Carney, 2002, p. 22). He insists that the SLA pays more attention to general trends (2002, p. 27) and Scoones (2009) wants it to engage more with debates about globalization (2009, p. 191). In Eldis (2011, p.8), some suggestions are made for improving the SLA based on challenges that have been levelled.

In chapter 3 I have discussed the existing literature on VSLA within the development debate and in chapter 4 the perceived achievements and limitations of SLAs – including inadequate attention to policy and economic processes, power and gender relations, and environmental sustainability. Sen’s take on development lays at the basis of this research and I opt to make use of the SLA as framework for an analysis of the VSLA as overly present savings mechanism in Kabarole
district. I have shown my awareness of the criticism on the framework, but I also appreciate that this is still generally acclaimed as one of the best frameworks for analysis of rural livelihoods (cf. Eldis, 2011, p.1). I now move to the case study and start by describing the context, then the access to livelihood assets for the villagers will be analyzed, followed by structures and processes, to finish with the livelihood outcomes. I aim to conclude on the efficiency of VSLA as an instrument which stimulates livelihoods strategies by the end of the analysis.
CHAPTER FIVE: BUSIBI AS A CASE STUDY

This chapter is mainly based on information collected through a household questionnaire as well as observations and interviews with local politicians. I present a comprehensive description of the site of research, with a focus on its vulnerability, which is very relevant for the ethnographic analysis. After a description of the broader area I will also analyze livelihood conditions on the village level. To start with, I will have a look at general conditions as well as shocks, seasonality, trends and changes and the resilience capacity of the research area. In the SLA, the context is a first pillar and studies “the social, economic, political, historical, demographic trends that influence the livelihood options of a given population and […] the risks to which they are exposed” (Frankenberger, 2008).

5.1. VULNERABILITY CONTEXT DESCRIPTION OF THE CASE

5.1.1. Geographical context

The field study was done in Kabarole, a Western-Ugandan district which has an estimated population surpassing 470,000 inhabitants, which is about 1/100 of the total Ugandan population. It was part of Toro kingdom at time of Uganda’s independence and neighbors the Democratic Republic of the Congo. The majority of its inhabitants are Batooro people. The area within the district on which is focused is located in Burahya County in Kabarole District, which consists of thirteen sub-regions and I have studied two of them: Karago town council (TC) and Kicwamba sub-county (SC). Within these sub-regions I have focused on Kalyango cell and Buhara zone. Kalyango cell consists of five zones (Busibi, Wabisi, Kangulya, Kyartanga and Kalyango Central) and is located within

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Ibonde ward\textsuperscript{7}, in Karago TC\textsuperscript{8}. Buhara Zone is composed of villages Buhara A and Buhara B and is part of Kicwamba SC. Busibi is the frontier village between the SC and the TC. Not only because of its geographical location in the middle of the area, but also because of its intelligibility as it is the smallest village, most data was collected in Busibi. In figure 3 and 4 the geographical situation and population size of the places is presented. Table 3 shows the local government structure of Kabarole District.

\textbf{Figure 3}. Geographical location (UNPA, p.2)

\textsuperscript{7} Karago Town Council is composed of Karago ward, Kitaraso ward and Ibonde ward. The total area consists of some 10,000 inhabitants, but Ibonde ward is the least populated of the three.

\textsuperscript{8} Karago recently shifted from being a sub-county to a town council. The shift happened after popular election. Through this, the region is expected to receive more government benefits. Within a TC, business people will pay more taxes, but the government support provided will be greater than the one provided at sub-county level (LC3, 26/10/2016).
Fort Portal, which is situated in Burahya county, is the main town in Kabarole District. My interest lays in studying the rural area outside, but located close to this town, with a distance ranging between seven and ten kilometers out of town. These are relatively isolated villages which are completely independent entities from the nearby town - I observed that some people can spend months without going to town. These villages are moreover relatively little developed when comparing them to other villages in the area. Busibi is accessible in about half an hour of unpaved road from Fort Portal and is slightly more isolated than the other villages in the region because it lacks even an unpaved road - there is only a footpath between the matooke plantations, while the other villages still have roads which are accessible by car. Besides, the village is completely surrounded by swamps. There is limited mobility because of lacking infrastructure, wherefore villagers refer to the place as an island.

These villages are locally and sometimes also ironically referred to as ‘bad villages’, not because life there is automatically worse than in other places, but rather because it has limited access to goods, facilities and commercial possibilities. Local government officials confirmed that, because of this shortage, more people have low educational levels and/or are infected with severe illnesses (LC1, 25/10/2016 et al.).

Only nine of the people interviewed during the village census were born in the village, which equals 25 percent. When I questioned the villagers on their motivations for having moved to Busibi, most of the inhabitants confirmed that access to cheap and fertile farmland was the main reason. Many of the women moved to Busibi to get married. Although the area still has rather limited facilities, the great majority [78%] of the interviewees is determined to stay in the village: “nothing can make me move. I want to stay here to live” (Busibi villager, 30/10/2016). Those who desire to move mostly want to live closer to Fort Portal, because of better services.
### Table 3. Administrative units in Kaba role district (UNPA, p. 18)

<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Number of counties</th>
<th>Number of town councils</th>
<th>Number of municipal Divisions</th>
<th>Number of Sub Counties</th>
<th>Number of Parishes</th>
<th>Number of villages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01</td>
<td>02</td>
<td>06</td>
<td>03</td>
<td>18</td>
<td>99</td>
</tr>
</tbody>
</table>

#### 5.1.2. Seasonality, shocks, trends

Looking at the rural poverty incidence in figure 5, poverty may not be as extreme as in other areas of the country, but the district still meets a lot of ‘stresses’ or continuous pressures (Krantz, 2001, p. 7). For example, with 44% of child stunting, there is no other region but Karamoja (45%) in the country with more malnutrition and child stunting (Birungi, 2013). As well, HIV/AIDS is still a challenge in Kabarole district as its prevalence has risen from 11.3% to 15.2% in the last two years, which is very high compared to the national prevalence of 7.3% (Rogers, 2017). Furthermore, the district has sometimes not enjoyed the same government support as have other areas in the country. An example is the URBRA-scheme\(^9\) which is a donor-led government project designed to help retired people and which was not implemented in Kabarole (URBRA, 2017).

**Kabarole NGOs/CBOs Association (KANCA)** groups the lot of over 150 civil society organizations in Kabarole district\(^10\). Although there is this broad NGO network, from observations it was clear that many people in the area of focus felt neglected because of never having enjoyed appropriate social service delivery. During interviews with local level government officials, I got explained that particularly Karago town council (TC) and Kicwamba sub-county (SC) have been

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\(^9\) The *Uganda Retirement Benefits Regulatory Authority* was formed in 2012 through the Uganda Ministry of Finance and Economic Planning.

\(^{10}\) Interesting to note is that many of these organizations, which have been involved in projects of different nature, have made use of the VSLA-procedure. I refer to annex 4 for an overview of ten NGOs which make use of VSLAs and which I interviewed for the purpose of this research. It is very probable that these are not the only ones using VSLA as a method.
left behind in comparison to other areas within the district. Kicwamba SC’s Community Development Officer stresses the need of developing this area: “Buhara […] is one of the most marginalized areas within this sub-county, which is already marginalized itself as a whole […] it is important to bring Kicwamba in the spotlights. There is a lack of NGOs in comparison to other areas within the district” (CDO, 20/10/2016). A similar story counts for Karago TC, whose most marginalized area (Busibi and surroundings) is located neighboring Buhara. This perceived marginalization and exclusion makes a research in the area more relevant.

Figure 5. Rural Poverty Incidence (Emwanu, Okwi, Hoogeveen, & Kristjanson, 2003-2004, p. 9)
In this area, villagers also meet other stresses such as seasonal shortages and rising populations. Besides, there is limited access to goods as there is no official trading center in the village, not even a small shop. The only possibility for villagers to buy goods in the village is from one lady who buys stocks of basic goods from Fort Portal to then sell them to the neighbors. The situation is slightly better for the other villages as the trading centers are better accessible. Closest to Busibi is Ibonde trading center at four kilometer distance. Besides, also Kalyango central and Kicusizo trading centers can provide basic needs to the local communities. This kind of villages is not exceptional in the region, but as the CDO confirmed, especially Busibi is one of the least equipped villages concerning infrastructure in Kabarole District (CDO Kicwamba, 20/10/2016). This was confirmed during other interviews by the LC1 and the LC3. The latter accuses the chairperson of Kalyango cell for having neglected some villages like Kangulya and Busibi because of never visiting them and only having invested in Kalyango central. He comments on its marginal position:

the area [of focus] is amongst the most backward in the town council [...] there is limited mobility because of the wetlands and streams which impede passage. Big water pipes are necessary to solve this problem [...]. As well, homesteads in the area are still not on standard because of limited road network, lack of access to drinkable water and lack of formal education opportunities for children. The level of education is low because of lack of schools which makes children disadvantaged because they need to walk long distances [...] there is also only limited information flow, and so is income generation in the area as well as sanitation and hygiene (LC3, 26/10/2016).

Shocks, which are “sudden, unpredictable and traumatic, such as fires, floods and epidemics” (Krantz, 2001, p. 7), were not found in the research context. Through trends one can draw conclusions on “whether the state of social organization appears to be becoming better or worse for livelihoods” (DFID, 1999, p. 10) and in this context at least there is hope for improvement. The LC3 explained that change is expected to be upcoming in the area, as the construction of roads and wells to fetch water as well as power generating installations are included in the 2017-2018 investment budget: “other achievements are the construction of permanent buildings, a positive attitude change where farmers have gained a commercial attitude, improved service delivery since the change from sub-county to town council and improved coverage” (LC3, 26/10/2016). On the other hand, problems will still be there since no budget is available for conserving the wetlands, while these are in fact the most important source for drinkable water in the area. Increasing populations and lack of
natural conservation are considered to be some of the principal challenges in the area. Moreover, through Eight’s basic income-project, there is hope for a positive change in the area.

5.2. LIVELIHOOD ASSETS/RESOURCES

In the SLA, livelihoods are analyzed by focusing on five assets or capitals. As figure 6 illustrates, access to or absence from specific assets will determine households’ and communities’ vulnerability. As more capital is available and the assets are better interrelated, one will be better able to cope with certain risks. With more assets available, people become empowered to influence the structures and processes that affect them (Atha, 2017). In this section I discuss the availability of different forms of capital for the Busibi residents, based on observations and information which was collected in a household questionnaire.

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11 Cf. supra: figure 2. It would be good if the framework was rethought and other capitals such as political and cultural capital were added, because the focus on five capitals is rather limiting. Baumann and Subir (2001), Maqueen (2001), Moser (1996) et al. identified other assets than the ones presented by DFID for reducing the vulnerability of poor households.
5.2.1. Economic or financial capital

Since the focus of this study is on the efficiency of the VSLA as a rural savings mechanism, it is deemed most important to first have a look at the financial assets which are available for the villagers. In Figure 7 is illustrated how the SLA framework is interpreted.

![Figure 7: Focus on the economic capital in the broader SLA framework (Morse, McNamara, & Acholo, 2009, p. 52)](image)

Agriculture is still the backbone of Uganda’s economy, as main source of livelihood and employment for over sixty percent of the population (UTG, 2016). Also in Kabarole District, subsistence agriculture and animal husbandry are the main economic activities, often combined with other occupation(s). In the area studied, about 80 percent of this area's inhabitants are peasant farmers, which means that they grow crops on a small scale without much business perspective. Particularly matooke is commonly grown, but it is less interesting for commercial purposes because the supply is larger than demand. Cash crops like tea and coffee are not commonly grown in the study area, although that is the only significant industry in the district.

The chairman LC3 explains that about seventeen percent of the sub-region’s residents is involved in business activities, and that this has been on the rise especially since Bukuuku sub-county was transformed into Karago town council in 2010-2011 (26/10/2016). Most of the
businesses can be classified as service providers (boda-boda drivers/ repair shops...), small-scale industries (house construction, charcoal burning...) and commerce or trade (including second-hand clothes). Some minor activities in the area are sand mining and stone querying (together some three percent of all economic activities).

From the household questionnaire in Busibi I could extract the following estimated data:\12:
out of a total of 36 interviewees -half men and half women, 12 women [67%], and 7 men [39%] rely purely on their harvest. Four women [22%] and eight men [44%] combine farming with another income. Mostly the very poor are out-contracted, because of lacking a personal or big enough plot of land (five women [28%] and only two men [11%]). Two are businesswomen and two businessmen, while also one man combines farming with studying. Only two men and two women [11%] are active in commercial activities other than selling crops. On the other hand, 22 households [61%] sell their harvest on the market. Almost half of the total interviewees work in the village itself and women mostly stay in and around the village. Almost exclusively men go to town on a regular basis (16/18 [89%] go to town at least once a week) for purposes related to occupation. Four men [22%] but no women [0%] go to town daily for work.

Inhabitants of this village rely consequently more than in the wider region on small-scale agriculture and they are less involved with other businesses, because of the limited facilities. In my interview with the LC3, he discussed that one of the main challenges for the growth of Karago town council is that the inhabitant’s revenues are low precisely because of limited presence of businesses (26/10/2016). That explains why many people just save at home or at a(n) (informal) group because they don't see themselves capable of joining a financial institution which is regulated by the government of Uganda. The majority earns about 5,000 UGX [under €1,5]\13 per day, and spend almost the whole amount on basic needs. Businesspeople earn more, but they also have more costs. Revenues are overall limited and most are consequently ‘unbankable’. Overall, in Uganda only eleven percent has a bank account (Finclusion, 2016). In Busibi out of 36 only one woman [5.5%] and three men [17%] have access to a commercial bank account and two men [11%] and three women [17%] are members of a Savings and Credit Cooperative Society (SACCO). Yet, six banking companies have offices in Kabarole district, but “unless banks offer appropriate incentives to

\12 The percentages present the data according to sex because that avails insights on gender division.
\13 Depending on the exchange rate, 1 EUR is roughly the equivalent to 4000 UGX.
citizens [incentives like lowered interest rates, easier access to banking services and more involvement in community and rural economic affairs], their client base will not grow” (Kariobangi, 2012). It remains a fact that access to these banks is limited for the rural poor.

Burahya County accommodates various savings groups, since they are accessible also for those who have limited incomes and enable them to start saving. Thirteen out of thirty-six households [36%] belong to at least one VSLA. Some of the more well-off residents can save at various institutions at a time. On the other hand, fourteen (seven women, seven men) Busibi residents [39%] claim to be not in the possibility to save at any institution at all. Those who don’t save at a savings institution keep the little they have earned at home, but 28/36 [78%] claim to be able to save some money, opposite to eight of the households [22%] who can collect barely enough to provide basic needs and are not in position to make investments nor to grow. They are very poor and consequently very vulnerable. Unlike what stakeholders suggested -namely that the reason for not joining is mostly that of not being in the position financially, I found out that equally many educated and well-off people preferred not to join a VSLA because of challenges with the method (cf. infra).

A gender division in income sources is noticeable since mostly women earn less and they often rely on their husbands’ incomes. In line with the VSLA methodology which mostly targets women, this should explain why membership of savings institutions in Busibi consists of predominantly women (thirteen women opposite to six men). Also, four men [22%] but no women [0%] claim to distrust saving at a VSLA because of the risk of fraud. To give an idea of how present VSLAs are in the area: in a village where 36 households live, people save in eight different informal saving associations in Busibi and its neighboring villages, but there are many other groups available.

Although local government officials explained that this particular area had so far been mostly neglected, six of the households in Busibi have still received some kind of financial support. Two of them [6%] got aided through donations from the Church of Uganda and four [11%] through the Uganda National Agriculture Advisory Services project, which is a government agency created to offer public agricultural advisory and extension services. It provides technology and trainings to rural poor farmers (NAADS, 2017). Nevertheless, because NAADS offered grants without (sufficient) follow-up, and because money was “reportedly embezzled by government bureaucrats
through fictitious training workshops and retreats” the program was mostly perceived as little efficient (Monitor, 2016) and eventually was replaced by *Operation Wealth Creation* (OWC).

### 5.2.2. Social capital

It was discussed before that a perceived achievement of the VSLAs is that of enhancing social cohesion and consequently increasing the social capital in the communities, which implies better “social resources, including networks for cooperation, mutual trust, and support” (Atha, 2017). The former head of the *Federation of Rwenzori Microfinance Associations*\(^\text{14}\) explains that people are attracted to join SGs because of its social positive: “people can socialize and share info when meeting” (FORMA, 05/11/2016). During the FGDs with SGs, it became clear that trust is very important within the groups. Therefore, the social component is deemed important and a new member is only allowed to join a group when he has gained the trust of other members. As the head of the Microfinance department at MotMU stresses, by emphasizing social good VSLAs have a much greater potential than just increasing on members’ savings:

Social capital and financial capital are being interconnected through these VSLAs. As a start, the groups are not as much about profit as about social good: they are about empowering women as well as the poor. During meetings, savings and credit is generally combined with social activities such as communal gardens, financial literacy trainings and disease prevention. The groups often provide an insurance to support emergency cases such as disease or funeral. It is worth questioning whether these savings associations should be profit making or rather social institutions and how can they achieve a balance between the two (MotM, 01/11/2016).

### 5.2.3. Human capital

When analyzing access to human capital, I include information on the villagers’ labor capacity (cf. supra 5.2.1.), skills and educational level. Because good health and physical capability is required to fulfill these tasks, access to healthcare is also described under this chapter.

\(^{14}\) The *FORMA* microfinance institution collapsed in 2016 because it was unable to recover its funds after the manager had stolen money.
5.2.3.1. Education

Looking at access to education, Kabarole District has 251 early child development (ECD)-centers, 115 community-based nursery schools and 136 private nursery schools, as well as 127 primary schools, 23 secondary schools and 16 institutes for tertiary education (UNPA, p. 19). In the vicinity of our area of focus there are three nursery schools, three primary schools and three secondary schools -but one of them is a very expensive private school. Because they are located far away, village kids generally need to walk distances between two and seven kilometers before they can reach school (ibid., p. 21).

Concerning education, a gender gap is noticeable. Out of 36 households, six women [33%] and one man [6%] never went to school and 11/18 [61%] of both men and women schooled up to primary level. Only one woman [6%] attended secondary school, while three men [17%] did. None of the women but three men have done superior studies. Only one man but none of the women interviewed identified as currently being a full-time student.

Overall, the level of education in this village is thus much lower than the Ugandan average of 74.6% school-going, with most of them having attended school 3.5 years and 61.33% attending high school (Nation Master, 2017). Since the Universal Primary Education Program (UPE) was introduced in 1997, all children are offered free primary education. Yet, as the number of school-going children increased very rapidly, it resulted in “a poor quality education, low pupil achievement, untrained teachers, improper infrastructures and classroom settings“ (Ngaka, 13.8 2006, p. 173). In Busibi, 19% of the households have child(ren) of schooling age which are not enrolled at any educational institution. Mostly the girls are first excluded from school because they are expected to be helping in the household. Those who have the lowest educational levels are mostly, but not exclusively, elderly women.

5.2.3.2. Healthcare

The healthcare one can access in Uganda greatly differs in terms of costs implied and quality. A clinic at a nearby trading center is easily accessible because it is public and (almost) free of charge, but its drawback is the long waiting times and its unsuitability in case of emergency. There are 60 health units in Kabarole district, most of them being local clinics but also some major hospitals and health centers as well as private/NGO dispensaries. Private healthcare is much more expensive and
these facilities are located in town, which means one also needs access to a transport means to reach it. In Busibi only one woman [6%] and three men [17%] have had access to the latter service.

The bad roads are problematic for the villagers to reach a health center on time. Another main issue is that drug distributors as well as government officials tend to neglect these areas because of being difficult to reach. It was discussed before (cf. 5.1.2.) that most civil society initiatives have not reached this village, so it has remained relatively isolated also from this point of view and that despite abundant NGO-presence in the greater region.

5.2.4. Natural and physical capital

With physical capital, reference is made to the infrastructure, tools, and equipment used for increasing productivity, while natural capital informs on the quality and quantity of natural resources (Atha, 2017). In the case of the research area, one of the principal shortcomings is precisely this lack of accessible roads and an inadequate feeder-road network, which makes commercialization of goods produced in the village complicated (UTG, 2016). Eighty-six percent (31 out of 36) households has access to at least a small plot of land on which they can grow their crops (averaging a size of about 4000 m²), but the weaker inhabitants need to sell their crops from home, for which the value of their crops will be much lower. When enquiring on the perception of the principal problems in the area, it should therefore not be surprising that the principal problem in the village is the lack of roads, according to the 36% of the inhabitants. That is considered to be more of a problem than for example lack of infrastructure such as schools and hospitals (25%), lack of drinking water -although only eight percent of the households have access to drinkable water (22%), lack of electricity (5,5%) or other issues such as the need of improved agricultural techniques and of a changed mindset within the community (11,5%).

In chapter five I have described the context of the focus area, by paying attention to vulnerabilities and the access to capitals. It was observed that this region is mostly marginalized and that there is room for improvement of the livelihood conditions for the villagers. Based on this information, I intend to understand the functioning and importance of VSLAs in the area. This will be further discussed in chapter six.
CHAPTER SIX: ORGANIZATION OF VSLAs IN THE AREA OF FOCUS

<table>
<thead>
<tr>
<th>Name group</th>
<th>Place of registration</th>
<th>Date of inception</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kyartanga Youth and Elderly group</td>
<td>Karago town council</td>
<td>21/05/2016</td>
<td>A</td>
</tr>
<tr>
<td>Buhara Bakyera Twekambe Group</td>
<td>Kicwamba sub-county</td>
<td>07/2008</td>
<td>B</td>
</tr>
<tr>
<td>Buhara Kamu Kamu Group</td>
<td>Kicwamba sub-county</td>
<td>1998</td>
<td>C</td>
</tr>
<tr>
<td>Buhara Abagamba Kamu Tukwanise Association</td>
<td>Kicwamba sub-county (since February 2016)</td>
<td>05/2014</td>
<td>D</td>
</tr>
<tr>
<td>Buhara Mother’s Union</td>
<td>Kicwamba sub-county</td>
<td>1996</td>
<td>E</td>
</tr>
<tr>
<td>Buhara United Group</td>
<td>Kicwamba sub-county (since 2004)</td>
<td>2002</td>
<td>F</td>
</tr>
<tr>
<td>Busibi Twekambe Group</td>
<td>Karago town council</td>
<td>15/07/2016</td>
<td>G</td>
</tr>
<tr>
<td>Kangulya Twemuche Group</td>
<td>Karago town council</td>
<td>03/2010</td>
<td>H</td>
</tr>
<tr>
<td>Kalyango Ahahikaine Women’s Group</td>
<td>Karago town council</td>
<td>09/2013</td>
<td>I</td>
</tr>
<tr>
<td>Youth 4 G Network</td>
<td>Kabarole District (since 2010)</td>
<td>2010</td>
<td>J</td>
</tr>
<tr>
<td>Kicwamba Subcounty Women’s Group</td>
<td>Kabarole District</td>
<td>06/2002</td>
<td>K</td>
</tr>
<tr>
<td>Ahahikaine Savings and Credit Cooperative Association</td>
<td>Kicwamba sub-county (since 2013)</td>
<td>06/2011</td>
<td>L</td>
</tr>
<tr>
<td>Bukuuku’s Mothers’ Concern Savings and Credit Group</td>
<td>Kicwamba sub-county</td>
<td>2008</td>
<td>M</td>
</tr>
</tbody>
</table>

Table 4. Overview of visited VSLA saving groups
To draw conclusions on the efficiency of VSLA as a development strategy in the case area, I don’t only rely on literature and interviews with officials in the area, but mostly on a detailed analysis of thirteen groups. In this chapter, I provide information on these groups’ membership and social capital, gender balance, governance and internal organization, to conclude on their significance. Based on my findings, some of the principal challenges with the VSLA-system will be addressed.

Table 4 presents an overview of the SGs, with a code given to each of the groups for easy reference in the analysis. Information is provided on the date of inception and place and -if available-date of registration. In annex 13, I include a detailed report on each of the groups. A footnote should be made on group K. It is an umbrella group which gathers many VSLAs that meet monthly at the sub-county with the purpose of increasing on the savings of the individual groups. As a sub-county group, it may be perceived as a ‘next-level’ VSLA (cf. infra). Concerning group M, it is important to note that my data collection was restricted to an in-depth interview with the group’s chairperson. Consequently, I miss the observations which I made in other groups during group visits.

6.1. MEMBERSHIP

In Burahya county, most of the VSLAs were founded quite recently, while the oldest (C and E) have existed for twenty years. The concept of village savings groups is clearly not new in the area and it is greatly on the rise (cf. figure 8). Some of the most recent groups, such as H, were started after other groups (especially L) in the area had suffered from problems, such as funds being stolen. Because of internal regulations, groups mostly restrict access to membership to community members only, because of the importance of trusting each other.
The size of groups according to the original CARE procedure should not exceed 25 members (Allen & Staehle, 2007). On the ground, only in groups B and F the membership is declining (respectively from 45 to 24 and from 31 to 13 members), but these are overall badly-performing groups. M has stagnated at 25 members, but most groups have more members than the procedure recommends. It was observed that groups make it their objective to have the largest number of members possible. As the board managers explained during the FGDs, most VSLAs desire to reach 50+ members and grow into SACCOs or small rural banks. Among those visited, the group membership averages 37 members. Also the size of the groups’ boards is variable and mostly relative to the number of members in the group. This can be observed in table 5, as well as the groups’ target audience. Although a specific audience is targeted, mostly the groups are open for all community members to join. Group B for example is a youth group, but most members are elderly women.
<table>
<thead>
<tr>
<th>Code</th>
<th>Total group members</th>
<th>Percentage female group members</th>
<th>Total board members</th>
<th>Percentage female board members</th>
<th>Target group</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>33</td>
<td>57,6</td>
<td>9</td>
<td>66,7</td>
<td>Youth and elderly</td>
</tr>
<tr>
<td>B</td>
<td>24</td>
<td>62,5</td>
<td>7</td>
<td>57,1</td>
<td>Financially capable villagers</td>
</tr>
<tr>
<td>C</td>
<td>45</td>
<td>26,7</td>
<td>12</td>
<td>16,7</td>
<td>Businessmen</td>
</tr>
<tr>
<td>D</td>
<td>31</td>
<td>58,1</td>
<td>9</td>
<td>44,4</td>
<td>Community members</td>
</tr>
<tr>
<td>E</td>
<td>31</td>
<td>58,1</td>
<td>6</td>
<td>83,3</td>
<td>Mothers</td>
</tr>
<tr>
<td>F</td>
<td>13</td>
<td>23,1</td>
<td>5</td>
<td>0</td>
<td>Community members</td>
</tr>
<tr>
<td>G</td>
<td>47</td>
<td>78,7</td>
<td>10</td>
<td>70</td>
<td>Women</td>
</tr>
<tr>
<td>H</td>
<td>30</td>
<td>83,3</td>
<td>6</td>
<td>66,7</td>
<td>Community members</td>
</tr>
<tr>
<td>I</td>
<td>58</td>
<td>82,6</td>
<td>8</td>
<td>87,5</td>
<td>Mothers</td>
</tr>
<tr>
<td>J</td>
<td>57</td>
<td>61,4</td>
<td>10</td>
<td>30</td>
<td>Youth; widows; orphans; vulnerable children</td>
</tr>
<tr>
<td>K</td>
<td>NA</td>
<td>NA</td>
<td>9</td>
<td>66,7</td>
<td>Women groups</td>
</tr>
<tr>
<td>L</td>
<td>85</td>
<td>76,5</td>
<td>13</td>
<td>69,2</td>
<td>Single parents</td>
</tr>
<tr>
<td>M</td>
<td>25</td>
<td>100</td>
<td>10</td>
<td>100</td>
<td>Women</td>
</tr>
</tbody>
</table>

Table 5. Group membership according to gender division and target group

Membership criteria are mostly but not always based on financial capabilities of the target group. In many groups individuals need to provide collateral and initial savings to join, while in others such as group H, social status will determine whether one can join. Also, the fee to join varies from less than 5,000 UGX in the case of A, B and H up to 20,000 UGX in the case of E and L. If a VSLA wants to join the umbrella group K, it must pay 100,000 UGX registration fee. In addition, only for F and H a letter by the LC1 to confirm residency in the area is required. When looking at the group’s constitutions, it becomes clear that they generally target community members to diminish the risk of fraud. Therefore, in some groups one needs to be introduced by a group’s member to be accepted.
6.2. GENDER

In chapter 3.2.1., I made mention of some literature where the VSLA is described as a scheme for women empowerment. Gender clearly is an important topic that needs to be considered when analyzing the functioning of VSLAs. When looking at table 5, we see that in all but two groups women are in the majority as members and in all but three groups women dominate the board. Furthermore, MBs explained that mostly these SGs were started up targeting women and only later men started to join in. During the focus group interviews, it became clear that the administrators of most groups are nowadays not putting effort into attracting women particularly. Participation is open for everybody, but women are seemingly more keen to join, possibly due to reasons which were discussed before (cf. Mochoge, 2016 and chapter 3.3.1.).

In the research field, several officials stressed the importance of participation in VSLA for women empowerment. According to Karago town council’s CDO, there are two main reasons for the groups to principally target women: they mostly perform domestic chores, so that their savings are generally lower and by saving in a VSLA, they can get some loans to start small enterprises. It is more probable for them to join as they spend more time in the house and are more closely engaged with village life. The second reason is that most women don't feel secure in their homes when they don't have their own money (Karago TC office, 20/10/2016).

On the other hand, it is possible that due to the women majority, men decide not to join because they perceive it as typically female. Besides, because of the negative perception of men in SGs, they could be less willing to join. They are commonly perceived as less responsible and lazier, who prefer to spend the day ‘boozing at the trading center’ rather than engaging in saving activities. They are also deemed worse at repaying loans and there is the suspicion that they are more susceptible to committing fraud or running away with communal savings. This rather negative perception of male participation recurred during interviews with various stakeholders. Another argument is that men are believed to find the small savings petty and not worth investing time. Group D’s board members for example state that “women are more committed and faithful as well as involved and preoccupied with development of their homes and education of children for which they will foster” (FGD, Buhara, 27/11/2016).
The SCDO suggested that women participation should be actively promoted because women can be empowered by it, which will be beneficial for the whole household. On the other hand, he discusses that “women empowerment has become mainstream in government programs, which means that if you don't fulfill gender requirements, then the project will be rejected” (Kabarole district office, 05/11/2016). He explains that women groups will be preferred what legal recognition or being granted is concerned. Nevertheless, the SCDO also demonstrated some mistrust towards the efficiency of VSLAs in empowering women: “women are the ones working hard in saving groups, but in the end, [the wife] will hand over the money to the husband who will enjoy the savings the most” (ibid.).

From findings on the ground, I observe that most of the so called ‘women groups’ or ‘mother groups’ don’t consist only of women and many have more men than women on the board. Group M is the exception as it contains female members only. Figures 9 and 10 show graphically the gender division in the groups. Additionally, at the time of visiting the groups there were more women than men present in A, B, E, G, H, I, J, K, L and M. On the other hand, only in groups C and F men are in the majority and the latter has an all-male board. Five out of thirteen groups have a male-dominated board.

By attending the meetings, it was observed that in groups B, G, I, J and M the women participation was most active, while this is only average in A, C, D and L. It consequently does not mean that a greater participation in numbers equals a greater participation in action and influence (cf. table 6).

In groups D and H, the gender balance and division of the power is disturbed by a dominant male MB who controls the group. Equally, in most groups gender roles tend to exist. From table 7 can be concluded that the tasks which are most susceptible for fraud, including treasurer, money counter/cashier and key-keeper, are mostly executed by women, which can be related to the bias against the male members.

<table>
<thead>
<tr>
<th>Women participation classified (0= limited; 1= active, but not in all areas; 2= very active)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>D</td>
</tr>
<tr>
<td>E</td>
</tr>
<tr>
<td>F</td>
</tr>
<tr>
<td>G</td>
</tr>
<tr>
<td>H</td>
</tr>
<tr>
<td>I</td>
</tr>
<tr>
<td>J</td>
</tr>
<tr>
<td>K</td>
</tr>
<tr>
<td>L</td>
</tr>
<tr>
<td>M</td>
</tr>
</tbody>
</table>

Table 6. Women participation classified
Figure 9. Gender distribution among members of saving groups

Figure 10. Gender distribution in SG’s boards

On the other hand, men are known for their physical force so they are preferably selected for tasks like defense and mobilizer, where pressure will be used to sustain the group’s incomes (FGD, Buhara, 27/11/2016). Since many groups have adapted the method according to their own needs, some offices exist in certain groups and not in others, for instance only in six groups there is a vice-secretary. The number of advisors varies per group from one up to five.

<table>
<thead>
<tr>
<th>Task</th>
<th>Number of male</th>
<th>Number of female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Vice-Chairperson</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Secretary</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Vice-Secretary</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Treasurer</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Advisor</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Finance Auditor</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Money Counter</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Loan Committee</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mobilizer</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Accountant</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Discipline</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Defense</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Assistant Treasurer</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Storekeeper</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 7. Task division and gender division
6.3. GOVERNANCE

After having analyzed VSLA’s target groups and the gender division, I now focus governance and policy. The major distinction is between groups which were facilitated through external involvement in their foundation (by a civil society or government agency) and independent indigenous groups on the other hand (cf. Ledgerwood, 2013). Table 8 provides an overview.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Kyartanga Youth and Elderly group</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>B</td>
<td>Buhara Bakyara Twakambe Group</td>
<td>government</td>
<td>no</td>
<td>government</td>
<td>no</td>
</tr>
<tr>
<td>C</td>
<td>Buhara Kamu Kamu Group</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>D</td>
<td>Buhara Abagamba Kamu Tukwatanise Association</td>
<td>government</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>E</td>
<td>Buhara Mother’s Union</td>
<td>no</td>
<td>SACCO</td>
<td>government</td>
<td>yes</td>
</tr>
<tr>
<td>F</td>
<td>Buhara United Group</td>
<td>MFI</td>
<td>government</td>
<td>MFI</td>
<td>no</td>
</tr>
<tr>
<td>G</td>
<td>Busibi Twekambe Group</td>
<td>government</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>H</td>
<td>Kangula Twelmuche Group</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>I</td>
<td>Kalyango Ahahikaine Women’s Group</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>J</td>
<td>Youth 4 G Network</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>K</td>
<td>Kicwamba Subcounty Women’s Group</td>
<td>government</td>
<td>government</td>
<td>government</td>
<td>yes</td>
</tr>
<tr>
<td>L</td>
<td>Ahahikaine Savings and Credit Cooperative Association</td>
<td>government and NGO</td>
<td>no</td>
<td>NGO</td>
<td>yes</td>
</tr>
<tr>
<td>M</td>
<td>Bukuku’s Mothers’ Concern Savings and Credit Group</td>
<td>government</td>
<td>government</td>
<td>NGO</td>
<td>yes</td>
</tr>
</tbody>
</table>

Table 8. External involvement in VSLAs

The government was involved in the foundation of six of the groups. The women district councilor has instigated B, K and M; the parish chief group D and a sub-county agent group G. Only F was started through the Fort Portal Diocese Microfinance Program (HOFOKAM). Out of thirteen groups, four have received financial external support and five have received external training sessions: E and F received support through NAADS in the form of livestock, seeds and pesticides and E was trained on animal rearing; K and M got supported through the CDO. Group B receives a monthly training session on saving and credit improvement at the sub-county; and F receives
monthly workshops by HOFOKAM on bookkeeping, member maintenance, record keeping and a yearly training on constitution for the group leaders. External organizations including CADIFA, KRC, Raid Africa and RFFPJ have provided training sessions to groups L and M.

In addition, also within the groups trainings are organized. The group leaders aim at improving the group’s performance, by training on the saving culture (group C), in some cases complemented by workshops on crafts and agriculture techniques (G, H, J, L). Each group has a constitution with different regulations aiming at stimulating the group’s efficiency (cf. annex 14). Elections for the management board of the groups are generally organized every two years and there are mostly only a limited number of candidates who present themselves and voting is done through count of hands. Only in H and L secret ballot papers are used. In six groups (A, B, C, D, G, J), elections are organized on a yearly basis; in five others every two years (E, F, I, K, L) and in H only every three years. Re-elections of MBs are usually possible with a limit of two consecutive terms (D, I, J) and from my findings mostly the same leaders get re-elected. Internal group regulations are necessary to protect the member equality in the community-based saving. In the case of group H and L, restrictions were lacking. Consequently, the chairpersons have so far been respectively six and four consecutive years in office. Besides, it was observed that social standing and the level of education of the leader is highly valued. Especially in indigenous groups, those who have not completed school are observed to have an inferior status to those who are schooled and speak English.

Although there are strict regulations concerning presence at VSLA-meetings, it is perceived that these are mostly not followed-up. At eleven VSLA-meetings which were attended15 a total of 115 members were present while a total of 454 members are registered. This equals an attendance rate of only 25.33%. Most groups have a system of fines which they use as a source of revenue for the groups’ investments but also to discipline the group’s members. Fines are mostly given for arriving late, for not showing up and sometimes for leaving the group or for other reasons like delayed or incomplete payment or for being absent as member of board without apology. Others give fines for noise making or for quarrelling amongst members. The amount fined varies between 100 and 10,000 UGX. In some of the groups I visited, the severest fine is for gossiping (A and G),

---

15 In two of the groups I was not able to collect correct data on group participation.
supposedly because this could disrupt the group’s social cohesion. An important observation is that only in one of the meetings latecomers actually had to pay a fine. Overall, it was observed that the groups’ constitution is little followed-up on.

6.4. GROUP’S SOCIAL COMPONENT

Hansen (2012), Rasmussen (2013) et al. described the social strength of VSLAs because of its financial inclusion via group-based development” (Hansen, 2012, p. 14). VSLA meetings are generally found to combine access to a saving mechanism with a socializing component. This was stressed by many stakeholders: the LC3 confirmed the importance of a combination of saving with additional activities, which have as principal goal that of avoiding groups from collapsing because of failed leadership or fraud (26/10/2016). Equally, TPO Uganda’s project coordinator stressed that the social capital is strengthened through these VSLAs, and that it is not only about loans and savings (Karago, 08/12/2016).

To stimulate the social component, often financial activities are combined with other activities (cf. figure 11). Seven groups combine saving and credit (S&C) with income-generating activities like crafts-making, farming (A, F, I), catering (C), sports (J) or group training and/or engage in sensitization on different subjects such as advising the youth; hygiene and sanitation; computer training; counselling of young girls to prevent early pregnancy and settling domestic issues; sensitizing men on respectful treatment of women as well as trainings on condom usage or on specific skills (A, J, M). According to the MBs, this stimulates the group’s cohesion, makes the members participative in community life and it has the additional benefit of increasing on these groups’ savings, which enables communal investments. As the social capital is

Figure 11. Services provided by VSLA groups
stimulated, also the feeling of unity and trust is encouraged. In B and H for example, members speak of “a strong spirit of unity”. In D, there is a regular contribution to the emergency fund, but also in case of a death, all members together buy a coffin and attend the funeral. Yet, only in groups D, G, H and L there is such fund, and only in group H the amounts are sufficiently high so that they are perceived as significant for the receiver (60,000 UGX for funeral of member (’s relative); 100,000 UGX for marriage; 20,000 UGX for illness).

In this chapter I have made an analysis of VSLA groups in the study area to discuss how it is of use for the rural inhabitants of Kabarole district. This can provide some insights on why it is a popular savings mechanism. In 6.1., it was found that the SGs in the area target different population groups according to the regulations they use. Also, SGs mostly stay in existence for a long period of time and their membership is generally on the increase. In 6.2., I argued that the method is inclusive of women. They participate actively and the scheme may enhance empowerment. In 6.3., it was discussed that many groups have received follow-up and that constitutions stimulate the groups’ activity. In 6.4. to conclude with, it was discussed that VSLAs invest much in stimulating the social capital for its members, which may have an impact on the wider community. At this point in the analysis, it was observed that SGs have potential in encouraging personal development by gradually increasing on one’s savings, which in turn enables investing and gradually increasing on the community’s capitals. For example, educational levels are expected to improve and the social component is encouraged.

Nevertheless, a couple of challenges still limit the full potential of VSLAs. A lot of the limitations surrounding the scheme were already discussed in the literature analysis, but also on the ground some challenges were found. They can mostly be subdivided as challenges concerning financial indiscipline and instability; a perceived lack of support and because of excluding the very poor. During observations and focus group discussions as well as individual interviews with project coordinators, many of these issues were discussed. In the following chapter, I will analyze some of the challenges, as well as transforming structures which are being put into place to improve their performance.
CHAPTER SEVEN: POLICIES, INSTITUTIONS AND PROCESSES

In this chapter I debate the principal policy changes related to VSLAs, to capture how recent transformations have aimed at improving the VSLA procedure. I refer to Scoones’ SLA framework (1998) (cf. figure 4) and I attempt to reach conclusions on how these institutional processes and organizational structures can stimulate access to livelihoods assets. By the end of the chapter, it will be possible to conclude on whether the recent policy framework on VSLA can stimulate significant livelihoods outcomes, in other words, have they improved the mechanism and will it stimulate strategies for ameliorated livelihoods?

7.1. INCREASING LEGALIZATION

Having discussed numerous groups in the focus area, it was observed that each has its own rules and regulations instead of strictly following CARE’s VSLA guidelines. I observed that the internal organization of SGs can determine their level of stability. From the lot of FGDs with MBs and observations when visiting the groups, I summarize a couple of findings on challenges with the VSLA.

Firstly, weak group structures imply a risk for those who save at a VSLA. It was observed that the educational levels in the management boards are often low and they lack skilled personnel, which has an impact on the group’s record keeping. Another possible cause of instability is the lack of access to means. For example, many of the groups complained about being unable to make necessary investments in a piece of land and an office for the SG. In the case of groups C, D, H and K, savers have no other option but to meet outside, in a public building, the village church or in a members’ house. Group I finds its lack of a market to sell their crafts problematic because that could provide a source of income for the group. Other groups do not find themselves in a position to invest, for example in means of transport.

Secondly, the risk of defaulting is problematic for VSLAs. Out of thirteen groups visited, eight reported on problematic defaulting having occurred (B, C, E, F, G, I, L, M). In B, money which had been given as a fund by the local government was recently defaulted, supposedly because of a lack of monitoring and following-up through the previous CDO (FGD, 20/11/2016). When one
person in a group defaults money, the group is susceptible to collapse due to being incapable of recovering these funds. This is combined with a decrease in the group’s social cohesion, because it leads to mistrust towards other members and rumoring. Equally when members delay in loan repayments, the functioning of the group is disturbed. That is a vulnerability for VSLAs, since most members depend on their harvest, which complicates making consistent repayments. Some groups fail after members fall sick or move away. In particular, group F has struggled because of many group members having fallen away over the course of the past couple of years. This way, its size has diminished to little more than one third of its original size.

Another challenge is that these SGs were observed to be sometimes unreliable. They occasionally become bankrupt after members collectively withdraw their savings at the end of the cycle; some groups are incapable of recovering these funds. Even in groups which function well, low savings are considered problematic. People save money according to their own possibilities and the group’s requirements, but at the time of share-out, insufficient savings make it impossible for savers to obtain the investments they had hoped. This was the case in groups A, D, I and J. Due to low savings, many groups are equally incapable of providing sufficient loans to satisfy all group members when many people require a loan at the same time. Many people just join a group to get a loan without actively contributing to the groups’ savings. In the case of group J, it is found challenging that there are too many inactive members.

The fact that VSLAs are still susceptible to collapse in the case of financial indiscipline is considered a major weakness by both stakeholders and savers. As Karago TC’s CDO explains, “to make [the SGs] perform better, there is a need for additional training and assistance through financial support as well as in production networks” (Karago TC, 20/10/2016). It is therefore challenging that there is a lack of (sufficient) technical guidance. During interviews with officials, amongst them the LC3, legal recognition by being registered at government offices was discussed as a first step for coping with the issue of financial instability in savings groups. Only when registered, a group can recover (part of) its funds in case of fraud (Burahya, 26/10/2016). Moreover, when registered, VSLAs can receive follow-up from government officials (LC1, LC5, community extension staff from the SC, parish chiefs, district counsellor etcetera) or get elected for a grant to improve their performance. Nevertheless, as the SCDO explains, there is too much unnecessary bureaucracy, and it is too costly for small-scale groups:
They therefore stay informal because they can't meet the costs. It is so that these groups need to pay twice: when they register at the sub-county and again when they register at the district. [Yet] formalizing and improved capacity building for record keeping and finance management is necessary so that they can be able to attract external funding. Now, these groups are still doing things on micro levels (Kabarole district office, 05/11/2016).

In table 4 (cf. supra), an overview shows that the place of registration of the analyzed groups is mostly at the local government -at the SC or the TC. Recently, laws were voted in to increase the legal recognition of VSLA groups up to the district or national level. A senior economist at the Ministry of Finance explained that in recent years, government legislation has been put forward to increase the VSLA’s potential. Since 2005, there is a Microfinance Policy Framework to regulate Tier 4 institutions and the Financial Inclusion Strategy as well as the East-African Microfinance Policy are provided to increase women’s participation in financial activities. The PROFILA intervention (Project for Financial Inclusion in Rural Areas) was put forward as a cooperation between the government and organizations like CARE and IFAD, with the aim of targeting youth and women. PROFILA will be running between 2014 and 2021 and is expected to be the main government intervention for VSLAs. Furthermore, since 2010, there is a Microfinance Forum at the ministry. This includes all stakeholders in the microfinance sector. Additionally, in 2013, the Self-Help Subcommittee was formed specifically for VSLAs. The ministry of Finance has legalized this to prove the importance of village saving groups (Kampala, 12/12/2016). Yet, the greatest change concerning legal recognition came through recently voted acts to bring the most informal kind of microfinance -the TIER 4- into the spotlights. The Second Financial Institutions Act was signed 4th February 2016 to add regulations on ‘non-banks institutions’ (Parliament of Uganda, 2016). The Microfinance Deposit-Taking Institutions Act (MDI Act) enhances outreach of financial services and aims at protection of member deposits (ULII, 2003). In addition to that, very recently (on 13th July 2016), the TIER 4 Microfinance Institutions and Money Lenders Act 2016 was voted and the Uganda Microfinance Regulatory Authority was established. They focus on small-scale groups and aim at coping with saving groups’ challenges and stopping fraud through increased regulation (Republic of Uganda, 2016, p.9). VSLAs are catered for in law because their potential for community economic empowerment is recognized. According to this newest law, groups will have to be registered at the district and no longer just at the sub-county, to increase legalization and diminish the problem of fraud. The SCDO will be communicating to the national level on the SG’s
performance and capacity building will be done through training financial service providers. Besides, this increased legal support is expected to enhance outreach (Senior Economist, Ministry of Finance, Kampala, 12/12/2016).

Although this legal recognition is generally applauded, it could nevertheless be criticized that what motivates the government to regulate SGs has its basis in desiring to elevate their authority through this formalization process. It could be interesting for the government to exercise control over these groups to have an influence on the rural poor’s access to forms of capital. The government’s authority is reinforced as it will be enabled to exercise more rules and power over a part of the population which was before mostly operating according to its own constitution (cf. Sikor & Lund, 2009). Further research should clarify whether increased legalization stimulates the democratic organization of the VSLA or on the other hand limits it.

7.2. INCREASING EXTERNAL SUPPORT

As discussed in 7.1., increased regulation must prevent some of the common challenges with VSLAs, and it must give them the possibility to access external support -which previously was mostly directed at bigger microfinance institutions or SACCOs. As the CARE project coordinator comments: “because of its different methodology, government had not appreciated VSLA as very important for household improvement and only focused on SACCOs” (Kampala, 13/12/2016).

In line with an increased legalization of VSLAs, in the recent years more money has been made available from higher government levels for grants. Based on interviews with a panoply of stakeholders, I discuss how external stakeholders’ involvement in VSLAs has been organized. To start with, it was observed that although each of the visited groups is registered, only some of them have received support (cf. 6.3.). Equally disadvantageous for the SGs’ stability is the fact that there is insufficient coordination between the different stakeholders concerning regulation of the SGs. Limited communication and a lack of cohesion between government and NGOs was observed. Therefore, interventions are not sufficiently contributing to improvement in performance of VSLAs. I refer to Easterly (2008, p. 12 ff.), who had discussed the issue of aid ineffectiveness due to fragmentation of donor program/projects before. Besides, this challenge is underrepresented in
literature on this savings mechanism. For that reason, personal research is the main source for this chapter.

The basis for this lack of streamlining should be situated in a different interpretation of the saving groups method. On the one hand, non-governmental stakeholders generally do not encourage injections of external funds in VSLAs. Instead, they prefer investing in the provision of means for starting-up groups, training them on financial literacy, training of trainers for the groups and in providing follow-up, with the aim at improving the groups’ savings skills and capacity. The government on the other hand invests in funds and grants for the groups.

It is put forward as an objective in CARE’s VSLA guideline to achieve sustainable SGs which do not depend on external financial support and which can be linked to bigger financial institutions: “VSLA empowers people to mobilize their own resources to improve their livelihood and household economies with no external cash injection” (CARE, 2014, p. 20). The VSLA was designed as a method to create autonomous communal saving. The first of the procedure’s four basic principles is:

- independence of the group: no need for support after graduation. The group members are responsible for all decisions regarding the operation of the VSLA. No external groups or individuals can or should influence decisions taken by the group […] When poor people have access to finance, they can lift themselves out of poverty” (CARE, 2014, p. 9).16

Nevertheless, on the ground I observed expectations towards receiving financial support in each of the groups. For that very reason, most groups insisted on their names being mentioned in this study because of the hope of increasing their chances. I refer to Leonzon (2011) and Stanford (2015) who write about the dependency syndrome. Related to it, the women district councilor explained that “the dependency syndrome is still very present in the Tooro culture” (WDC, 25/11/2016). The head of the microfinance desk of DSSD Caritas Fort Portal also expressed that the handing out of grants encourages aid dependency: “the ‘begging habit’ is very much alive in Tooro culture. Time and again, people will expect funding” (02/12/2016). The WDC explains that

16 The other principles are that no funds should enter or leave the box at other times than the weekly VSLA meetings; that members should not tolerate fund losses caused by members’ failure to repay loans and that groups periodically perform an action audit over the cycle and distribute shares to all members (CARE, 2014, p. 9).
“because of a combination of lacking sensitization and the dependency syndrome, people expect to just receive money rather than knowledge, so there are some implementational challenges” (05/12/2016).

So far, the Ugandan government has -unlike what the methodology suggests- mostly promoted external financial support such as grants and injections of money to improve the groups (cf. 6.3.). A variety of grant-programs were set up to financially support selected VSLAs which fulfil specific requirements. I refer to annex 3 for an overview of the principal government grants which have been handed out in Kabarole District. By looking at how groups have turned to account the existing grants, I intend to conclude on its efficiency.

Non-registered groups can only get support through general means for empowerment of the rural poor such as Operation Wealth Creation (OWC). Most other grants are directed at registered groups. Each grant supports about two groups each financial year, which makes that in the whole town council (in case of Karago TC) out of 70 registered groups, still only about four up to six groups will be benefitting (CDO, Karago TC, 20/10/2016). In the case area, group K received support through the CDD (Community Demand-driven Development) Grant. This exists under its current form as the District Development Grant. The grant was given for the group’s tailoring project, but as the project was not successful, the money was just added to the savings scheme. This is contrary to the VSLA methodology and is considered to be disruptive. Another is the Youth Livelihoods Program (YLP), which gave a grant to group J in June 2016 because of having proven to be hardworking and being innovative with its online network (therefore ‘4G’ in ‘Youth 4G Network’). Other available grants are the Special Grant for People with Disabilities which targets PWD-groups and the Luwero Rwenzori Development Program. Finally, the Uganda Women Entrepreneurship Program hands out grants to women groups specifically, because of their generally rather marginalized position in the patriarchal Tooro culture (SCDO, Kabarole District office, 05/11/2016).

There are a couple of challenges with the granting system. Firstly, there is limited follow-up on the grants once they are given out because the government lacks means; secondly, there are limited government resources available, for which only a number of groups can be accommodated and thirdly, the government sometimes groups people artificially together for handing out these grants rather than making use of existing group structures such as the VSLAs in the area -as was the
case with YLP for example. A fourth challenge is that most grants intend to target more groups than they can actually support, because revolving funds mostly don’t return (cf. supra). In the case of YLP, a total of 600 million UGX is distributed per district each year. In every sub-county one group is supposed to be given 12 million, but mostly the money is poorly-distributed and last year only two groups in the district could benefit (FGD Group J, 27/11/2016). Fifth, there is a large application process which stops certain groups from applying for a grant as it is time-consuming and high educational levels are required to undertake the application procedure which is generally done in English. In the case of YLP, it is a subsidy that is handed out from district level, but the group must apply with the LC1, who then takes the proposals to the town-council, where the best applications will be taken to the DCO who then sends the application to the main government offices in Kampala before a grant can be approved. Furthermore, upon enquiring, it turns out that groups have often not benefited much from provided grant so far, because it is a loan which the group will have to pay back to the district within a certain amount of time and this increases pressure within the group (FGD Group J, 27/11/2016).

During personal communication, project coordinators at various organizations including COSIL, CRS, S.O.S., STC and TPO expressed disagreement with the system of external funds, because they are found to imply the risk of disrupting the groups’ stability. People may join a group solely to receive government support, which can undermine the self-sustainability of the groups. In a discussion with a specialist on microfinance at KRC, he stressed that providing groups with cash injections is not an appropriate solution, since adequate sensitization sessions should come first: "these groups lack accurate leadership. They need capacity building, but the problem is that they want to receive it for free" (KRC, 31/10/2016). The head of the Microfinance Department at MotMU is equally critical: “by throwing money at them, the savings groups won’t change” (19/10/2016).

Different stakeholders stressed that the lack of sensitization for saving groups in the area is equally problematic. For that reason, groups underappreciate the importance of registration and legal recognition (cf. 7.1.). As the STC-coordinator explains, there is limited communication for the groups about the reason for joining a VSLA and the type of follow-up they can expect. The need for group registration as a security mechanism in case of fraud within the group is not sufficiently understood (05/12/2016). Equally, when grants are available, many groups are still excluded from applying because of having lacked sensitization. In the case of J, it was only through a radio announcement that one of the board members knew about the existence of the loan. Consequently,
the board members went to the town council for more information, but often poor people lack instruments like radio’s to be sensitized as well as means for transport to reach to the TC, so that the poorest are excluded. Moreover, an active involvement from the group is required to take long procedures in order to apply for a grant.

Probably a greater challenge concerning government grants is that they are handed out without (sufficient) background checks, which causes them to be often misused. For example, in the case of YLP, there was no background check concerning fish-farming and poultry-projects, wherefore the money ran out and the projects were not successful. It turns out that also follow-up on the grants is mostly limited. In the case of Youth 4G and the YLP grant, there were no training sessions. Yet, limited follow-up was done through the town clerk, veterinary doctors and the DCO who have visited the group so far three times together to check on the use of the grant. When enquiring, the group considers this follow-up as essential, because this way the group is encouraged and the animals are checked (FGD Group J, 27/11/2016).

As a consequence of limited sensitization, it was observed that groups (e.g. group F) tend to believe that their challenges can only be lifted when they get access to external support. Yet, those groups I visited that had been granted support, have in most cases not substantially improved because of it. In brief, it was found that groups perceive the lack of external support as the main challenge and reason for not being able to grow as a savings institution. This problem of false expectations could be solved through increased sensitization. As the VSLA-project coordinator at STC formulates it, this “misconception that SGs will automatically receive external support [is] a challenge because some [groups] become weak and start struggling when they realize that they won’t receive support” (05/12/2016). As group C’s management committee for instance complained: “the sub-county promised to give money to the group to uplift us, but it was all in vain!” (FGD, 27/11/2016). This is an example of a group that got sensitized on the importance of being registered legally, but not on what to expect from it.

Suggestions were made by numerous stakeholders that instead of grants, funding could be given to “organizations which invest in training, monitoring and continuous capacity building for VSLAs and to establish VSLA databases and maybe to extend mobile bank service to rural areas with VSLAs” (S.O.S, 30/11/2016). In other words, the government could supply financial means to NGOs who are made responsible for reaching out. On the ground, it was observed that coordination with NGOs for support has so far been limited. The CDOs, DCO and SCDO explained that not
enough money reaches the local government officers for adequately reaching out. For that reason, most support consists of grants.

It is clear that government and civil society schemes are in some ways contradictory. This lack of coordination was observed to be harmful for the groups’ stability. CARE Uganda’s VSLA project coordinator insists that a different procedure by the government be necessary because they are the ones who can stimulate the inclusion of more people by including a budget for the formation of groups when they are planning for the country:

especially the practice of handing out money like some NGOs and government offices were doing, is unsustainable. The groups are not supposed to receive foreign funding! CARE just hands out knowledge, not money and also does not work with organizations which do [...]. There are very many unsuccessful government projects for alleviating poverty, that is why government has now also adapted the VSLA methodology. CARE groups are doing better than those funded by government, because the latter are not trained before they get money and therefore they won't use the money well and they meet a lot of challenges (Kampala, 13/12/2016).

In fact, in each of the conversations I had with VSLA project coordinators from various non-governmental organizations, the same disagreement with government procedures kept on recurring. It is believed that when external support is provided, this should instead be used to train groups in financial literacy, bank linkage, advanced business and technologies rather than financial injections which risk destabilizing groups (K DFA, 30/11/2016). When there is a more streamlined approach between government and NGOs this will furthermore lead to a more sustainable method where another of the principal issues, namely that VSLAs are vulnerable to collapse after follow-up is left behind, can be answered: “ideally the government would then join in to follow up and to keep the groups from disrupting” (STC, 05/12/2016). If the government had clearly mapped out which are all the SGs in the area, it could contract civil society actors to guarantee the sustainability of specific groups, through follow-up and a training-of-trainers method. To avoid challenges with VSLAs, it is important that the method is fully embraced by government to enable it to become a successful strategy for availing access to finance to the rural poor. According to TPO Uganda’s project coordinator, government should send more often officers to the field for follow-up, so that they can improve: “now NGOs play a great role in it, but government should take its responsibility as well! It should be the government as the first rather than NGOs who should be responsible” (Karago, 08/12/2016).
7.3. INCLUDING THE VERY POOR

I refer to Hansen (2012), Mersland and Eggers (2007), Montesquiou et al. (2014) and Simanowitz (2002), who were discussed in chapter 3.3.2. as critics of the VSLA who find the method exclusionary to the destitute. For an analysis of how inclusion in the SGs takes place in the study area, I made use of a sample of forty-five randomly selected villagers who are not in VSLAs. (cf. figures 11-16). I observed that there are four principal reasons for not saving at a SG. In order of importance they comprise: 1) a lack of money to save regularly; 2) saving at a VSLA is considered time-consuming; 3) because the person saves at another financial institution or 4) another reason, for example: having recently moved or lacking a permanent settlement; the person’s partner is in savings group or (s)he has never thought about it (cf. figure 15).

No generalizations can be made about links between the size of the household and VSLA membership nor the distance to the saving association’s meeting, as most of the villagers live nearby or literally next-door but still don’t save at the association. On the other hand, from my interviews I distinguish between two types of non-members. The first are those who have made the conscious decision of not joining because they perceive other saving methods as more efficient for their livelihood goals. The others consists of the category of the ‘very poor’ as discussed above. These villagers are involuntarily excluded from saving at VSLAs because they are too poor to join. When I observed the livelihood conditions of the latter, it became clear that these are often destitute and live in bad conditions. Many of them are marginalized because of being widows or suffering from illnesses.

From the sample, twenty-five percent testifies to have never been able to save any money, and an additional ten percent is currently not capable of saving. While the majority of those who don’t save at VSLAs keep their money in a safe or on a mobile money account or simply at home, others make continuous investments in, for example, livestock with their money. Less than ten percent currently saves at a commercial bank (cf. figure 14). On the other hand, from this sample, the importance of VSLAs locally is again stressed, as over one third used to be in a VSLA before. The principal reason for having left that group is because someone in the group defaulted. Other reasons in order of importance are challenges the savers had with the VSLA method; because they were lacking money or because the VSLA was too far away. But then again when I enquire on their interest in joining a group, only ten out of forty-five don’t show interest for joining a VSLA (again),
while one out of three knows precisely which group they want to join but they have so far been impeded from joining and the other half of the sample is interested in joining but does not know which group. From enquiring, it can be concluded that a lack of adequate sensitization may have impeded villagers from joining, since thirty-one out of forty-five interviewed expressed that they had never been sensitized (cf. figure 17). Out of those who had received information on the SGs-mechanism, six were sensitized by a VSLA in the area, five through government officials, while only one got sensitized by an NGO and one by another financial institution.

Figure 12. Occupation of non-members

Figure 13. Schooling level of non-members
Figure 14. Saving method non-members

Figure 15. Reason non-membership

Figure 16. Reliance of non-members on financial support

Figure 17. Sensitization non-members
Recently, various NGO-projects were set up intending to achieve a greater inclusion of the destitute, sometimes in cooperation with the government. CRS’s project coordinator recommends supporting the very poor who are not in position to join a VSLA, rather than injecting cash in saving groups: through funding a livelihood project -capacity building in agriculture, they can be in position to grow and save from what they sell (02/12/2016). Through COSIL’s *Very Poor Individual Program*, a grant of about 200,000 UGX is being given in cash to individually selected households, in combination with a training on microbusiness and entrepreneurship. Through specific tools the communities can self-select which households should be part of this program. It is those who are too poor to be in VSLAs who can be elected for this grant. COSIL has some fifty people elected for this VPI program (COSIL, Kamwenge, 17/11/2016). The Fort Portal-based *Kabarole Resource and Research Centre* (KRC) was doing a similar program in Kasese and Kabarole from 2007 onwards but it was only a pilot project in which some 20-25 people were selected each year, with no more than 100 in total. YES had with HALISK (*Hope in Agriculture Life skills Development for Kabarole*) an inclusion program for vulnerable families, to help those who don't qualify for VSLAs (29/11/2016). Also in TPO’s DOVCU (*Deinstitutionalized Orphans and Vulnerable children Uganda*) project the very poor were targeted. The latter is mainly focused on economic strengthening of as many people as possible by distinguishing two kinds of households. Destitute households on the one hand which were given 600,000 UGX per year directly in order to stimulate income-generating activities and saving for rural households and struggling households on the other hand, which are slightly better off and were grouped into VSLAs to encourage saving, borrowing and investing. The community itself puts forward those households which are most in need. This way, since 2014 some 86 household (32 out of which are in Karago TC) have been elected for financial support (DOVCU-officer, Karago, 08/12/2016). S.O.S. tries to get the very poor involved by giving a start-up capital to the most vulnerable households, so that they are enabled to do business. The selection criteria for joining a group are very rigid and the maximum share value very low, because they really focus on the poorest (30/11/2016).

Although I could conclude that many projects were started up recently to enhance inclusion, I also observed that their reach-out is very limited (cf. figure 15). When enquiring the non-members on external support they had received, 39/45 [87%] expressed to have never received any kind of external support, four of them [9%] had only relied on support they had received from relatives of
through remittances, two people [4%] had received some support from the government and none of
the sample [0%] had received support through any of the above mentioned -or other- NGO
interventions.

Another finding is that not all NGOs advocate these financial support-projects for the very
poor. SATNET does not target the very poor since the project coordinator believes that “first farmers
need to increase on their production before they can join a VSLA. They require knowledge rather
than money […] Giving them money would not be sustainable.” (22/11/2016). Other organizations
expressed to be thoughtfully excluding the destitute because “some don’t want to learn how to save,
even when we teach them how to do it. The problem is that they think that you need to start saving
with big money” (K DFA BOC-officer, 30/11/2016). CRS’s coordinator explains that “the very poor
are not really included, because we target the active poor” (02/12/2016). In the case of STC, the
Youth Empowerment Program does not target the very poor because it focuses on youth who want
to start-up businesses, and the project coordinator believes that “those who have no money would
not use it for that, they will use it to buy food” (05/12/2016).

7.4. INCREASING COMMERCIALIZATION

Since the VSLA has now been taken up as one of the government policies by Tier 4, as a
financial inclusion strategy it is expected to bring more people into the ‘bankables’ (cf. 7.1.). Other
transformations in policy have taken place such as increased money made available to support the
groups (cf. 7.2.) and increased effort is done for the incorporation of the very poor (cf. 7.3.). Adding
to this, both government and NGOs have been involved in actively linking SGs to commercial
banks. This should improve financial inclusion for the poorest share of the Ugandan population. In
a variety of interviews with stakeholders it was discussed that this recent transformation has a great
potential for improving the VSLA as a financial model. It is believed that by linking VSLAs to
commercial banks, the groups will be able to increase on their savings. Moreover, one of the main
challenges with the SG-scheme, namely defaulting and the risk of fraud and money ending up in the
wrong hands because of the unsafety of keeping money in the safe boxes, can be (partially)
prevented: once the groups’ savings are at a commercial bank, they cannot easily be defrauded. In
CARE’s VSLA guide Linkage is described as:
giv[ing] VSLA members an opportunity to invest in more productive ventures which can raise incomes at individual level. Groups can increase the VSLAs’ profitability by lending members the loan borrowed from the bank at the group interest rates […] By establishing linkages to VSLAs, we have had an opportunity to dispel the myth that banks only exist for the rich. Community members are now reassured because they have seen that Barclays works with those who were previously excluded from banking services; we offer them free bank savings accounts, interest on their savings, we help them with transactions and make them feel welcome (CARE, 2014, p. 18).

According to the WDC, linkage can also provide a benefit for groups by allowing them to take loans at the beginning of the cycle through overdrafts from a commercial bank (05/12/2016). In Fort Portal area, Barclays Bank and its ‘Banking on Change’ (BOC)-project is most important for scaling-up and deepening the VSLA scheme by linking groups to formal financial institutions. It is established as a cooperation between Barclays and NGOs including CARE and KDFA. As explained in CARE’s VSLA guideline, “by providing sustained access to savings and other financial services for the poor, the VSLA technique has moved on from primarily addressing immediate needs to enhancing access, and supporting the development and growth of microenterprises among the target group” (2014, p.4). During an interview with the linkage-project coordinator at Barclay’s, I was told that about 450 groups are connected through the Fort Portal branch. Many of them are situated in Karago and Kicwamba. Yet, none of the groups visited made mention of being included in this BOC-project. Barclay’s will also be forming groups itself which will be linked to the bank, and that during a period of six years. This is known as the ledgering and linkage system which builds further on the E-Keys system -which enable groups to transact without having to move into town, but with depositing and withdrawing added. Barclays’ linkage is currently active in seven countries and one of them is Uganda, which means that it is “ahead of most countries concerning linkage and digital means” (Barclays Bank, 09/12/2016). Because of Uganda’s well-established mobile phone network, it is easy to tap into the digital system. The Barclays’ linkage project coordinator explains: “the main benefit of the system is that the phone will capture and track all info, while books can be stolen” (ibid.). CARE Uganda’s VSLA coordinator explains that other banks are also investing in the financial inclusion model of VSLAs:

these informal saving groups will this way be brought into the formal financial sector, which will contribute to the economic development of the country […] there is a lot of money in all these small savings groups. Many of the previously unbanked will
now be included […] Therefore more funding for the *Linkage*-project is required (Kampala, 13/12/2016).

Not only the poor are expected to benefit from *Linkage*, as commercial banks can profit by increasing its member base to the rural poor who were formerly not included. Nevertheless, this also implies a risk because once at a commercial bank, the poor are also subject to the regulations of that bank. I refer to Marxist thinkers including Wade (2005), Kiely (2007), Tseng (2011) and Selwyn (2014), who perceive a risk of further indebtedness in this increased commercialization. There is also the fear that linkage may thwart the voluntary purpose of these groups and disrupt member incentives towards securing access to external funds.

In chapter seven, an analysis was done of how the groups function on the ground: what motivates people to join and what the strengths and weaknesses of VSLA as a development strategy are (cf. figure 18). As described in Scoones’ SLA, it is necessary to look at the policy framework surrounding the procedure and the transformations it has undergone recently in order to conclude on its efficiency for improving one’s assets. Policy incentives concerning legal recognition, increasing external support, inclusion of the very poor and linkage to commercial banks were distinguished. For a discussion of how this impacts livelihoods outcomes, I refer to the next chapter.

![Figure 18. Graphic presentation of achievements and challenges with VSLA](image-url)
CHAPTER EIGHT: LIVELIHOOD OUTCOMES

In the previous chapters, I have closely analyzed a specific area of study. A detailed context description has enabled understanding the tendencies and stresses. The policy framework was sketched to determine how villagers can access assets. Since the focus is on VSLA as an instrument for development, I directed my attention to government and private sector involvement in promoting the VSLA as a poverty-alleviating mechanism. In line with how the SLA-framework is set up, I intend to look at the livelihoods outcomes for those who make use of VSLA as a mechanism aiming at livelihood improvement. In the end, village saving was designed as a development scheme to incorporate the rural poor, and a focus on its outcomes could give insights on its potential for alleviating poverty. Livelihood outcomes are the achievements or outputs of livelihood strategies. The strategies link the outcomes with the assets. As we read in the DFID SL Framework,

we should not assume that people are entirely dedicated to maximizing their income. The livelihoods outcomes help us understand people’s motivations for acting in a specific way and the ‘output’ of the current configuration of factors within the livelihoods framework […] Thinking about outcomes focuses attention on achievements, the development of indicators and progress in poverty elimination (DFID, 1999, p. 25).

As presented in the framework, there are various categories amongst those outcomes: more income, increased well-being, reduced vulnerability, improved food security and more sustainable use of the natural resource base (DFID, 1999, p. 25). Whether sustainable livelihood outcomes can(not) be achieved through SGs cannot be answered by a normative question:

One of the main difficulties with this part of the framework is that livelihood outcomes are not necessarily coherent and are certainly incommensurable […] There may also be conflict between livelihood outcomes. An obvious example is when increased income for particular groups is achieved through practices that are detrimental to the natural resource base (DFID, 1999, p. 26).

I go back to the groups which I have analyzed in the case, and intend to classify them according to performance between very well-performing (L, M); well-performing (E, J, K); room for improvement (C, D, E, G, H, I) and badly performing (A, B, F). This is based on findings on how trustworthy and well-organized the groups are, how efficient they are at stimulating savings, how inclusive they are etcetera. All in all, I agree with authors who conclude that the VSLA as
mechanism has potential for increasing members’ capitals. It can stimulate financial capital by enabling access to bigger savings and loans and availing increased income. Because of an increased sense of control and inclusion, physical security of household members, their health status, access to services through VSLA-membership, the human capital (increased well-being) and the social capital are believed to improve by reducing vulnerability. Those who are not in a savings group will have less school-going children. I found women participation active in SGs and those who are included are mostly more independent concerning decision-making in the household. VSLAs provide emergency funds, although this was mostly still limited. Members are also expected to have improved food security: through savings and taking loans when necessary, farmers are enabled to invest in increased production of crops. The physical capital has potential to increase and this can stimulate access to food sources. By creating savings and emergency reserves, it is an expected outcome that villagers will start making use more sustainably of the natural resource base. A consequential increased environmental sustainability could stop farmers from encroaching on the surrounding swamps to respect its importance as a natural resource.
PART FOUR

CONCLUSION

This study has attempted to contribute to the ongoing development debate surrounding microfinance, by discussing the *Village Savings and Loans Association* as an instrument for improving livelihood strategies according to how these were proposed in Scoones’ livelihoods approach (1998). Much has been written regarding the roots of poverty and how it can be alleviated. In the literature review, I made reference to Yunus (2013), who compares the poor to ‘bonsai-people’ who are able to grow when they are given financial means. This outset is closely shared by *Eight* and its basic income project. On the contrary, authors like Selwyn (2014) have discussed that poverty cannot be alleviated just by providing financial means if we do not want to create dependency. I have started from Sen’s take on poverty as capability deprivation: merely measuring the economic aspects is not conclusive.

By means of a case study and by providing on-the-ground information, this study has intended to show the reality of rural saving, slightly parted from the debate on capitalization of the poor. I have analyzed the functioning of the savings group mechanism with the aim of answering the question whether VSLA can be perceived as a potential instrument for alleviating poverty in its broad definition and if it can enhance the sustainability of livelihoods by reducing vulnerability for the rural poor.

To reach conclusions, I have made a study of Burahya county, Kabarole district. It was discovered that VSLAs are popular for rural poor who endeavor to improve their livelihoods. They are given agency and the groups’ social component is of great importance. Various capitals can be stimulated and this way the VSLA practice may empower the poor. Those who are not in savings groups particularly seemed to suffer more from the vulnerability of the context. However, because of its weaknesses, the VSLA is also not a ‘silver bullet’. Many of the method’s challenges which had been discussed by other authors, such as a lack of organization and members losing their savings because of defaulting (Businguye, 2015 et al.), as well as VSLAs excluding the poorest inhabitants of the community (Hansen, 2012 et al.), were recognized in the research area. Besides, and less discussed in literature on VSLA, is that the lack of streamlining between the government and civil
society - who are both involved in creating, training and following up of these groups - is in fact seen to limit its potential as a development strategy. Therefore, a change in executing structures is required to achieve outcomes from this development strategy. As long as structural problems persist, there can be no solution to specific problems.

Indicative of the increased attention paid to the VSLA are the numerous recent policy changes to achieve its full potential. Efforts have been made for increased legalization and formalization by method of more laws being voted, more money being made available from the government to support the mechanism, projects being set up by NGOs to incorporate the destitute and through linkage with commercial banks, so that its potential as a development mechanism augments. Additionally, I refer back to Schola (2015) who described that although through savings groups poor families may be availed with the money to pay education fees, this access to financial services alone is not enough to alleviate poverty. There is also need for better education, health care, skills training, access to land, mobility and other services to structurally improve livelihood outcomes. Government and civil society actors should for that reason incorporate VSLA in their policies, but complement it with other initiatives and allow the poor to be agents instead of subjecting them to development strategies (cf. Selwyn, 2014).

Through my findings, I hope to be meaningful to the development actors which are active in the area. I intend to link my findings to Eight’s ‘four triggers of change’, the expected outcomes after their implementation of the basic income project (cf. infra). In annex 15, a policy implication addressed at Eight is included. Briefly summarized, my recommendation for project planners is to work within an already existing and popular development strategy to reach sustainability in the intervention.

I am aware of the need of longer-term follow-up and possibly of larger-scale data collection to make stronger conclusions on the impact of VSLA membership on the different capitals of the SLA framework. Moreover, it could prove insightful to further research the impact of the discussed ‘capitalization’ of the scheme by increased legalization and incorporation of the VSLA in commercial banks and whether it stimulates empowerment or rather indebtedness of the poor. The need for a follow-up on the impact of increased legalization would also be required. Alongside these
recommendations, the VSLA’s potential as a method of stimulating female empowerment could be further researched.
LITERATURE OVERVIEW


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ANNEXES

ANNEX 1. EXPLAINING THE VSLA-CYCLE

The description of the VSLA methodology as found in the original CARE manual is the following:

like an ASCA, a VS&LA is a self-selected group of people, (usually unregistered) who pool their money into a fund from which members can borrow. The money is paid back with interest, causing the fund to grow. The regular savings contributions to the Association are deposited with an end date in mind for distribution of all or part of the total funds (including interest earnings) to the individual members, usually on the basis of a formula that links payout to the amount saved. This lump sum distribution provides a large amount of money that members can then use as they want, without restriction. (Allen & Staehle, 2007)

A VSLA as defined by CGAP is “a group of people who save together and take small loans from those savings. The activities of the group run in cycles (typically of one year), after which the accumulated savings and the loan profits are distributed back to members. The purpose of a VSLA is to provide simple savings and loan facilities in a community that does not have easy access to formal financial services” (Montesquiou, Sheldon, & e.a., 2014, p. 16). By saving in group, people with limited incomes can accumulate on their savings through interests. Also, the money which is saved as a group will not be spent as easily as individual savings because of the social control. Through these groups, the participants' livelihood security should be improved through the accumulation of savings. The objective of these savings groups is to create diversified livelihoods and improved access to food for its members.

Many stakeholders have published a VSLA procedure or trainers’ guide, where more detailed information is collected on its functioning. It can briefly be summarized in the following way: these groups are user-owned and user-managed lending institutions, which are often trained or supported by external agents. They are organized on a cooperative basis, aiming at the improvement of living conditions of the members. They are partially self-supporting institutions which aim at mobilizing resources through saving and credit activities with a view to improving the conditions of the group's members. For a group to function, there are some rules which it needs to comply with.

Firstly, a group will be formed, generally composed of around 25 people. They are mostly members, but there will also be a management committee (MC) of at least five people. The MC is in charge of organization and efficient management of the activities and resources of the group. Each person in the management committee fulfils his own task. The tasks differ according to the composition of the group, but the recurring offices are 1) chairperson; 2) vice-chairperson; 3) secretary; 4) treasurer; 5) money counter. There must be a gender-balance on the board, which means that “at least two of
the five Committee members elected should be female in the case of mixed Associations” (Allen H., 2006, p. 15). The social component is very important, which means that those who gather have social control over one another. One knows the other group's members and all members are in most cases from the same village. The task of the General Assembly is to set rules and regulations of the association in a written constitution. The GA is also responsible for the MC and can replace it when necessary.

The group makes a constitution, whose objectives include “describ[ing] how the Association is governed, by whom it is governed and how the people who govern it acquire their authority; set out the rules that govern social fund and Savings and Loan Policies” (Allen & Staehle, 2007, p. 42). Mostly, a constitution is set out according to a framework which includes 1) basic information on the association; 2) its objective and the services it will provide in order to achieve that objective; 3) its relationship to external sources of financial services; 4) association membership requirements; 5) composition of the management committee; 6) election procedures; 7) removal from management committee; 8) practicalities on group meetings; 9) conditions for leaving the association; 10) conditions for expulsion from association; 11) death of a member; 12) fines; 13) amendments to the constitution (Allen H., 2006, pp. 45-46).

Secondly, meeting moments are being organized on a regular basis and on a fixed location. For members to qualify for a loan, they are required to have saving with village bank and to also keep on saving with it during the entire loan cycle (Yunus, 1998) so as sustain livelihood strategies in case of emergencies. The goal for meeting is to collect money collectively (pool) and to hand out loans, while other loans will be reimbursed. Through loans, rural poor can improve on their livelihood conditions by being enabled to improve on their housing and nutrition; expand on their farming; invest in business; pay school fees and medical bills. Loans are repaid with interests which enables the group to make investments and also the total amount of money collected will be enlarged. In the next phase, the action-audit will take place at the end of the cycle and money will be shared-out between the different members. They will now have more money than they did before joining the association. The purpose is to have improved livelihood conditions.
ANNEX 2. TERMINOLOGY

Some specific terminology is made use of in the microfinance debate. I define some of the most frequently recurrent terms and refer to a couple of relevant authors.

* **ROSCAs** (Rotating Savings and Credit Associations) are traditional SGs which have been source of inspiration for the various actors involved in building VSLAs. Different from SGs where each contributes an amount according to his possibilities and will receive a respective share of the accumulated group’s savings at the time of sharing-out at the end of the cycle, in ROSCAs, each contributes the same amount and one member takes the whole sum once. It enables ROSCA members to “access a larger sum of money during the life of the ROSCA, and use it for whatever purpose she or he wishes [and it provide] a popular alternative to the risks of saving at home, where family and relatives may demand access to savings” (Rutherford, 1999). Different from ROSCAs is that there is the credit component added to the VSLAs, which make them more similar to SACCOs or other microfinance institutions. Because that makes the approach more complicated, there is need for the management board of the SGs to keep records – unlike ROSCAs where that is not deemed necessary. Therefore, they are described as informal or ‘pre-cooperative’ microfinance groups. These ROSCAs have much more in common with VSLA, such as the importance of social capital through trust amongst the group members, which is gained through individuals selecting one another and which is necessary in order to guarantee the stability of these saving mechanisms.

* An **ASCA** (Accumulating Savings and Credit Association) is different from a ROSCA in a way that within ASCAs, one of the members is appointed to manage an internal fund. At the end of a period of between six and twelve months mostly, a share-out takes place where the loans plus accumulated profit is distributed to the members. In a way ASCAs are so similar to VSLAs, that when the methodology is applied in a standardized form – as is done by CARE, these become VSLAs. In many cases though, ASCAs miss the component of credit. Also, contrary to ASCAs, VSLAs are more regulated: there are more standards on the use of a safe, standardized election procedures, separation of various duties (such as record-keeping, money-counting, meeting facilitation etc.) and interest rates on loans.

* **MDIs** or Microfinance institutions, such as there are in Uganda FINCA, Pride Africa, et.al. differ from VSLAs, since the latter “does not encourage cash hand out to the poor but [they are] instead mobilized to build their own money through weekly savings. It is on that basis that VSLA groups become self-sustaining. Interest earned on the loans taken by members is shared by members at the end of cycle-where in MDIs or in Banks, interest never come comes to members” (Bataringaya, 2017).

* **SACCO** (Savings and Credit Cooperative Organizations) is another type of informal microfinance mechanism, which is very popular especially in urban areas, while VSLAs occur
mostly in rural areas. They are “not-for-profit, member-owned financial cooperatives funded largely by voluntary member deposits” (Kariobangi, 2012) and they provide affordable financial credit: accessing financial services from SACCOs is easier than using banks [because] the short-term low-interest loans available from SACCOs are conducive for poor rural populations; [because residents have] been sensitized on how they operate and ha[ve] confidence in their work, [are within] easy reach of people in the villages and they don’t have to spend money and time traveling to banks to deposit or withdraw money. (Kariobangi, 2012)

This mechanism is popular in the study area, with over 70 SACCOs registered in Kabarole. Yet, as warned the former Kabarole District Commercial Officer, people should not over-rely on SACCOs: “people should be able to move on to banks in order to increase their credit ratings and have access to national economic financial trends” (Kariobangi, 2012).

* The **tontine** is a precursor to the microfinance scheme, which was devised in the 17th century. It is still being used in semi-formal groups which lack a savings and loans component. People form a group and each investor pays a sum into the tontine. Each investor on its turn then receives annual dividends on the capital invested. They are mostly savings clubs targeting women with the goal of stimulating economic empowerment.
ANNEX 3. OVERVIEW OF GOVERNMENT GRANTS IN KABAROLE DISTRICT

The grants which are discussed below were mentioned as most significant but they are therefore not the only kind of external support by the Ugandan government for the savings groups. I summarize mostly orally communicated information by the different officers I spoke to.

- **Operation Wealth Creation** (OWC) is an indirect fund, directed through enterprises. It replaces the *NAADS*-schedule and exists of grants in form of seeds, cattle or agricultural inputs instead of cash. Locally this program is not deemed very successful because of insufficient follow-up. TPO Kabarole’s project coordinator describes the governments' OWC as “a failed project, because it is not well-managed since instructors are soldiers. They implement farming projects, but don't know about farming themselves, so they can't teach people about management […] The problem is that the technology is not well-used: sometimes animals which were given through the program are already dead at the time of the first control […] *NAADS* which was implemented by administrators was better, but it was crossed-out for political reasons, and the management has changed with the redesign to OWC” (TPO, 27/11/2016).

- **The District Development Grant** (DDG) as it exists now replaces the previously existing CDD (**Community Demand-driven Development** Grant). It consists of an independent fund, where whoever interested can apply for individual grant for projects and to run small businesses, to buy land or for livelihood improvement. Government money will be distributed to a number of groups depending on the interest of the groups and viability of group projects. In the area of study, only group K received three million UGX through this for investing in its tailoring project. The *District Development Grant* differs from the CDD because the sub-county hands out grants to groups directly.

- **The Youth Livelihoods Programme Grant** (YLP) groups about ten to fifteen people who will be given a grant, which must be paid back in shares. The grant aims at supporting fish farming, poultry or piggery projects. Quoting from the website of the ministry of Gender, this grant targets the poor and unemployed youth in all the districts in the country. The Programme is implemented under the Ministry of Gender, Labour and Social Development (MGLSD). It is financed initially from Government own resources (with a possibility of development partners’ support in the future). […] YLP is a community demand-driven Programme that is implemented with guidance from the Central Government and the Local Governments. (Ministry of Gender, 2017)

As it consists of a revolving fund, the outreach is increased by passing it on to other groups. Youth 4G was elected for this grant, through which the group bought four bulls worth
4,700,000 UGX. After the cows have given birth, the bulls will be sold and new ones will be bought through the small profit the groups get out of it. Youth 4G started paying back early in instalments of 200,000 UGX per month and has so far paid 800,000 UGX.

- **The Uganda Women Entrepreneurship Programme** targets women aged 18-65, grouped with ten up to fifteen people. 250 million was made available on national level, or about 10 million per sub county for women funding. In the research paper I explain why most support goes to women groups.

- **Special Grant for People with Disabilities** (PWD Grant). This grant differs from the others because once received, this money does not need to be returned. For that reason, the grant is in great demand. Between six to eight million UGX is made available from the government every three months for PWD groups. This grant money will be spread over five groups.

- **Luwero Rwenzori Development Programme** (LRDP). This grant is being controlled from district level and its use is not restricted to specific projects. It aims at improving the socio-economic well-being of the population through integrated multi-sectoral interventions.
I provide the reader with an overview of the different I interviewed during the time of the field research. The main interest during the interview was the organizations' involvement in and perception of the VSLA scheme. I summarize information which was shared during these interviews.

- **CARE**: Since the VSLA methodology was first implemented in 1991, it has become part of CARE’s *theory of change*. CARE currently has three programs running which use the VSLA procedure as entry point: 1) *Northern Uganda Women Empowerment programs*; 2) *Women in Natural Resource Governance*; 3) *Women and Youth Financial Inclusion Programme*. CARE was the first organization to start with VSLA approach in Uganda, in 2006. A project called *Save Up* was implemented by CARE International in Western-Uganda between 2006 and 2010, in Kasese, Kjenjojo and Kabarole districts. The goal of the project was to start working through Kabarole District Farmers Association (KDFA). The project focused on the rural poor and promoting the unbankable, through introducing safe boxes for them, given with three keys to three different safe managers. With that, the VSLA procedure was promoted, with the objective of promoting empowerment for small rural community groups. These VSLAs made money as shares, ranging between 500-1,000 UGX. In the project were included training sessions on group roles and dynamics, leadership and group management as well as trainings on savings and credit. This money made through the group was then used as loans for the members. Now CARE has started 40,000 VSLA groups in Uganda and so far one million people have been reached. In Kabarole there are about 8,000 groups (some of them short-term). Currently about 28% of group members are men.

Over the years, the model has improved according to changing interests, ideas and challenges. Linkage to commercial banks through the *Banking on Change (BOC) Project*, which is active since 2013 together with KDFA (VSLAs can use mobile banking to transport leftovers free of charge onto a group account at the bank), financial literacy and management and business skills are new. Funding has served for trainings with the earlier started groups. In 2010, a survey was done to evaluate how many of the groups that had started in 2006 were still active. It was found that 93% of the groups were still in existence, even if they had not been followed up by CARE longer than one year. Out of the existing groups, new ones are being formed as well. For its VSLA group formation program, CARE has depended on funds by DFID UK, IFAD and GIZ. (Summary of discussion at CARE office, 13/12/2016).

- **CATHOLIC RELIEF SERVICES (CRS)/ CARITAS**: CARITAS uses the SILC (Savings and Internal Lending Communities) method rather than the VSLA for its SGs, but there is little difference between the two. In three phases (pilot, expansion and innovations) a total of 20,000 groups have been created in period 2007-2014. These are self-sustaining groups,
which only receive training on how to save. In total, these groups have saved 2 billion UGX. The best-saving group has collected 27 million UGX.

There are nine phases in the training program, and the training should take 10 days. It is a training of a group-trainer (TOT). Every TOT stays with the group and there are three phases: an intensive phase the first days, during which the TOT sits with the group on weekly bases. Then the preparatory phase which consists of one single visit per month and then the maturity phase which takes 3 to 4 months. After that the group will be left alone to run on its own. (Summary of discussion at CARITAS office Fort Portal, 02/12/2016).

- **COSIL** started in 2002. It is now an NGO, but it started itself as a community based savings group before it grew out to an NGO (and this is different from most VSLAs which grow out to SACCOs). COSIL has been implementing VSLAs since 2012 and so far, it has been involved in the start-up of more than 150 VSLA groups, totaling 4900 members (3173 female; 1727 male), all in Kabarole district. Between 2003-2004, COSIL as a local group had a partnership with other organizations in the area such as KRC. COSIL is now working in a wider community which includes more than six sub-counties. The main target are community groups (e.g. Farmer Family Learning Group (FFLG); Marketing Association/Cooperative (MA/COOP) which focus on produce marketing rather than savings and loans) and VSLAs. The project consists of trainings and a tool/record kit to start up the savings. There is also training on action auditing and on making income generating activities for the groups. One component of COSIL’s program is the very poor individual program. This support to the destitute consists of a grant of about 200,000 UGX which is being given as a cash grant to individually selected households. Each of these households will also get a training on microbusiness and entrepreneurship. There are some tools through which the communities can select which households should be part of this program. It is those who are too poor to be in VSLAs who can be elected for this grant. (Summary of discussion at COSIL office, 17/11/2016).

- **KABAROLE DISTRICT FARMERS’ ASSOCIATION (K DFA):** was a pioneer for VSLAs in Kabarole district. It was cooperating with CARE from 2006 onwards. Other organizations later followed and copied the scheme. K DFA’s SUSTAIN project had as first a VSLA component, because they realized that a savings and credit component was very important. It was started in six sub-counties, one of them Kicwamba. Over 500 VSLAs were formed. K DFA works with farmers communities and is involved in mobilizing, sensitizing and training of farming groups. By making use of the Linkage project, it intends linking the SGs to commercial banks. Secondly, and also in cooperation with CARE, under the SAVE UP project (started in 2013), K DFA was scaled up to eleven sub-counties, one of them being Bukuuku. Through SAVE UP, not only VSLA, but also training in management of income-generating projects and investments was implemented, as well as training of entrepreneurship skills. 268 groups were thus created under this project. It also includes
financial literacy training and trainings in advanced business skills. Thirdly then, the current **Banking On Change (BOC) project** - in the same eleven sub counties, focusses on linkage to banks as a means to avoid fraud. (Summary of discussion at KDFA office, 30/11/2016).

- **S.O.S. Children’s Villages Uganda** is another NGO which has done projects on VSLAs in hard-to-reach zones, combining this with projects on orphans. The continuation of this same methodology is now done through many other NGOs, amongst them **UWeso** (an organization to protect Women’s rights). Over 100 VSLAs were created in Kabarole district (some are in Bukuuku SC and Karago TC) and new groups keep on forming. The VSLA approach S.O.S. uses is adopted from CARE Itl., AVISE and Plan International. In S.O.S.’s **Grieg Gender Challenge (G&G) project** (which was running between 2012 and December 2015), the VSLA procedure was just a component. It focuses on economic empowerment, gender awareness in communities (prevent teenage pregnancies, domestic violence, sexual violence, gender-based violence) and gender advocacy. Different gender-related challenges in the community are addressed and it lobbies for a voice to speak out for the voiceless. The VSLA is a method to encourage gender-economic empowerment for caregivers (parents for children). Also in the **Family Strengthening Program** (2012-2018), the VSLA component is used. S.O.S. tries to get the very poor involved by focusing on the most vulnerable children from the most vulnerable households. It first demonstrates how to earn income and how to save. There is also economic empowerment through start-up capital so that they are enabled to do business. Investments in seedlings, pigs, poultry or improved cultivation are encouraged. (Summary of discussion at S.O.S. office, 30/11/2016).

- **SATNET**: This local NGO is active in the broader Rwenzori-mountain region and works through **Farmer Family Learning Groups (FFLGs)**. It differs from VSLAs because it looks at households rather than at individuals. Saving makes people committed and motivated. Money becomes central, more than socializing or knowledge acquiring. SATNET has created more than 300 FFLGs. They are composed of between fifteen and thirty households each, which makes about 150 members per group. In the neighborhood of Karago there is only one FFLG. From 2007, SATNET has used its 'trainer-of-trainers approach’, which means that they will identify the needs of trainers. They can further train the groups when SATNET has withdrawn. (Summary of discussion at SATNET office, 22/11/2016).

- **SAVE THE CHILDREN (STC)** has two programs running to alleviate poverty among the Ugandan youth. The **Youth in Action (YIA)** program was started in 2012 as a livelihoods project that targets out-of-school youth aged between twelve and eighteen. 79 groups were formed through YIA in the period between its start-up and September 2016. As a total accumulated savings, these groups have collected over 50 million UGX between April and September 2016. 11,050 people have been targeted in the timespan of six years up to 2018 when the project ends.
The project operates in four districts, amongst them Kabarole and three of its neighboring districts. In Kabarole, STC plans to start with six VSLAs in six sub-counties, one of them Kicwamba. Outside of Uganda, the YIA program also exists in Ethiopia, Burkina Faso, Egypt and Malawi. Out of these five countries, Uganda was found to be the best-performing.

The youth can opt to be supported individually or as a group and many voluntarily choose to join VSLAs. As the project coordinator explains:

in the original project design, VSLA was not a strong component. But because we wanted to teach the saving culture and most don't have access to a commercial bank, VSLAs are a perfect means. Youth can opt to be supported individually or as a group and many voluntarily choose to join VSLAs according to their business plan.

At first saving was stimulated through existing groups in the community. Since 2015, STC has been involved in the formation of VSLAs. STC also supports the groups with record keeping. The reason for the creation of new groups by STC is two-ways: because there is a group according to age, in contrast to existing groups in communities which are for adults and whose savings are higher so that the younger would be left out because they are not able to save the required amount. Equally, the target group is school drop-outs, so that handling records is one of the challenges they face. Beneficiaries, but also other people in the community can join them.

This NGO works in close relation with the government and serves mostly as an addition to the government’s Youth Livelihoods Programme. STC considers itself as laying the base and the government will then need to follow-up on the interventions they have put up on the ground in order to guarantee the sustainability of these SGs. The idea is to provide skills to groups so that they can build projects. After graduation, the STC groups will be given some little funding for agricultural projects. (Summary of discussion at STC office, 05/12/2016).

- TPO Uganda and DOVCU (Deinstitutionalization of Orphans and Vulnerable Children in Uganda project) run a VSLA project in coordination with Child Fund Uganda and in partnership with other organizations (USAid, Retrac, Child One Foundation, Advancing Partners and Communities). They have helped in forming and training VSLA groups. It is a project which only runs in Karago town council and Bukuuku town council, for a period of three years. For its operation, distinction is made between destitute households on the one hand and struggling households on the other hand. Through this project the most vulnerable children were identified and given support, especially those with struggling families. The main idea of the project is to empower poor households and discourage them from sending kids to orphanages, by increasing on their savings through VSLA. DOVCU has formed six VSLA groups by now, totaling 72 individuals: three in Karago and three in Bukuuku (so all
of them in Kabarole district). These had been active for nine months on Dec 20 2016. (Summary of discussion with DOVCU officer at Karago church, 08/12/2016).

- **Youth Encouragement Services (YES)** is a USA-founded project which was started in 2004. It operates mostly as a local NGO and has its base in Fort Portal. It deals with vulnerable families, so that the very poor -those who don't qualify for VSLAs- can be helped. YES provides different services such as an orphanage for HIV-positive people (some 30 people are included in this program). It works in cooperation with WHH (Welt Hunger Hilfe): an international German-founded NGO which focuses particularly on hunger and displacement. WHL was responsible for starting-up VSLAs in Kabarole and in other areas of the country. The project which was running from 2011 until October 2016 is called HALISK (*Hope in Agriculture Life-skills Development for Kabarole*). The project has four pillars: agriculture; VSLAs; apprenticeships; hygiene, sanitation and counselling. At the start of HALISK, 120 households were involved. Later it kept on growing, and now it is active in six sub-counties, all of which in Kabarole district and amongst which Karago. Now there are 42 VSLA groups under HALISK, totaling 1,392 members. Last year they already shared out 482 million UGX, but these were just 31 groups. As there are now 42 groups, they are expected to have saved more than 600 million before the share-out of this year. Eleven VSLA groups have graduated so far, which means that they are almost completely self-reliant. Two of them are in Karago TC. Under YES, inputs like beans, wood barrels, potatoes… as well as extension services are given out (social and agricultural extension) and follow-up is done on the saving habits of the groups and to make sure that they follow their constitution. (Summary of discussion at YES/WHH office, 29/11/2016).

- **USAid**’s VSLA program called the *Community Resilience and Dialogue project (CRD)* or informally the 'Community Connector'-project is in its closing phase. Since in Kabarole district the project had already been rounded up, there was no project coordinator available for an interview. The project had focused on livelihoods improvement, VSLAs and farming.

- **Kabarole Research and Resource Center (KRC)** is a not-for-profit organization that has supported socio-economic development in the Rwenzori Region for the last 13 years. In 2002, it launched a specific program focusing on the group-based accumulated savings and credit associations with the aim of forming MFAs. KRC has supported the establishment of over 30 SACCOs in six districts of Kyegegwa, Kyenjojo, Kabarole, Bundibugyo, Kamwenge and Kasese” (Aheebwa & Brueggen, 2011). I frequently visited the KRC office in Fort Portal because of the many resources available on the study topic.
ANNEX 5: HOUSEHOLD QUESTIONNAIRE

Annexes 5 up to 12 consist of the questionnaires and interview checklists which were used during the field interview. The format is changed for the incorporation in this report, with spaces left out to make the list more compressed, but no changes have been made to the content of the questionnaire.

Introduction to survey: HOUSEHOLD INFORMATION

What is your name?
What is your sex? [GENDER, DO NOT ASK]
- Male
- Female

Question 1. How many children do you have and what is their age?

Question 2. About yourself, would you describe yourself as:
- farmer
- employed with a formal contract
- employed without contract
- student
- retired
- disabled/ill
- housewife/househusband
- unemployed
- other
- prefer not to say

- Where do/ did you do this work?
  - This village
  - a neighboring village
  - Fort Portal
  - another city
  - other

A) FINANCIAL CAPITAL

Question 3. Can you explain about your household’s principal source of income?

If farmer:
- Which are the crops that you grow exactly?
  - Do you grow some cash crops?
  - Why is it that you chose to grow these crops?
    - easy to grow
    - high yields
    - year round
    - high value
    - because my neighbor grows it
    - other
  - Do you mostly eat only what you grow yourself?
- Do you keep cattle or other farm animals?
- Can you store your harvest?
- Is it self-sustaining agriculture or do you sell on the market?
  - If you sell what you have grown, can you specify where you sell it?
  - How much time do you spend selling on the market?
Do you have other activities to earn shillings (secondary job)?

B) HUMAN CAPITAL

**Question 4. What is your level of schooling?**

- **Illiterate**
  - can write name yes or no?
- **Literate but without formal schooling**
  - can you write a letter?
- **Primary school**
- **One year of secondary school**
- **Two years of secondary school**
- **Three years of secondary school**
- **Four years of secondary school**
- **Five years of secondary school**
- **Six years of secondary school**
- **B.A./B.Sc.**
- **M.A./M.Sc.**
- **PROFESSIONAL DEGREE**
  - Specify?

- Are you enrolled for school at the moment?
  - Where is it that you(r children) go to school?
    - This village
    - The neighboring village, namely…
    - In Fort Portal
    - Other

- How often do you go to school?
- Which means do you use to go to school?

**Question 5: In case you didn’t go to school, what was the cause?**

- lack of motivation
- illness
- family member deceased
- not enough money to pay for school enrolment
- lack of transport means to get to school
- too far away from school
- lack of schooling supplies
- discrimination
- other reason, namely…

- In case you have interrupted your studies, what was the cause?

- lack of motivation
- illness
- family member deceased
- not enough money to pay for school enrolment
- lack of transport means to get to school
- too far away from school
- lack of schooling supplies
- discrimination
- other reason, namely…
C) SOCIAL CAPITAL: Questions on mobility

Question 6. Were you born and raised in this village?
- Yes
  - Were your parents born here as well?
    - Yes
    - No
- No
  - Why did you move into this village?

Question 7. Do you or other household members sometimes go to Fort Portal or another nearby town?
- No
- Yes
  - How often do you go into town or to other villages?
  - Why do you go into town or to other villages? (Which activities do you do when you go into town?)
  - How do you go into town?
    - Do you have access to your own means of transport?
  - Do you have friends and/ or family members living in Fort Portal or another nearby town? How many?
  - Do you rely on support from outside of the village for the activities your household do? Always, or only in case of emergency? (social network: is support family-related or distance-related?)
  - What does the saying ‘A good neighbor is worth more than a distant friend’ mean to you and your household?
    - How do you see this proverb in concrete terms? Can you give an example of one critical incident when your neighbors helped you out?
    - Can you give an example of one critical incident when you helped out one of your neighbors?

Question 8. Which are the most used institutions in case you or any member of your household get(s) ill?
- government health center
- private health center
- pharmacy
- provided by NGO
- local doctor
- traditional healer
- other
  - Where is that institution located?
  - If you need to go to the doctor, where is it that you go to?
    - How do you get there?
  - If you need to go to buy medicines, where is it that you go to?
    - How do you get there?
  - If you need to go to the hospital, where is it that you go to?
    - How do you get there?
  - If there is another health service, which is it and how do you get there? (Do you make use of a traditional healer?)

Question 9. Do you have a phone?
- No
- Yes
  - Since when do you have a phone?
  - Where is it that you recharge your phone battery?
- Where is it that you put credit on your phone? (Does a telecommunications service provider come into the village?)

D) SOCIAL CAPITAL: social networks

**Question 10. Is your household member of some kind of union or cooperative?**

- No
- Yes
  - Is the union restricted to this village only?
    - Yes
    - No

  - Various villages
  - Villages & town
  - only in town

- What is its name?
- What is its function?
- Of what use is it for you?
- Since when have you been member of this union?

E) FINANCIAL CAPITAL

**Question 11. Is the household’s head owner of this house?**

- yes
- no

- Who do you rent this house from?

**Question 12. Do you have to pay taxes?**

- No
- Yes

  - What do you have to pay taxes for?
    - work hours
    - trade
    - rent
    - mobility
    - other

  - Who do you need to pay taxes to?
  - How often do you need to pay taxes?

**Question 13. On which goods and services do you and your household spend money regularly?**

- Food
  - Rice
  - Vegetables
  - Fruit
  - Meat
  - Fish
  - Bread
  - Other
  - Other
  - Other
  - Other

- Education and school material
- Are these locally produced goods or do you get them from other villages or towns?
  □ produced in this village
  □ brought in from a nearby village
  □ brought in from a nearby town

- Where do you buy your food?
- What else do you buy outside of the village?
- Why do you buy it there?

**Question 14. Do you and your household sometimes save some money?**

□ No
□ Yes
  □ in a bank
  □ at home
  □ tontine/saving groups
  □ credit and savings cooperatives bank
  □ other saving system

- Do you want to use your saved money for a specific investment?
- Do you have loans that you will have to pay back?
- Do you have an insurance or micro-insurance (e.g. financial insurance/ medical insurance)
  □ No
  □ Yes

**Question 15. Have you or anyone in your household received (financial) support, benefits or welfare?**

□ No
□ Yes
  - If governmental support: can you explain a bit about it?
  - If non-governmental support: can you explain a bit about it?
    o Friends/ villagers
    o NGO
    o Overhead
    o Benefits from savings system
    o Other

**F) NATURAL CAPITAL**

**Question 16. Does your household possess its own plot of land?**

□ No
□ Tenant farmer
□ Landless- irregularly-employed
□ Landless-regularly-employed
□ Yes
  - How many acres do you possess? (Small owner/ large land owner?)
  - On how many acres can you grow food?
- How would you rate the quality of your soil?
  □ Bad
  □ Could be better
  □ Good
  □ excellent

- How many people work on your plot of land?
- How far away is your field from this village?

G) PHYSICAL CAPITAL

Question 17. What kind of instruments do you and your household possess to work on the field?
  □ Only hands
  □ Shovel
  □ Hand plough
  □ Ox plough
  □ Other animals
  □ Others
  - How would you qualify this instrument concerning usefulness?
    □ Very useful
    □ Quite useful
    □ Not so useful
    □ Not useful, I need other instruments to increase my incomes
  - Are the instruments and techniques used different from your parents’?
    □ Yes, namely…
    □ No

Question 18. Where do you have access to drinkable water?
  - Are the wetlands surrounding the village of any use to you?

H) PLACE OF RESIDENCE

Question 19. What makes you stay in the village?
  - What do you expect that could be better in a different place?
  - Where would you move to?
  - What is it that you think that could improve the quality of life in the village?
  - (Observation: what is the condition of the house and the access to it like?)
ANNEX 6. QUESTIONS TO VSLA (FGD)

A) Questions to group members:

1) Why did you join this group and no other(s)?
2) By show of hands, how many people went to University/ between Senior 1 and Senior 6/ between Primary 1 and Primary 6/ never went to school?
3) Which is your major source of income?
   - Farming
   - Employment (company)
   - Trade
4) Which are the success stories you have made as members of this group?
5) a. which challenges have you encountered as members of this group?
   b. How have you tried to overcome those challenges?
6) As members of this group, have you ever received any support? (financial support/ trainings/ other) by government or NGOs?
7) Did you men/women plan with your husbands/wives to join this savings group?
8) Are there specific activities for men in this group?
9) Are there specific activities for women in this group?
10) Why is it that there are more (wo)men than (wo)men in this group?
11) Which are the criteria you use to elect leaders for the saving group?
12) Step by step, can you explain to us how decisions are made?
13) How can savings groups be improved in this area?
14) What can be done to make access to financial services in this savings group better?
15) As a group, what are your future plans or this group?

B) Questions to group’s administrators

1) a. When did this village savings group start?
   b. Why was the group started/ formed?
   c. Which are the goals and objectives of this group?
   d. What is the target group for this association?
2) As a group, do you provide other functions besides saving and giving credit?
3) Which successes/ achievements has this group made since its inception?
4) Up to which level is this group registered?
5) How many loans have been handed out so far? / in a month how many loans can you give out?
6) As a group, which challenges has this group met since its inception?
7) Is there a fine for arriving late at a group meeting?
8) a. How many members are in total registered in this group?
- How many men?
- How many women?

b. Why do you think there are more (wo)men?

9) 
   a. Has this savings group ever received support of any kind (government/NGO)?
   b. Was some organization involved in the group’s foundation?

10) Have trainings of any kind been organized to help the group’s members?

11) Which are the criteria used for the enrolment of new members?

12) 
   a. Do women actively participate in the activities and administration of this group?
   b. How? And in which areas?

13) 
   a. How do leaders get elected?
   b. After how long are elections organized?

14) Can both men and women do the same tasks within the savings group?

15) As leaders, have you met gender-related challenges? If yes: which ones?

16) 
   a. As administrators, which are the future plans that you have for this group?
   b. Do you plan to expand the size of this group?

17) 
   a. Which are the procedures used in giving out a loan?
   b. Of how much money does the loan consist?
   c. How is supervision done to check if loans are well-used?
   d. How much time can a person spend before returning a loan?
   e. How much is the interest that needs to be paid?

18) As leaders, what makes you different from the members? / which are the characteristics for good leadership?
ANNEX 7. QUESTIONS TO NON-MEMBERS OF VSLAS (RANDOM SAMPLE)

1) What is your primary occupation?
1) What is your level of schooling?
2) Have you ever saved money in your life?
   a. If yes: how?
      In case of having been member of savings group: why is it that you left
      the group?
   b. If no: why not?
3) How do you keep your money safe?
4) As a non-member of savings groups, have you ever thought of saving with a village
   group?
   a. If yes: what stopped you from joining the group?
      ▪ What would motivate you to join a group? / do you have the desire to join
      any particular group?
   b. If no: do you see a weakness in the groups which stops you from joining?
      ▪ Do you find these group savings activities time-consuming?
5) Within your household, does one person have more responsibilities concerning saving
   and spending than the other?
   a. How do you make decisions concerning saving and spending within your
      household?
   b. Do you have shared savings as husband and wife?
6) How do manage to make big investments when necessary?
   a. Where do you get the money for those investments?
   b. Do you have an emergency fund?
   c. Have you ever received any kind of financial support?
   d. Has anyone in your household ever received a loan?
      ▪ From where?
7) Have you ever been sensitized on the functioning of the savings group?
ANNEX 8. QUESTIONS TO LOCAL LEVEL GOVERNMENT

A) Questions to LC1

1) As a leader, which plans or expectations do you have for Busibi? What are the plans?
2) Do people pay taxes? To who?
3) What is your source of revenue?
4) What is the importance of the trading centers? How many are there? How long have they been there and what is the impact they have had since they have come about?
5) Has the population grown or diminished and can we relate the trading centers to that?
6) How is land access arranged and controlled? What about land expansion?
7) How and which part of the land is protected?
8) Is there a cultural leader or another traditional leader in the village surroundings?

B) Questions to LCIII

1) How many wards are you responsible for? Can we have a sketch map of the area you are administering (Karago town council)?
2) Which are the mayor economic activities done in your town council?
3) What are sources or revenue for the town council?
4) When was the town council founded?
5) Why was the town council separated from the sub-county?
6) Which achievements has Karago made since it has become a town council?
7) Has Busibi as a marginalized area benefitted anything since these government structure changes?
   - if not: why not?
   - if yes: which are they?
8) As a leader, what is your vision on Busibi as the least developed place?
   - Can we make a timeline reading on the changes that have taken place in Busibi?
9) Which are the challenges for development that you meet in the administration of the town council?
10) As a government official who recently moved to Busibi, why did you get interested in that area and what made you move?
11) As a leader, what has improved the standard of living of the community that you have just joined?
ANNEX 9. QUESTIONS TO GOVERNMENT OFFICERS

A) General questions

1) Has government put village savings groups into consideration
   - If yes: how?
   - If no: why not?
2) Our findings show that there are many village savings groups, why have they been left behind by the government?
3) What do you think can be done to make village savings groups in the region perform better?
4) Do you think there is sufficient and adequate sensitization concerning village savings groups?
5) Has government done any surveys on the performance of village savings groups?
   - If yes: what are the findings?
   - If no: why not?
6) How do you relate gender-balance in these village savings groups? Have men or women been more active?
7) Have government officials been involved in training village savings groups? Can you explain how?
8) What does government do for the ‘very poor’, those who are financially incapable of joining village savings groups?
9) What is the benefit for groups concerning registration at the government?
10) What are government grants used for and how is control done whether they are well-used or not?

B) Additional questions to ask to District Commercial Officer

1) As DCO, can you avail me with information on the background of VSLAs and how you promote VSLAs in the district?
2) a. What does the district government level do for cooperatives and access to rural financial services?
   b. What does the government (ministry) do?
3) How much of the budget is allocated to VSLAs? Does the district provide follow-up on the functioning of these groups?
4) What about groups which have defaulted? What have you done to help VSLA-members recovering their money?
5) Are there plans for legalization of VSLAs?
6) If any, where can I find reports on performance of saving groups?
ANNEX 10. QUESTIONS TO NATIONAL MINISTRIES

A) Ministry of Gender

1) What has this ministry done for women’s participation in development activities? How and why?

2) Have sensitization sessions been planned by the ministry to train women? Do you have a training manual available?

3) How did the VSLA component start to exist in Uganda? By who and why was it started?

4) Has research been done by the ministry on women participation in development activities and has any report been written on it?

5) As a ministry what are your plans regarding women’s participation in development activities like participation in VSLAs?

6) Which are the gender-related challenges that you normally meet at the national level? If any, how have you tried to overcome them?

7) Which gender-related plans do you have for Kabarole district in particular?

B) Ministry of Finance

1) Which challenges have you met as government officials on national level? Are you aware of challenges at lower level such as lack of transport means for CDO and lack of availability of funds?

2) What does this ministry do for cooperatives and access to rural financial services?

3) Are any plans on the table for the improvement of rural financial services? If yes: which? What about loans and grants?

4) a. Has government put in consideration village-based loans and savings association? How and why (not)?

   b. As government, do you think that these VSLAs have contributed to the well-being of rural communities?
ANNEX 11. INTERVIEW WITH GOVERNMENT WORKER TRAINING SAVINGS GROUP

The interview is structured so that it captures answers from the government officer about him as a servant with HOFOKAM Fort Portal Branch and his past as a trainer with village savings groups.

1) Can you provide us with some contextualization on the VSLA methodology?
2) What was your motivation to train VSLAs? Where did you get the funding to do that?
3) Under which organization were you sent to train these groups (government/NGO…)?
4) Which NGOs were/are active in Fort Portal groups concerning building and training village savings groups?
5) Which sections of government are concerned with village savings groups’ empowerment/training?
6) How were your training sessions organized? On which areas were you focusing during these sessions?
7) In which way did these trainings have an impact on the communities?
8) During these trainings, how would you evaluate men’s and women’s participation?
9) After trainings have been completed, which gaps did you notice?
10) Could you avail us with a list of the groups that were trained? (this will enable us to make a follow-up)
11) As someone who has been involved in the start-up of many VSLAs, how would you evaluate the impact on a rural community before and after start-up of these savings groups?
12) Do these groups stick to the original constitution and what is the impact if they don’t?
13) Is it possible to access some of your training manuals and materials?
14) Being a member of HOFOKAM and working with it, how are the village groups under HOFOKAM organized and how would you rate their performance?

ANNEX 12. INTERVIEW WITH BARCLAY’S BANK BOC-OFFICER

1) How does the cooperation between this bank and VSLAs work? And with which VSLAs are you involved?
2) What was the motivation for introducing the linkage package to the farmers? Which are its benefits for the bank? And for the rural people?
3) How much does each VSLA pay to open an account at Barclays?
4) Is this a public system or is it something particularly for VSLAs?
ANNEX 13. REPORTS ON VISITED GROUPS

The purpose of this section is to provide a detailed overview of the different VSLAs that were visited. It can serve as a meaningful basis for stakeholders’ involvement, as it provides detailed information on each of the group’s organization, including its achievements and challenges.

A) Kyartanga Youth and Elderly group

This VSLA group targets mostly youth and elderly, is registered at Karago TC and was started in 2016. Its reason for foundation is an amount saved which differs from other groups in the area. This group is currently not performing well. It was started recently and is looking for funds. The group has handed out only five loans in total. The goal of this group is very clear: the elder members want to teach the youth savings skills in order to avoid wasting money. The other part of its purpose is that through this mechanism, youth and elderly will be brought together. By learning how to save and borrow money, youth will be enabled to run their families. This way it grooms the youth to avoid bad peer groups. The social component for this group is very important. Many family-related issues are discussed at every meeting, especially what the youth is concerned. The group supports saving money for the payment of school fees.

It is allowed for everybody who has paid the 5,000 UGX enrolment fee to assist the group’s meetings. Even if a member does not have money to save that week (s)he can still come. Because the group has not yet collected much capital, its members still are not capable of saving much money and the loans are limited. Most group members are in this group only, because they lack money to save in various groups. Others have joined other groups as well because this VSLA can’t give out enough loans, so that members are forced to be member of other SGs as well. Some claim that they joined different savings groups because they want to compare which is best functioning.

Concerning the group’s organization, it drew my attention that this is a group with a low financial barrier. It is easy to get loans and the fines are not heavy. The savings can start from very low (500 UGX upwards). Members of the board repeatedly refer to the lack of money as problematic in their group and that because of this, only few training sessions have been organized and other challenges are also related to limited financial means. In order to obtain a loan, the amount will depend on the member’s savings. Furthermore, a security person or guarantor behind him/her is necessary to get a loan. Some security - e.g. a goat/plot of land- will be claimed by the group in case of the lender failing to pay back the loan. If a lender fails to pay that security, he will be arrested.

The educational level of the group’s participants is low, with the chairperson being the most educated while he has equally dropped out during senior four (S4)\(^17\). This may be problematic for the well-functioning of the group as it also has not received training sessions. Out of the nine people present at time of meeting, two are students. They are in S1 and S3, one is a boy, one a girl. Two others who are not present at meeting have reached S1 and S2 level. All others have only completed primary level education.

In accordance to the VSLA approach, there are more women than men in this group. Equally the women are much more active than the men in this group. It is explained to me that the reason

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\(^{17}\) ‘Senior four’, in this paper abbreviated as S4, is what in the British school system would be equivalent to the fourth grade of secondary school.
behind it is that "there are very many challenges and responsibilities for women, more than for men. They need to look after their family, pay school fees for their children, buy food, clothes etcetera. As well, men don’t bother to be in a group. They are less concerned and don’t save" (FGD MBs, 19/11/2016). What is more, the women in the group claim to be more responsible than men when it is about handling money. Mostly women join the group together with their husbands, but the rare case of a woman joining independently from her husband equally occurs. Students mostly join the group together with their parents. Besides, gender division in the group is limited because men and women are considered equal in decision making. They only have different tasks when we are talking about the crafts: men make papyrus mats and women baskets. The group seems to be organized in such manner that elderly receive more respect, because they are the ones who will be training the youth on saving skills amongst other things.

Positive aspects of the group include that a spirit of unity and a high degree of cooperation is observed. Different from many other groups, this group’s members keep time and only one member arrives late at the meeting. From my point of view, the group even seemed overly time-conscious as its administrators were repeatedly complaining during the interview that it was taking too long and that they wanted to go home. The interview was nevertheless the same as with other groups and the duration was not longer. During other group visits I never felt the same pressure. Other success stories include that members have been able to pay school fees after borrowing money. They have been enabled to buy domestic birds and animals like cattle, chicken, goats etc. and make investments such as home equipment (like mattresses). One student has started a poultry project with the money received through a loan. The group is very time conscious, well-organized, time-keeping and as observed the rules and regulations are followed.

The principal challenges the group has met include financial indiscipline. Many people are absented during the meeting, even the chairperson. Financial difficulties cause disruptions within the group. For example, one school girl and one woman claimed not having achieved anything from the group. A suggestion was made that each member should contribute 50,000 UGX to enforce the group and to prevent it from bankruptcy, but this suggestion caused a misunderstanding, with as a consequence that some people threatened to leave the group because they could not afford that investment. Group members are now forced to pay special shares which not all members can afford and this was not the case when the group was founded. The members perceive it challenging that not everybody will be given equal shares at the end of the saving cycle. Looking at it from some distance I on the other hand find it normal that those who save a lot can get high shares and who save less will get smaller shares. When enquiring the MBs on possible solutions, the options presented to overcome these challenges include either leaving the savings group or saving as much as they have even if it’s very little.

The group feels neglected because it has never received external support and it greatly desires it. Surprisingly, the idea of getting external financial support is so dominant that it is considered more important than members’ efforts for the well-functioning of the group. The group is money-hungry and perceives obtaining external funding as a solution for the problems the group meets.

Besides the demand for financial support from government or NGOs, other suggestions for group’s improvement include introducing activities like poultry projects or modernizing agriculture so that members can get more income and save more (bearing in mind that most of the group’s members are farmers). They want to borrow from big SACCOs and sell produce on big scale to increase revenue.

Furthermore, noteworthy is that only in this group I met criticism on the voting by raising hands method because it is perceived as deprivation of privacy. As one of the board members commented during the interview:
"there is social pressure, because it can bring hatred when you vote for one person and not for the other, because the contestants attend the moment of counting". On the other hand, by others voting by hands is considered a symbol of the spirit of unity which is there in the group. Also, this is the only group where a woman walks away from the meeting even before the group discussion has ended and she instigates other people to leave as well. The group is found to be money-hungry and administrators seek every opportunity to ask for money. This is obvious at the meeting when before starting the interview and repeatedly during its course, I am asked to pay 50,000 shillings in order to be availed with information.

The group proposes as its future goals that every member of the group should be developed and that savings should be higher. They therefore plan to put up structures so that they can attract new members. Besides, they will lobby from government and other individuals to get funding. They also expect to get advice from other well-established SACCOs.
B) Buhara Bakyara Twekambe Group
(‘let’s work together’) (= Buhara Youth group)

-Something worth noting is that Kicwamba’s CDO and some former group members explained that this group recently defaulted money which was given as a fund by the local government. As the current CDO explained, this had happened because there was no monitoring of provided funds through the previous CDO. This serves as an exemplary of two of the main challenges these SGs meet, namely fraud and limited follow-up. The current CDO explains during my interview with her that she plans to arrest those who defaulted money (20/10/2016)-

Concluding from these observations, equally this group is performing badly. It is registered at Kicwamba SC and was started in 2008. It targets the financially capable villagers, thereby excluding the very poor. Mainly people from the neighborhood join this group, and because it is located nearby their home they join this rather than another group. Before one member of the group can apply for a loan, an analysis of that person’s income needs to be done to see whether one is vulnerable to defraud. Control on payment of loans is done through the chairperson who follows up person who has taken loan. He enquires how that person has used the money and how he will be able to pay that money back.

The group targets everybody who is capable of saving according to the group’s expectations. The group has struggled several times with people defaulting and consequently damaging the group in the past. Besides what was discussed above, on another occasion the safe (which was just a bag) with the money the group had collected was stolen. Another time fraud was committed when new members joined the group but failed to pay back the money which they had borrowed.

Those who defaulted in the past have been sent away from the group. The regulations were adapted and now new members can only join if they have already been member of another group. Then the management board enquires from that other group to check whether it is a trustworthy person. One cannot join this group without management committee knowing the background of he who wants to join. After that, they are asked to pay a registration fee of 2000 UGX so that administrators know that that person will be capable of paying back loans. Another criterion is that one regularly needs to attend the weekly meetings in order to be accepted to stay in the group. If I summarize this, it seems that after the group had met with defrauding, there is now some mistrust towards other members.

Because of the many challenges this group has met, its membership is currently declining. When initiated, there were about 45 group members. Now there are just 24 members left. The group has left away some of the functions it used to have: initially, the group used to do savings and give out loans, but they were forced to stop giving loans, because of people defaulting and members losing their money. Currently, its function is limited to that of a tontine. The defaulters were reported but never arrested. They were only excluded from the group. From a savings group, its function is now restricted to that of pulling money in a circle, which means that it has actually been reduced to a tontine. Poor turn-up, poor time management and low education levels of the administrators are indicated as main explanations for the poor performance of the group. Yet, I am told that the possibility of reinstalling the savings and loans component will be discussed because it is deemed useful for the group.

Also challenging is that the group’s procedure greatly diverts from CARE’s VSLA methodology: unlike other groups this one does not have collective sittings. People just pass-by and collect money, which may explain why most members are not present at the moment of meeting. Yet also only four out of seven administrators are present, while a fifth arrives 45 minutes late. Furthermore, there are many rules and regulations in the group’s constitution, but I observed that they are not consequently
followed-up. For example, some members have come late but they have not been asked to pay a fine as is written in the constitution. Also not beneficial is that the educational level is low: most people are illiterate, including the executive committee. Only the chairman and secretary know how to read and write. Most of the members never went to school. Even some of the managers dropped out during primary school.

A great strength for the group is that every last Sunday of the month it collects money to get a group loan in Kicwamba Women’s Group SACCO\(^\text{18}\) at the subcounty level. It thus coordinates with other groups and it can increase its own potential by taking loans from the SACCO. At the moment of interviewing, this group has five loans from the Kicwamba group which they still need to pay back. In order to take a loan, a security needs to be provided. The Kicwamba group gives them a time limit of one months before the loan needs to be returned, and they have six months to completely pay back all the different instalments and to have completely returned the money for the loan.

The group has made other achievements, including a strong social component. Group members have a strong spirit of unity. Members help one another in digging and support each other when one member needs help. It is common to plan with family members before joining this group. Some individual successes include personal development through building permanent houses as replacement for mud houses and enabling people to invest in buying houses and cattle.

As its name shows, this group was supposed to be a youth group, but we find members of all ages. In theory, there are also men in the management board of this group, but at the time of meeting only women are present. In this way, it is organized according to the VSLA procedure as women are primarily targeted and outnumber men. It started as a women’s group, but now men are welcome too. A board member explains that some men decided to join not long after group’s inception because they saw that women were doing useful things. Yet, we are told that there are few male members because men are generally little concerned about join a small savings group. I noted that there is a negative perception towards men in the group because we are told by a board member that "men quickly want money after they join but then they don’t pay back their loan" (FGD, 20/11/2016). Still, when enquiring on saving performances, we are told that those men who are in the group are doing fine. What duties are concerned, there is no difference between the sexes or age and woman can participate in all areas. People are chosen to do a task according to one’s capacity. One may be appointed to do a task but still refuse to do it. It is so that in this group women claim to have more responsibility than men. At time of meeting we indeed perceive the women more actively involved than the men. Gender balance (e.g. if chairperson is man, then vice-chairperson will be a woman) is sometimes borne in mind when composing the board, but it is not part of the constitution. I am told that it is done to avoid that men would start complaining if there are only women on the board. At the time of meeting, it is mostly one woman and one men who answer the questions. Two women who are on the board don’t answer any question.

A goal for the group is to raise bigger amount of money than before. It started as a group which was doing communal purchases (bowls, blankets, plates, mosquito nets, cows...). By raising bigger amounts of money, it aims at building houses, providing sanitation and raising money to pay the school fees for children. Future plans include opening a group account so that they can save money as a group on own account. They want to open that account at Kihondo SACCO and plan to have that done by June 2017. Furthermore, the group wants to get rid of this annex for more information on the functioning of this SACCO.

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\(^{18}\) See what is discussed under title K) Kicwamba Subcounty Women’s Group of
all defaulters. Another plan is to start setting up bigger projects (piggery and others) in order to help generating bigger incomes. Because of the limited incomes (almost all members of the group have farming as their principal source of income), the group can’t plan for future plans in a determined way.

What was further noted is that leaders find it important to be trusted by other people within the group. They need to be trustworthy and responsible: in case money is given to leader, he needs to be trusted with it. Also, this group does not share the attitude of being money-hungry. After a token of appreciation is given, the group is very happy.
C) Buhara Kamu Kamu Group

This group is long-existing and seems to be performing alright although there is room for improvement. It was started in 1998 and targets the slightly better-off business people in the villages. As a consequence, also this group excludes the poorest inhabitants of these communities. Its members are all protestant, mostly older men, who gather after the Sunday prayer at church. The committee is exceptionally big, and it includes some uncommon offices like defense and storekeeper.

Before entering the meeting room for the group interview, I notice that outside a quarrel is going on and from what I hear from my translator supposedly it has something to do with loan distribution or transparency in the funds and mishandling of funds.

The group is seemingly well-structured and organized. For example, all documents are collected in a wooden safe box. There is also good time-management. At the start of the meeting every member stands up to present himself to me and the interpreter who has come with. This shows that the group was expecting my visit. An experience which I commonly encountered recurred during this visit: because some rumors had been spreading in the villages that I would be some crimp who attempts to convince people into joining Illuminati, my translator had to spend some time clarifying my purpose of visiting their group.

When attending the meeting, we see that the nature of the group is also in other aspects different. It is clear that mostly business-oriented people are included (including farmers, traders and business(wo)men) and the weekly amount saved is much higher than in other groups. In this aspect, it does not go along with the original CARE method and also not because of its overly male presence.

The group’s objectives are to boost small businesses and household incomes and to enjoy small loans. It was one of the first groups which was started in the area, but the principle of SGs already existed back when this group was founded. The idea is to support entrepreneurs in the community through this group, so that small businesses can be uplifted and the group also offers assistance when there are sorrows. The group has expanded into quite a big one, after having started off with just a few members. Reasons for joining for the members are looking for development and improving on one’s homestead; to get bigger amounts of money in order to improve businesses; to raise money for school fees or to avoid the insecurity of saving at home.

It is a woman who takes the lead in opening the group meeting and this is actually a bit surprising considering the limited number of women in the group. Patriarchist relations are not noticeable although the majority of group and board members are men. Although the group was initiated by men, the women present at the meeting take the lead and are being respected by the men in the group. Yet, contrary to what is commonly heard in other groups, I am being told during this FGD that men are more responsible than women since they are more business-oriented (27/11/2016).

Members explain that they had agreed with their husbands or wives before joining the group. Both men and women can fulfil the same tasks and there is some kind of gender balance: when electing, both sexes are considered. Yet, there are more men on the board because of limited female group participation. Although this is not explicated, it is probable that the weekly savings are too high for most women, as many of the female villagers are not business-oriented and have lower incomes. The committee claims that gender-based challenges have been absent and that in case of a problem surging, it can easily be stopped before it goes out of hand because there is trust between the members. It is a long-existing group and that may explain why its policy is slightly different.

Unity and trust (social capital) are considered to be fundamental values for the group. The educational level is quite high with twenty
members having attended secondary school. The group does catering as an extra activity to reinforce the group’s capital (hiring out equipment such as cups for which they will receive money) and they want to invest in tents and chairs to hire out on occasions as well. Through the group, a better education for the children has been achieved, group members have been able to buy land and build houses or improve their homes.

In order to apply for a loan, people mortgage and they give as a guarantee about ¼ of the land they possess. The whole committee needs to sit together to decide whether or not the loan will be granted. Supervision on the use of the loan is done by some chosen members of the loan committee. The minimum loans are a lot higher than in other groups, which gives us an idea of the audience that is targeted to join this group. As well, in comparison to other groups, the interest rates are high.

Some of the challenges members have met are on the one hand defaulting, which happens about twice a year. More commonly, the group has been plagued by members delaying in paying back loans. When members default, they are called upon to discuss how they can pay back slowly. If they fail completely, they are sued and taken to the LC1, but that happens in rare cases. Mostly, members pay back in small instalments. Another recurring challenge is that the group feels neglected by the sub-county because they have been registered for almost twenty years without ever receiving support. One of the board members exclaims that “the sub-county promised to give money to the group to uplift us, but it was all in vain!” (FGD, 27/11/2016). Nevertheless, when I enquire more about it, I get told that the group only applied twice for a grant and the last time was already back in 2007. The committee explains that they feel like they were treated unfairly, because they had to pay in order to be registered, but they have never taken benefit from it. Some other challenges are poor time management, which causes the members to lose a lot of time. Also, there is absenteeism and a lack of an office or stationed place. The group’s members also criticize the board’s poor financial management.

Attempts to overcome these challenges include so far arresting defaulters; registering the group at the sub-county to control defaulters and forcing members to present a security before taking a loan. In order to improve their savings as a group, the members want to start projects and collect donations. Therefore, the group desires financial support to back-up their savings so that whoever wants a loan can get it. For that purpose, the group want to look for donors. It furthermore aims at enhancing the existing catering program and to add on more equipment for hiring out. As a group, Kamu Kamu also wants to do other activities such as building and mechanic projects, farming, trading, contract farming and plumbing. Also transport means (boda-boda) will be added on so that as a group they can transport the catering equipment to other places. Furthermore, expansion into a bigger group is a future goal.
D) Buhara Abagamba Kamu Tukwatanise Association (BATA) (‘They Speak One and Work Together in Unity’)

The BATA group was started in 2014. It is very orderly, but could still improve on its performance. So far, the group only does loans and savings. It wants to be inclusive to all community members, but when visiting the group it becomes clear that the board is dominated by the male secretary, who is socially higher positioned because he is a parish chief and who considers himself founder of the group when he claims “it is my brain child” (FGD, 27/11/2016). He came to sensitize and started the group as part of a government campaign. Other than the other group members, this secretary speaks very well English and he positions himself as the true leader of the group. This can be observed since he alone is standing up during the meeting, while the rest is seated. Although this leader has direct contacts in the government, this group has not received support of any kind.

According to the group’s secretary, it has been registered at Kicwamba sub-county since 2016, but bizarrely the members do not know about the group registration when they are asked about it. It is not clear why this is. Is there a lack of communication between board and members or was the board providing us with false information?

At the moment of meeting us, the group’s members are ready and organized to welcome us. On the other hand, just like in other groups, I was met with great distrust during the interview: a lot of questions were asked on my motivation for being there and explanation was needed especially on the Illuminati issue (I got asked for instance “is this [meeting] something satanic?”). The group has one big book with their notes where one person writes down everything we discuss during my interview. Every member brings its own passbook to the meeting. The group has a very young but also very shy chairperson who does not talk much. The main spokesperson is the secretary.

The group was founded recently with the purpose of developing by helping each other. All members in the group live near each other and thus it was found convenient to form a new group. Up to now, the group is limited to saving, credit and assisting members when there is a problem like a funeral. Reasons for joining this particular group according to its members include that it gives them the possibility to acquire loans, for example to pay school fees; to improve on household income; to take loans for other projects; to fulfill family needs. Because social cohesion within the group is very important, an emergency fund is provided and all will contribute 3,000 UGX each to buy a coffin together and attend the funeral when one of the members has deceased. The group’s objectives are to prosper and raise household income as well as to educate children and increase on their standards of living. As a woman in the group says furiously: “divided we fall and united we stand!”.

For election of leaders, first two to three people are nominated and put forward. By show of hands one will be chosen. One of the tasks of the leaders consists of informing the group about other groups so that this group can learn from it.

In order to take a loan, one must have saved at least half the amount he or she wants to take. He must be actively and consistently saving and must have a security (one person) as a guarantor. Whoever wants to take a loan must sign for that loan in books and the guarantor does the same. Through consensus, the majority of all members need to agree so that the loan can be given to somebody. It is the task of the management committee to recover the money when somebody has failed to pay back. There is no supervision done on the use of the loan after it has been given out.

The meeting takes place in the village church or in a members’ house because BATA so far lacks an office. Other challenges include limited member presence at the meeting and rules and regulations are not adequately followed-up. For example, there is a plate where those who arrive
late are supposed to pay a fine, but it was observed that nobody actually does so. Equally challenging is the very low educational level of the group members, as only one has attended secondary school and many have not completed primary level. Other challenges as perceived by the group members consist of lacking money to save and a limited capital. Farmers have tried to increase on their income by expanding their farming produce. The group also finds it challenging that so far no government or NGO personnel have visited the group. Also within the group, no trainings have been organized so far.

Some of the individual achievements group members have made are easy access to loans through which they have started cow and poultry projects; built a house and invested in iron sheets. So far, the group has not yet encountered the problem of defaulting.

The methodology differs somehow from the procedure CARE had put forward. There are for example some unusual offices such as mobilizer in this group. His task it is to keep members of the group updated on where and when they will meet. He brings info to the group and informs others when one member needs help. He in other words stimulates the social cohesion of the group.

There are more men than women in the group. There are also some very young guys in the committee. In this group, there is an almost equal balance between the sexes: men join because of the need to increase on their savings and women sometimes do not join because of lack of interest; because their incomes are too low or because they need assistance from men. Still, female participation is slightly in the majority because men are believed to be less willing to join and “women are more committed and faithful as well as involved and preoccupied with development of their homes and education of children for which they will foster”, as one of the board members claims (FGD, 27/11/2016). Women are believed to be good at keeping time and it is mostly men who arrive late. Yet, the board is not actively keeping track of the men/women balance in the group.

Women participate actively in meetings and by contributing ideas. The male secretary of the group insists that women participation is very active. Yet, none of the women have joined without first having agreed with their partners. Some male members on the other hand have joined without telling their wives. Also when there are parties or when members need assistance, women are said to actively participate. In the group, specific roles are prescribed for men and other for women. For the former, preparing firewood, constructing tents, collecting bananas and slaughtering animals are typical tasks. Women typically fetch water, cook, peel fruits, wash plates and do other “typically women tasks”, as one of the board members explains. There is some kind of gender balance on the board. Still, typically female offices like treasurer and cashier are in this group done by women while the chairperson is a man, so it is not clear if women really have an equal position within the group. Yet, the board insists that there are no gender-related challenges in the group.

Both the committee and the members stress the need of external financial support from NGOs and government and insist on the need of sensitization meetings. If savings can be increased and loans are paid back on time, SGS can improve so that they can start different projects including piggery, dairy and poultry; (contract) farming; stone quarrying etcetera. As a group, they also want to invest in a bike in order to raise money and make hand crafts. It is therefore a goal to attract NGOs so that they can support the group as well. These incentives need to create bigger loans for the members. They also want to expand in membership size. The group intends to invite the CDO and sub-county chief to train them in group dynamics and record keeping. The objective is to change from a VSLA into a cooperative society which is expected to attract the government’s eye and may lead to funding for the group. BATA also wants to construct an office on a plot of land which they
have bought already and there the board plans to install a shop to sell products from their harvest.
E) Buhara Mother’s Union

Buhara Mother’s Union is the longest existing group from the ones I visited. It was started in 1996 and is registered at Kicwamba SC. It is performing alright, although there is some room for improvement in this group as well. The group has a small management board, with only six people in total. At the time of the meeting, two of them don’t turn up and one turns up late. This group particularly targets mothers. Nevertheless, I perceive that there is a great number of men in this group.

This VSLA was started by women in the community who had received a goat through a member of parliament. She was leading the Kicwamba Women’s Group SACCO at the sub-county at the time. The purpose of starting the group was to join this bigger SACCO -discussed under title K of this annex-. The group’s purpose is to obtain development through farming, savings and other activities. Nevertheless, during the interview I hear some criticism on the functioning of the Kicwamba SACCO. It is a profit sharing argument because shareholders of Buhara Mother’s Union don’t know how much savings they make at the sub-county SACCO. The problem is caused by a lack of communication from above.

Six of the members have reached secondary level, the rest has done primary school. The main sources of income for the members are farming and trading. At first, women started saving 1,000 UGX per member, now members can save any amount of choice. For loan application, a written application needs to be sent and the group members decide if the loan can be given. The chairperson and vice- as well as treasurer and secretary are in charge of follow-up. Achievements made through this SG include individual improvements such as better levels of education; procuring a piggery project; start businesses; house construction. One of the board members claims that “there is no defaulting in this group. No people steal money” (FGD, 04/12/2016).

Some of the principal challenges have to do with failure of group projects. For example some goats and pigs were bought but these died and garlic growing as group failed. Secondly, theft has occurred when goats and pigs were stolen and others encroached on the group’s plot of land. A third challenge has consisted of limited availability of land for plantation and excavation. The group wants to start a project with hiring out chairs and tents as a group in the near future, but the capital is still small. The group is also not time-conscious: we had agreed to meet at 2 P.M., but at 3:15 P.M. still only four board members and two clients were present. The atmosphere was at the time of meeting very informal, which was even disruptive for the quality of the interview. Furthermore, there is a very high membership fee for this group (20,000 UGX). Also, there is no limitation of re-election of the group’s leaders.

I am told by a board member that gender-related challenges have never occurred in the group. He adds that “trust is most important”, because there is no section on gender-balance in the group’s constitution. Both sexes are present in the group, but women are said to be more active and also the VSLA is of greater importance for them in order to educate the children and to look after their family.

Future plans for the group include more sensitization meetings on how to organize the group; making more chairs to increase on the group’s income; invest in tents and a catering group. This VSLA is looking for external support to help them, and to back-up the group savings.
F) Buhara United Group

Although this VSLA has been long-running since it was founded in 2002, it currently turns out to be the worst-performing group among those visited. It was initially founded through the *Fort Portal Diocese Microfinance Programme*, a program set-up to stimulate SGs’ formation. This was later transformed into HOFOKAM. The group still receives regular follow-up by a HOFOKAM officer. The group’s principal goal is to take loans and uplift the status of homesteads.

In the recent years, this VSLA has become continuously smaller because of members withdrawing. According to the board, explanations for the diminishing size may include that many members have died, while others have lost their source of income. Equally, others have changed their place of residence and still others have had to leave the group after having defaulted. The group now only has thirteen members left, which makes it the smallest amongst the groups I visited. The board is male-only and is also very small. At the meeting, only two board members are present. Bizarrely enough also the absolute majority of this group’s members are men. As the board explains, there used to be more women but they gradually left the group as some married and four women died; others left when their husbands left. The MBs stress that the group is still open for women to join. Three of the group’s members attended secondary school, the rest at least initiated primary school. Most of the members are engaged with farming and some with small businesses.

A particular observation is that at the time of meeting, the LC1 was present. He is not a group member, but still he insisted on answering some of my questions because he is aware of the functioning of the group. Even after enquiring, it has not become clear what his purpose of attending was.

This group was the first in Buhara zone to be recognized as a VSLA, while others were still ‘ordinary’ tontines. Its organization differs from other groups, since the group only meets on a monthly basis rather than weekly. As well, there is limited exchange of board members: the current chairperson already used to be the vice-chairperson at the time of foundation of this group. This is a very dominant person and basically the only one talking during the interview.

What is also different is that this group has a regular follow-up by a HOFOKAM-officer who comes to the group’s meetings for sensitization sessions. I had the opportunity to read some of the HOFOKAM’s assessment comments in the group’s visitors book and I had to conclude that the officer was unhappy about the group’s performance. The comments are mostly negative and include remarks about absence of members, limited women participation, need of increased effort for record keeping. I read about the problem related to late-coming at meetings, about the need of improving savings, enforcing fines and looking for defaulters and he insists on the need of a better cooperation between group members.

The group is registered at Centenary Bank and HOFOKAM Fort Portal branch and saves at these constitutions. As a group, they borrow money and get loans from HOFOKAM. Every six months the group gets loans from HOFOKAM. The chairperson explains that “whoever requests, will get a loan, depending on one’s savings and requisitions, so there is no standard figure of amount of loans given out” (FGD, 05/12/2016). In order to get a loan, one needs to have savings, fill out a form and take a group photo to the LC1 who can approve or decline the loan. A form for group money and another form for individual loans are needed. Both will be taken to the LC1 and it is his task to confirm that the savings are real. The group’s chairperson will submit the forms to HOFOKAM. I observed that the loans this group hands out to its members are very big in comparison to other groups. Still the chairperson says “it is not much because the group is still small. If it would be bigger, individuals could get
up to 4 million UGX” (ibid.). Yet, there is no follow-up once a loan has been given out and the LC1 has signed. Then it is the borrower’s task to return the money.

I am surprised to hear that this group has received much more support in form of training and grants than any other of the groups visited. Especially since it is one of the worst-performing groups. This group has received three times a NAADS-grant. In 2007 the group got support for vanilla-farming, but the whole garden failed, so it was not successful. Then in 2010 they were given pesticides to prevent weeds which are said to have been successful and in 2013 they were given goats, but from these only the chairperson benefitted initially. Now, every member of the group has been able to take a kid of the goat. The board explains that because of a close connection to the village’s LC1, this group has benefitted more than others. He has recommended the group at the sub-county headquarters and with the NAADS coordinator. This may explain why the LC1 was also present at the meeting even if not a member of the VSLA. Besides that, the group has not filed any written proposal to apply for a grant. Since the NAADS-program was changed into Operation Wealth Creation, this group does not enjoy group support any longer, as OWC targets individuals rather than groups.

Even though this VSLA receives more support than others, it is clear that meets a couple of challenges. Defaulting is said to be a common problem in the group and it is often done through loan applicants giving a false security (e.g. a plot of land which they don’t own). According to the chairperson fraud happens about once a year. Often defaulters move out of the village after having taken the money. Some members are forced to sell off whatever they own to cover for the defaulted money. Problematic is that sometimes a group is forced to pay off to HOFOKAM whatever they have because this organization does not pay off losses of individuals. If one member for example leaves this VSLA without having paid off his or her loans, the group is allowed to sell off that person’s land. I found it interesting to hear that the group complains that they would be better off without dependency from HOFOKAM and that their access to financial services would improve if they were independent. The group desires a funding body which gives them money so that they can get their own loans and they desire making their own SACCO.

Even though this group has received more external support than any other, it seemingly has not been able to sustainably improve through the supplied support. Nevertheless, the group’s board still believes that only through external support they can be helped, since they are “surrounded by problems” (ibid.) and they need it to be lifted to another level. For that purpose, the board is writing proposals and inviting officials like members of parliament amongst others. Other NGOs may help them with securing land. There is no plan of expanding membership size until the capacity to do so is built. For that purpose, the group’s board explicitly asks me to mention the group’s name in my report, even if I had clearly presented my position as a neutral researcher who is not in position to avail any support to the group.

An example of the challenges with this VSLA is that the members are very time-unconscious, as had also been remarked by the HOFOKAM officer. I had agreed to meet the group at 9 a.m., but the first group members only started turning up after 10 a.m., and worse is that some of them had already been ‘boozing’ by that time. The men in the group seem to be known as drunkards around the trading center. I also get questioned a lot and it seems that there is some suspicion about my presence: “why are you interested in doing this research; how can we be sure that we will benefit from your research”. After the meeting, the chairperson insists on me buying him a beer. I give a token of appreciation to stimulate the group’s savings, but I observe that the few members who are present divide the money among themselves for personal use while I had just insisted that it that was not the purpose.

Actually, this group confirms most of the critical voices of VSLA who insist on the challenges
with the method. Firstly, it proves that external support can easily be misused and that adequate follow-up is needed if external financial grants or injections aim at being of any use at all in the long term. Secondly, the group lacks organization and discipline amongst its members. Thirdly, its male-dominancy does not follow the suggested VSLA scheme: almost all women who were initially in the group have left, probably looking for better ways to save the little money they earn. Only the men have stayed behind, except for one woman, but she does not talk over the course of the whole meeting. It is not possible to speak of women empowerment through this SG. Yet, the board members claim that they intend to include women more, “because female members tend to be more faithful” (ibid.). The chairperson explains that the loans officer is responsible for increased female board membership, to reach at least three female members by next year. When enquiring on gender-based challenges I get told that since they are not included on the board, such challenge has not yet been met. That shows how little women have been included in this group.

Probably because of the hard time the group has had, it uses now very strict requirements for those who want to be accepted to join this VSLA. For example, every member needs to be able to at least read and write according to the institution, but most women fail, so they cannot join. Another appalling element is that women need to consult with their husbands before joining, supposedly because the husband will have to help in paying back when the woman fails to do so. Social status is said to be not one of the requirements for joining. From these requirements, further conclusions can be drawn on the exclusionary nature of this group.
G) Busibi Tweekambe Group

This is the most recently founded group from the ones I visited and it is quite well-performing. It is the only VSLA which meets in Busibi village. It targets mainly women in their attempt to develop themselves. Even though it is a very new group, the organizational structure seems okay and the group seems to be working alright. The principal aim is to acquire loans and pay school fees through saving money as a group. The members’ principal occupations consist of (contract-) farming and business activities like buying and selling goats; selling food or shop keeping. The group has handed in its application for registration at Karago Town Council so it will soon be formally registered as well.

Since this is a newly founded group, most of the members were already in another savings group before this one, especially Kalyango Alahikaine Group (discussed under ‘I’ in this annex). Many decided to join this new group because of the unity amongst the Busibi group’s members, since they are mostly female community members. As well, it is easy to get loans and there is not much pressure what paying back loans is concerned. There is even co-operation between the different members to pay back a loan. The social component is very important: members help each other by pulling money.

This seems to be a well-organized and time-conscious group. The whole board is present at the meeting and the members listen attentively to the administrators. The chairperson and the group members are all very organized. The group’s rules and regulations seem to be accomplished because those who arrive late are fined 200 UGX. Every group member has an individual savings book where one can find overview of his/ her savings. The time management of the group is strict and I even receive complaints on the duration of the interview, even though it is the same as with the other groups.

On the other hand, the group is very big and the board can’t tell how many people there are precisely in the group. It is observed that there are more women, because this was initiated as a women’s group. The board explains that men joined later willingly, mostly to support their wives. Only a couple of men in the group are single, while most are in the group together with their wives. In this case, this was not observed to be problematic. Yet, it is contradictory to the methodology which suggests that family members should not be together in the same VSLA, because if the group collapses, the family risks losing all its savings at once.

Surprisingly only women talk during the interview with this Busibi group. The majority of members are elderly women. Yet, also the number of men in this group is reasonably high in comparison to other groups. When enquiring on membership, I get explained that ten men are enrolled for saving at the group. Yet, only three of them attend this meeting and they are all very silent. The women are thus much more active than the men in this group. The empowering potential of the VSLA methodology is demonstrated here. Most women planned together with their husbands and children to join this group. Women and men fulfil the same roles in the group. Only some men decided individually to join. We get explained that there had been a misunderstanding in the past concerning this VSLA, because it was believed that the group was only for women. Therefore, at first men did not join because they were not aware that they would be welcomed to join. According to some group members, another reason is the laziness of men which is why they don’t turn up every at sitting (FGD, 20/11/2016).

As individuals, members have been enabled to start a goat project, construct houses, equip these houses with matrasses, mosquito nets, bed sheets etc. As well, they have invested more capital in business. Since it is still very new, as a group no concrete achievements have so far been made.

The main challenge is that since the amount saved is very low still, the group is not in position to give out loans. So far, as a group this Busibi group has collected 700,000 UGX, which
can be split into loans for about 2 people (since the maximum loan is 300,000 UGX). Everybody wants higher loans, but the group is incapable of meeting those desires: when many people need a loan at the same time, they won’t be able to obtain it. The group wants to organize training sessions on how to increase the savings, but so far lacks the capital to organize them. There is thus only limited capital and limited funds or group savings to satisfy all group members. Another challenge is that low levels of education are observed, since almost half of the group’s members have never attended school. Those who enjoyed education in most cases only reached primary level. Two of the members can’t read or write. None of the (board) members has gone up to secondary school.

Defaulting happens because of individuals who take loans but fail to pay back that money. This way, the group lost 70,000 UGX last year. Now, a security system is installed to control defaulting. In order to apply for a loan which is smaller than the amount of money one has saved, no security is required. On the other hand, to apply for a loan bigger than the amount of money one has saved, one needs a security which is equivalent to the loan one wants to take, so that when one defaults his/ her security is sold and the group gets back the money. That security can include one’s land/ cattle/ goats which he will have to give to the group if he is incapable of returning lend money. Then he needs to write an application letter to the group to ask for the loans. Administrators as well as members need to agree if the loan can be given. Loans consists of 300,000 UGX and need to be paid back after three months. No follow-up is done on what the money is used for. Lenders are free to use for whatever they want, as long as the loan is paid back on time.

For election, a candidate first needs to be chosen by group members. Some disagreement on the criteria for electing leaders was observed: the members of the board need to be trustworthy, need to have spent some time as member of the group, need to be educated, honest and faithful. Yet, different members stressed different importance to those criteria. Then a special meeting is called and by majority vote the leader will be chosen.

Women and men can both be elected for the various roles in the group. If one doesn’t want to do a task, he can refuse as well. There is gender balance in the group: when the chairperson is a man, the vice-chairperson should be a woman. This is not according to the practice: in reality both duties are done by women. The group doesn’t rapport of any gender-related challenges: both men and women bring money and keep it in a comparable fashion.

The main goal for this group is to encourage those with low incomes to save in a group rather than at home. As a group they sell mats, necklaces, baskets and after selling them, they collect money to invest in needs for the group such as plates, cups and goats. A future plan for the group is to expand into a bigger SACCO and to then get registered at the district offices to increase on its security and potential to be elected for support. They desire to benefit from a district group loan of about 2,000,000 UGX. Another plan is to buy land and construct houses to rent them out. With that income, capital can be added to the group so that all members will be able to take the amount of loans they apply for.

At the end of the meeting, the chairperson makes it explicit that the group expects a return for their time. They start complaining about never having received support and claim to be in need of financial support from government, NGOs and well-wishers to improve their businesses. Some members decided to boycott this meeting by sitting on a different location, maybe because they are expecting payment. When I give a token of appreciation, the board members are satisfied.
H) Kangulya Tweimuche Group
(‘Developing Ourselves’)

The case of this group is particularly interesting. The group has a limited number of members (15) and most of them are absent at the time of meeting them. I am being told that eight members had been there, but that they had left already by the agreed meeting time. The male secretary of the group, who is a teacher in the village, is the only one taking the lead when it comes to talking. Four women are present, but they seem to confirm what the secretary says rather than giving their own opinion. The man speaks fluent English and is of high social standing in Kangulya village. Clearly, social status is very important for membership of this group, especially when it is about electing the management board. It is surprising that he is the only person talking in the course of the whole interview, even as I insist that my interpreter needs to translate everything said into Rutooro so that also those who don’t understand English can be included in the FGD. Furthermore, the management board has an unusual structure as it is small — composed of only six members— in comparison to other groups and there are no advisors. An obvious parallel with group D which was discussed earlier in this annex can be drawn.

The group was started only in 2010, after desires from villagers to isolate themselves from other groups because of problems met in other groups in the village, such as funds being stolen. This was most problematic in Ahahikaine Farmers’ Association. All members come from the same village, thus trust is very important and that is an important motivation for members to join this group. There is no mayor difference between group leaders and members, but the former need to have a good record in the village and need to be known as being approachable, having self-esteem, being disciplined, self-reliant and kind to individuals. In this group, the dominant person is the treasurer who has taken the lead in answering the questions. His behavior may be considered intimidating towards the female members of the board because he did not allow them to answers —supposedly because they don’t speak English, but that reason should be invalid because everything said was translated.

Because of this need of trust, there are specific requirements in order to be allowed to join the group: a letter from the chairperson LC1 is necessary as well as a photocopy of the applicant’s national ID, 5,000 UGX for registration and 50,000 UGX worth of shares. Only when these requirements are fulfilled, one can join the group. The procedure to apply for a loan is set up to prevent members from defrauding: one must first be registered, have shares and possess savings worth half as much as the amount one applies for. As well, some security worth the amount one is borrowing must be put in. One must fill out an application form and consequently the executive decides whether one can be given a loan, but only after the security has been visited. Consequently any of the executive members can be made responsible for follow-up on appropriate use of the loan. For example, when a loan was taken to buy land, that member will have to be able to provide the board with the land agreement. Different from other groups, this management board has a defense, whose task it is to visit the client when (s)he fails to pay back a loan. He makes an analysis of the problem and decides which measures are appropriate to be taken for recovering the loan. The executive will then decide on the punishment. Positive for the clients is that there is a long term for repayment: only after eleven months the total amount needs to be returned, and this is a much longer timespan than in other groups. The loan must be paid back in monthly instalments.

The principal goals for Kangulya Tweimuche are to improve on savings and the way of living of the villagers, as well as teaching the culture of borrowing and repaying to other people. The group has a banana plantation but also makes crafts and instruments and has started cattle rearing (so far there are only two cows for whole group) in an attempt to collect money for the group.
The social component is deemed very important for this group. Some of the group members work in town (there is for example one assistant architect who receives a fixed monthly salary), but most are farmers or sell crops in order to collect money. One young man in the group went up to college level, another old woman never went to school and in most other cases the members started but did not finish primary school. For joining the group, decisions are made individually and in most cases without consulting one’s partner.

Relatively, there are very few men in this group, and a board member explains that it is because “supposedly men usually join other groups or commercial banks in town and therefore they are not in this group” (FGD, 20/11/2016). For a group which is almost completely composed of women, it is surprising that the leading spokesperson during our visit is a very dominant man who almost does not leave space for someone else to add something to his answers. There are for example women in the management committee, but they are not contributing to the interview. When interviewing stakeholders on the significance of VSLAs in the area, some had suggested to me that dominance by a single male may be considered problematic in this type of savings groups (Head of Microfinance MotMU, 19/10/2016). Nevertheless, when enquiring on the gender balance, I am told that female members are putting in more efforts than their male counterparts and that they are also performing better what borrowing and repaying loans on time is concerned. Men are said to be not actively participating in the SGs.

The female members I address say that they have joined the group on their own decision and without having had to ask for permission to their husbands. Gender balance is said to be included in the constitution: when the chairman is male, the vice must be female and both sexes can take part in all tasks. The secretary exclaims that gender-based issues are not problematic in this group, although a lack of balance between the sexes is at least to some degree noticeable when we look at the reality. With 83% female members and 67% women on the board, it is surprising that the male members of the board are very influential.

Through the group, personal development for the members has been made possible. They explain that through membership they have been able to construct their own houses, to educate their children, to pay medication fees and to buy equipment like clothes and shoes. As well, people have invested in buying goats and cattle. The group has bought some land with the money which was collected through loans. A fishery project was thought of, but because of lack of funds it was not possible to start it. The social component is clearly very important. For example, as a group they go farming collectively on each other’s land on specifically chosen days. After one plot is finished, they go to the next etc. Another positive aspect about the group is that much attention is paid to training sessions. Trainings are generally done to encourage increased savings. They are organized by the executive committee about three times per year.

There are a couple of challenges in the group. The principal challenge this group meets is the risk of running bankrupt, because this usually happens at the beginning of the year after many members have withdrawn their savings around Christmas period. According to the administrators, delaying in paying back loan is not a problem for this group. Reason is that in order to apply for a loan with the group, the savings of the applicant are considered: the more savings one has, the higher the loan one can apply for. In case of a group member absenting, the group loses savings, and for that reason regulations were implemented to prevent this. Equally challenging is the used voting system, since there is no limitation on one’s term limits. Because I observed that the management board has a manipulative tendency, the same leaders keep on being re-elected. The current chairperson has currently been leading the group for six years now. The approach the group used for deciding on one’s capacities for leadership has had much influence on this. It is namely
mostly one’s social standing and educational level which are emphasized to decide on one’s potential. This implies that those who have not completed school will automatically feel inferior to those who are schooled and speak English. The group sees it as another challenge that it has never received support of any kind. It feels neglected by the government because financial support is deemed necessary to address the loans issue as they are often not available for all who apply for it. Another challenge which is noticeable from our visit to the group is that there is discrimination to other group members on basis of educational level, status etcetera. The group equally seem to be not very time-conscious, because three members get us in the middle of our meeting.

Members claim that for an improved access to financial services group meetings should be attended daily and there must be an increase of group’s savings so that people can access enough loans. There is also need of a back-up from bigger financial institutions to guarantee safety and stimulate bigger savings. The group now first needs to be registered at the sub-county level and then they want to register a bigger number of people within their group. Surprisingly and contrary to what the members told me, the board confirms that this group was registered already at the sub-county, while the members are not aware of that. This is a second parallel with group D (discussed above), where the group’s members were also not aware of the registration. Either there is a lack of communication between members and the groups’ boards or there is another motivation behind it. Purely based on assumptions, it may be that unregistered groups lie about their registration because they know that without being registered it is much more difficult to attract funds. A further research could provide more clarity on the issue.

What the management board is concerned, future plans include buying some land to construct an office for the savings group and increasing on one’s savings, for example by engaging in catering projects: the group plans to cook at external parties to collect money for the group. Another planned initiative is to make fishing ponds after having collected money. Then the goats and cattle projects will be boosted so that these are up to standards. The goal is to increase on the savings to expand on the different capitals: to get the children educated up to higher levels and to improve living conditions. The group's board wants to improve on the member’s saving and loaning skills, to then expand the size to that of a SACCO with up to 500 members. Interesting is that the group is actively looking for new members, through announcements over the radio and by members convincing friends to join.

I am being thanked for visiting this group, because its members had felt neglected for never having been visited or assisted by government or NGOs. Yet, we notice that also this group is money-hungry: upon giving the same token of appreciation as with the other groups, we hear complaints and stories about orphans in the group who need help and other complaints that the funds in the savings group are not enough. The group is counting on external support to alleviate the group’s challenges. It is observed that by having received me, this VSLA hopes to be elected for support so that the group can be availed with more means in the future.
I) Kalyango Ahahikaine Women’s Group

This group has been in existence for fifteen years and was started with the purpose of targeting especially mothers. When I arrive at the agreed place for the interview, I get confronted with rumors that have been going around in the village about my intervention. I refer to section C and D of this annex, where I describe similar accusations during group visits. People fear that I am looking for my own benefits and that I will leave the people I visit stranded. I get told that in the past other researchers had visited this group but they never contributed to the group’s sustainability. As one of the board members exclaims: “many promises have been made but we have always been left in vain and nobody has received help to go to University [...] we are being visited time and again, but nobody has ever helped us” (FGD, 26/11/2016). As a consequence, this group at first did not want to receive me as a visitor. The lady who takes the lead in these accusations is fluent in English, yet persistently speaks Rutooro in order to exclude me from the discussion. When I situate my position as a researcher, the members open up to answer my questions. This may provide an interesting insight in on the one hand the drawback of government/ NGO intervention which includes some groups in their interventions but at the same time excludes the great majority. When certain expectations are created and they are not fulfilled, it is worse than if the expectations were not there. On the other hand, it also proves that there is an overall feeling of being neglected in the savings groups.

This women’s group was founded to fight against poverty. The reason why people mostly join is to save small amounts so that they can create a pool of money together. It targeted women because of the government has also done effort to empower women. A women’s group can therefore easier be recognized by the government and makes chance of being elected for a grant. An objective for the women in the group is to groom the youth, and for that reason there are many young people in the groups too. Women can also promote their handcrafts and collect some extra savings. The great majority of the members (83%) as well as the majority of the group administrators (87,5%) are women. There is an active participation of the members during the meeting and there is a good formal turn up. The current chairperson has been serving for four years.

The advantages of this group as they are valued by the group’s members are related to its accessibility and that it is successful in making and selling crafts. There is also a tailoring project to collect some extra funds. The group is in need a new sowing machine, but there is not enough money available for the investment. Another side activity the group formerly engaged in, consisted of making shoes. That turned out to be too expensive and not resulting in high incomes for the group, for which it was stopped.

In this group, the women suggest that they feel truly empowered, because -as one woman on the group explains, “by having our own saving, we are mostly considered head of the family in this area because we can take loans and this way we pay for the school fees” (FGD, 26/11/2016). Summarized, it is through selling crafts and saving as a group that these women can educate their kids. The group has achieved to get most children enrolled at school.

There is a high degree of unity amongst the group members. Possibly with the purpose of preserving this unity, there are strict admission rules for the group. Besides a 10,000 UGX fee that must be paid, only people from the community can join; no one can join under the age of 18 and men can only join as youth (but once they are member they can stay as long as they want). On the other hand, no collateral is required to join the group.

Most of the group members are farmers. The education level of the group members is not very high (15 members out of 58 in total attended secondary school). The personal achievements of the members are amongst others that of having built houses, bought goats, land and fees for loans. As perceived by the members, some of the
For decision making procedures, a meeting must first be called to make a compromise for a decision. There is a meeting for decisions after every three months. The regulations of the group are strict, to prevent fraud. In order to join the group, one needs to pay a registration fee of 10,000 UGX, buy a pass book and must agree to follow the group’s rules and regulations. Regulations about presence at meetings for example must be followed and written communication is required to justify one’s absence. To take a loan, first loan forms need to be filled by the applying members. Two people are required as security. The size of the loan will then be decided on according to the applicant’s savings. The saving achievements of the people who stand-in as security will also be considered. The follow-up on the loan is being done by the board. There are regularly problems, but the security is there to prevent them. The interest is small the first month and then increases as the client delays in returning the money.

This group has encountered a couple of challenges: defaulting is a common issue in the group, with currently three people who still have loans pending which they have not yet paid back. These people will be reported to the LC1 and they are on process of being imprisoned. It will be the intervention of the local leaders which will decide if they will be fined and how much they will be required to pay. The aim is that of recovering the lost money, because if it does not come back, then every member will have to pay a share. For that reason, the group members count on the local leaders for recovering the money. Gender-related challenges are also there: the group consists mainly out of women and thus even violates the groups’ regulations of having two boys on the board. Other challenges are related to the low educational levels of the members. As well, the youth which is being groomed by the group tends to leave the group when they grow up. These trainings are thus mostly not sustainable for the growth of the group. A last challenge is that there are very many group members, but few are actually very active. Some 40/58 members are reasonably active and save about 6,000 UGX per week.

challenges are members defaulting and a lack of external support. The group has tried to solve the problem of defaulting through getting legally recognized by registering at Karago town council.

This VSLA repeatedly insists on the fact of feeling neglected because of not having received government/civil society funds or any other type of support. The group has organized training sessions, but local leaders (most importantly the district counsellor) have not responded. MBs complain that the CDO has never visited this group. The group members insist that SGs can be improved in the area only in case of receiving external support like government and donors/NGOs and therefore express their desire to be elected for such support. Yet, when I enquire further, it turns out that this group had never made a written application to the government applying for a grant. For that reason it should not be surprising that they have not received any grants. A desire to start different kinds of projects like poultry, piggery, goat and cow rearing can be observed, but the problem is again the limited capital available. Group members also want to expand on farming and handcraft-making activities.

Although women are clearly leading this group - since they dominate the board, it was observed that for specific issues the only guy in the group was consulted, particularly on questions involving money. Furthermore, it is interesting that all group members claim to have planned with their husbands and wives to join this group. Moreover, group activities like digging are done communally by men and women. They do the same activities, especially crafts are made together. There are mostly women in the group because it was started by women. Later men were allowed to help women, especially in writing, counting money and exchanging knowledge. There is an gender balance according to the constitution: the board must consist of always six women and two young guys (yet there is presently only one boy in the committee).
Others save only about 3,000 UGX per week. The crafts business is presented as a reliable source of income for the group, but when selling them, one person gets the greatest share. Only a small percentage is added to the group’s savings.

The future plans of the groups consist of applying with the government for funds; expanding on the handcrafts production and targeting more markets; receiving more members and expanding on the social capital of the group.
J) Youth 4 G (Green Growth Granary) Network

The Youth 4G group seems to be performing quite well. The board promotes itself as an innovative group with even a website - wherefore ‘4G’ in the name, which promotes youth. Members save a lot of money and they seem to cope quite well with difficulties. What makes this VSLA different is that it has been frequently visited by government and civil society officers. Unlike group F - discussed before in this annex - this group seems to have been able to grow through external support. In the group’s visitors book, the different external agents who have visited the group are registered. Among them various town clerks from Kalyango cell (Ibondo ward), the councilor LC III, the chairman LC I and LC II (Ibondo) as well as a social worker from the TPO Uganda Community Sensitization Doyca Project have visited Youth 4G. The reason for the follow-up is the funds this group was elected for through the Youth Livelihoods Programme Grant. It has received funds from TPO as well as from the government. With TPO’s support, the group has been able to buy drums and secondly, the group was selected to receive bulls from the government. Lower level government did the follow-up and monitoring of the project. The group hopes to receive more external funds to invest in buying costumes, drugs for the goats, books for record keeping of savings, chairs, stamps and tents for renting out to parties.

The meeting is well-organized. First the agenda for the meeting of that day is explained. Then a group prayer finds place, followed by an introduction to me. The group’s chairperson speeches. Following this, I am asked to present my goal for visiting the group. The FGD is followed by some concluding words by the MBs and a closing prayer. During the meeting, one person writes down step by step what happens and who talks. One person on the board has brought all the members’ books and hands them out at the start of the meeting. They are wrapped in a cover with the group member’s name written on it. The meeting starts a bit later than planned, but still most members arrive at about the same time. Those who arrive late pay a fine. Concluding from these observations, the group is seemingly well-organized. On the other hand, there is a lack of seriousness and a lot of laughter and the meeting is overall quite disorderly, but this is maybe typical for a mostly adolescent audience.

This group targets various groups of vulnerable people and that also immediately explains why the group has received more support than other groups. As its name says, the main target group is the youth, especially those between the age of 25 and 30, but also younger members are included. Different from many other groups, this meeting is very busy with many members attending the session. The group is very welcoming to me as a visitor, which makes me wonder if this is because the group has enjoyed the support of external agencies. During other VSLA visits, it became clear that when groups are visited, certain expectations concerning receiving funds are created. Equally during this visit, the board members explicated their expectations on receiving additional funds, especially when they at the end of the meeting jokingly ask me to contribute “something like at least 200,000 UGX” and then the finance officer of the group adds there “I am telling you that you will leave me with some euros” (FGD, 27/11/2016). It is clear that because of previously having received support, this group has increased expectations. Although the board members discuss some difficulties with the grant system, they are very hopeful to be receiving more funds in the future. I cannot conclude to which degree these members were teasing or if they are really aid-dependent.

When the group started, it consisted of elderly who were dedicated to grooming the youth. The group is in this aspect similar to groups A and I. There is the additional purpose of educating the youth - amongst other things in the saving culture- besides the savings and loans component. The group’s main goals are diverse and consist of engaging in the society and reinforcing the social capital within the
community. Main reasons for members to join are the group’s activities and members believe that they will learn more about saving strategies. Overall, the education level is averagely high in this group, with 40 out of 57 members having attended secondary school.

In 2010, the elderly members left the group at once because the youth had been sufficiently ‘groomed’. Since then, it has become a youth group which targets both men and women and it is currently well-performing. The group has a big management board, and it is actually quite surprising that there are many male members on the board, and that the group has still received much training and funding. This seems to contradict the apparent need of targeting women to be elected for support. Yet, also in this group women are in the majority, and as one woman in the group says, there are more women because “they are job-seekers and boys are job creators and don’t have time to attend” (FGD, 27/11/2016). Another reason for the women majority is that a group which is targeted are widows and many of the orphans are female. During the interview, one of the boys is the main spokesperson, but the girls also contribute to the answers. Because they seem to be shy to speak English, they speak Rutooro and the boy who masters English talks (even though there is an interpreter). Only one girl does not speak during the meeting. The board members insist on the active women participation in the different group activities. Women and men are considered capable of doing the same tasks so all group activities are shared by both sexes. The boys in the group insist that there are no gender-related issues. The girls agree by nodding, but they don’t speak out. Most of the women in the group joined after consulting with their husbands or wives. Only five members joined without consulting with the partner.

The social capital of this group is very important. The social cohesion is stimulated by focusing on a specific age group and because of the variety of activities which are organized (amongst others sports and crafts). Sometimes, the group is booked to perform music or dance somewhere, and through this they can expand on the group’s income. The youth in the group have their own football team (with also female members) and this creates more unity. Also, recently a group member deceased, thus a commemorative day with celebrations and a community tree planting activity is planned as group activity. Animal grazing and tree planting are organized communally as well.

The loan size is decided on basis of one’s savings and two people need to stand as security. They need to fill in an application form. The chairperson and finance committee then decide if the loan will be granted. Most are said to be paying back their loans according to the group’s regulations.

Some of the group’s achievements include that of having handed out loans to its members, as well as giving advice and recognition. Through the group, members can increase individual savings and make investments like buying cows, goats, mattresses and hens. They can obtain loans to pay school fees and partake in community participation. Members have increased their household income, but also sensitization meetings have been organized, and group projects have been started, which has stimulated a feeling of unity among the members.

The members find that the biggest challenges this group meets include the rumoring amongst members; the lack of money for saving (caused by famine); defaulting, especially by the youngest members and lack of recognition at the district. The group furthermore claims to lack tools and an office for meetings, as well as furniture and stationary. To overcome these challenges, the group has a board which outsources for the group’s projects. Other problems can be handled administratively and believes that also through praying some of the problems in the group will be solved. Although this groups have received relatively much help, the members still complain that they need to increase on their savings and that for that reason they hope to acquire support from NGOs.
Future plans are to increase on the number of members and to make it into a SACCO once the group’s savings have increased and the group has bought more land. Youth 4G wants to further build out group activities like involvement in businesses; music, dance and drama; plaiting hair; tailoring and connecting buyers and sellers. There is also the plan of investing in a cow for the group so that it can be used successively by the group member in a kind of tontine system. They also want to invest in tents and chairs for renting-out with the objective of boosting the group’s incomes. I was promised to be availed with the group’s constitution, but in the end, I did not receive a copy of it. Many groups were observed to be disorderly what the constitution is concerned, as in several cases -not only with Youth 4G- none of the MBs knew where their constitution could be found.
K) Kicwamba Subcounty Women’s Group (KSWG)

Different from the VSLAs which were discussed before, KSWG is actually a SACCO because it is organized on a higher level, as a union of VSLAs which meets at the Kicwamba sub-county headquarters. It is registered at Kabarole district and was formed collectively by women through fundraising and with guidance of the former Woman District Councilor (WDC), who is currently counsellor for Bukuuku SC and Karago TC. During a personal interview, she gives some insights on the group’s formation. In her office, she was required to mobilize women for different income-generating activities: training SGs on group dynamics and sensitizing them in about five sessions as well as inviting other technical people who are trained in agriculture, health and other issues. She realized that most women lacked finances because of their very low incomes and being mostly illiterate as well as the lack of leaders to mobilize them for income generating activities. She helped with formulating groups’ goals and objectives and providing them with skills on working in groups and how to manage to work for income generating activities as well as putting management committees in place and training them on their roles and responsibilities and ensuring that it is functional. It was so that she got involved in the foundation of this umbrella group at the subcounty: Kicwamba SC Women’s Group. This umbrella group was founded through fundraising. As WDC, she had called for all the women to come together and to sell things in order to raise money which would be pulled together to start this SACCO. Also Members of Parliament and fellow community members contributed- as well as many other groups amongst which Bukuuku’s Mother’s group (discussed under M). Through the mass-fundraising some 1.5 million UGX was collected and shared between Kicwamba SC (800,000 UGX- which would enable 50,000 loans) and Bukuuku SC (700,000 UGX). With this amount, the groups were enabled to set-off. Each group was given 50,000 UGX as revolving fund and 10,000 was added as interest. This money has started accumulating slowly. Now each of the groups which are part of this umbrella group will be given 500,000 UGX as loan at every meeting. At first, there were twelve VSLAs part of the umbrella group, but more kept on registering and the women’s counsellor has kept on mobilizing, and now 32 VSLAs have registered and are part of the union. Each of the VSLAs contribute between 20,000-30,000 UGX to the umbrella group at every meeting. At least five members of every VSLA must attend the sub-county group’s meetings, but VSLAs are free to send all other members as well. At least the chairperson, treasurer, secretary and two other members of the board should be present.

Without performing well, a VSLA cannot join this SACCO. The motivation for VSLAs to join this bigger group is to get access to a bigger pool of funds and also, they can be recognized as a bigger association. This is interesting especially towards government and NGOs when they hand out loans, grants or seeds. The standards of women can be uplifted through this bigger group and also it is a good place for exchanging ideas and information so that the standards get uplifted. One of the women adds that since it is many women coming together, there is an important social aspect as it gives the time for women to discuss things and to leave away other domestic duties. There are four groups from Buhara in KSWG, amongst them groups B and E as they are discussed in this annex.

Only three groups did not comply, so the individuals who failed to pay back their loans were blacklisted, their names were forwarded to sub-county authority and they were forced to pay back. About ten of these groups are in Kicwamba SC, and about ten are in Karago TC. These groups are annually audited by independent auditors. Today the total saving of KSWG has reached 21 million UGX. Now any amount of loan up to 800,000 UGX is possible. The former WDC remains involved with follow-up of the umbrella group, to encourage formation of new VSLAs. Also, at meetings at the parish and SC, she pushes suggestions for improvement, especially concerning budget allocation from the
district level and to stimulate follow-up of community support on health, education, infrastructure etcetera.

Since KSWC is a larger group, representatives of many different groups come together for saving and credit. The reason for success is that these groups have mobilized their own resources because the bank’s interests are too high for poor women. There are also trainings on entrepreneurship and agricultural methods as well as skills training to market products and handle customers. The MBs of various VSLAs can learn these skills and implement it in their own groups, which is expected to stimulate their social capital. Most groups have complied with the umbrella group’s requirements and they still exist today. KSWG’s board explains that it has been successful at promoting the culture of saving. For that very reason, this group explains to be no longer willing to accept loans from other institutions. To get a loan from this umbrella group, a VSLA must pay 2,000 UGX and the application must be signed by secretary, treasurer and chairperson. Follow-up on the loans is done through checking individual’s passbooks.

This group’s board is organized similarly to smaller VSLAs. It is composed of at least six women. The executive committee spearheads the group’s activities and is responsible for their follow-up. Men were added to KSWG to enforce the group and to chase defaulters. Yet, the MBs explain that in the history of the group, it are mostly the men who have defaulted. At the meeting, the group is time-conscious and we don’t get a lot of time for the interview. This is the only group which refuses to share its constitution. What was not told to me during the FGD with board members is that the board had tried to default money in the past. The former Women District Councilor, who was the founder of this group, informed me about this. When the WDC intervened in an attempt to recover the stolen funds, she was harassed. In the end board members started refunding the money and the culprits were taken to the police. Here the importance of legalization was proven because the money could be recovered since the group had been legally registered.

Another observation from the visit to this group is that because of its connection to the government through the WDO, the group has enjoyed a lot of government support. This is a similar observation as in case of group F and group D which have had an increased opportunity to apply for a grant, respectively because of close connections with the LC I and parish chief. In the case of KSWG, the group got first elected for a fund of 3 million UGX from NAADS. This was given to the group to buy a cow, but the group preferred to instead use it to increase on its loan portfolio. The cow’s offspring was sold and money saved, the cow is now still circulating. The board explains that it was NAADS who at first recognized KSWG as a group, but it was nevertheless not involved in its inception. Later, it received an independent CDD fund of 3 million UGX. The grant was considered to be of use for investing in a tailoring project, but that was not successful, so the money was just added to the savings scheme. It should be observed that these grants are commonly not used for what they were intended for. The MBs believe that it has enabled the umbrella group to hand out individual grants for projects and to run small businesses, to buy land or for livelihood improvement. On the other hand, this group has also received trainings on record keeping in three sessions by officials from the CDOs office. Since that CDD grant, the group has not send any other written applications for a grant. According to the WDC, there is a backside to these funds, namely that men will stop supporting their wives financially. She adds that the conflict between men and women is typical for Tooro culture and that “the dependency syndrome is still very present in the Tooro culture” (05/12/2016). Besides, there is the danger that women will spend money wildly.

The WDC then narrated on the radio about the success of the group in order to sensitize and motivate other community members to show that the group prospers. The group has now existed for more than fifteen years and according to the
board members reasons for its success include transparency and unity amongst women and prospering because of complying with regulations and by-laws. The regular visits to the group by LC1, LC5, community extension staff from the SC, parish chiefs, district counsellor etc. have been beneficial.

Internal trainings take place at every meeting: on safe water, health -this includes sensitization on HIV prevention and a cervical cancer screening, nutrition and family planning. Some achievement that have been made because of this SACCO include personal development for the group’s members; better educated children; investments in land, goats and hens; helping women by getting loans from the sub-county and by sensitizing. The sub-county as well as the district recognize the organization.

As discussed above, the principal challenge for this group is defaulting, which mostly happens through board members -although one MB argues that there has been no defaulting. The WDC explains that “an improved policy is that now whoever is a culprit can be taken to court of law, while previously not” (05/12/2016). It is the DCO’s task to give technical guidance to groups, particularly to make sure that they are registered at the sub-county. It is essential that the group is registered as a CBO and money-lending organization, rather than as NGO, in order to be able to put interest on loans. In case of not having been registered, it is not legal to ask for interest. Complaints we hear from the members is that they suffer from a lack of market where they can earn money. When there is poor performance in farming this causes people to skip payment, but this has consequence for other groups which will get smaller loans because of others not yet having returned the money. Other challenges are related to a lack of training on financial management and record keeping, which is also problematic to manage funds. MBs complain that there is also need of a changed mindset, so that people realize that they need to work to obtain savings. There is moreover a lack of skilled personnel, which is required for better record keeping. The group lacks a proper office and currently meets at the sub-county office. When this is occupied, they are forced to do their meeting outside, which is not ideal as they are handling big amounts of money and there is no security guard.

It is observed that most VSLA members are absent, because they count on the executive members to represent their group, while they are actually expected to be present as well. This has as negative consequence for the members that they will be less informed about their savings at the SACCO if they do not attend these meetings. The meeting takes from 10 a.m. up to 5 p.m., but according to the board the duration is not a challenge because the members are used to the practice and since it is once a month only they do not find it time-consuming.

Future goals for the group are to have an own office and workers as well as professionally qualified staff and a safe. Also, they want to expand the group’s size. (Summary from FGD, Kicwamba sub-county, 01/12/2016).
L) Ahahikaine (‘Let’s come together’)
Savings and Credit Cooperative Association

This group is well-performing. It targets single parents and is registered at Karago TC. It was founded through the local organization CADIFA and has been visited by TPO Uganda –but has so far not received financial support. It only received trainings on financial literacy through CADIFA. Yet, the board claims that there is need for more trainings. When enquiring on it, it turns out that this group has never submitted any written proposal to ask for support. I had a personal interview with the board members but also with the HOFOKAM trainer who initiated this group.

The group’s constitution was made with help of Karago TC’s CDO. She still visits the group once a year and renews the group’s certificate. It has a very massive board, with thirteen board members -nine of them are women. At the meeting, nine of the MBs are present. The group’s size is bigger than usual, with 85 members registered -65 of them women. There are some unusual offices in the board such as the discipline whose task it is to make sure that people are in order, organized and come on time and to avoid drunkards from interrupting the meeting.

The current chairperson has been ruling for four years. There is no need of having a high social status in order to be recognized as a leader. The number of members in this group is also much greater than in other groups. An explanation may be that in order to join this VSLA, there is no need to be from the very village and that there are no requirements other than being faithful and capable of joining the enrolment fee to be able to join. It is observed that in some aspects like group size and regulations, it diverts from the classic VSLA method.

The board members are happy to be addressed and to answer my questions. They explain that this group was started in order to help people with income generation: “a savings association was needed in this village so that villagers can save amongst themselves and with people they know, while avoiding long distances. Its principal goals are getting money for school fees, adding in businesses and income generation” (FGD, 04/12/2016).

For loans, the applicant has to fill out a form. When one person requests a loan, he must have two guarantors. Based on his savings and shares, the treasurer and chairperson will decide whether the applicant can be given a loan. There is no further supervision on the use of the money. What makes the group accessible is that very small loans up to very large loans can be taken.

During the FGD, MBs explain that there are many more women because most men are not interested. Mostly those who join are single parents or women whose husbands are drunkards. As well -as the group’s name says- it wants to bring everybody together, also men and women. There is gender balance on the board. Only the key-keepers are consistently all women, who are residents from different places, because they are said to be more trustworthy, in contrast to many men, who are “drunkards and fear being imprisoned” (FGD, 04/12/2016).

This group reports to have met gender-related challenges since men and women do not always agree on issues like expenditures such as emergency fund and also when someone is in need of help. Other group challenges are related. For example, some people refuse to contribute on weekly basis to welfare fund. Furthermore, the main challenge is the lack of money available for loans, especially in case of one being sick. Also, most people fail to pay interest and many fail to bring back at all the money they have borrowed.

Some of the future plans include also in the case of this VSLA the development of a bank or a big SACCO and to improve the group’s office as well as to invest in big tents and chairs, plastics to rent out as group and as a group they want to start up a mobile money business.
M) Bukuuku's Mothers' Concern Savings and Credit Group

-Author’s note: This group’s visit did not work out as planned, because the group meets only once a month and I was not available at the group’s planned meeting day. Therefore, I made an appointment with the long-running chairperson of Bukuuku’s Mothers Concern group. It is the same person who used to be Kicwamba SC’s Women Group’s chairperson. She has continuously been on the management board since 2008, fulfilling different positions. For that reason, she was found capable of giving a good idea of the achievements and challenges this group has encountered.

Although I lack observations, it is nevertheless interesting to also discuss this group, because it is seemingly very well-functioning and it has some peculiarities when we compare it to other groups. It has been in existence since 2008 and it is registered at Kicwamba sub-county. One of its great peculiarities is that this group has never had any male members. According to the group’s constitution only women are welcomed. In comparison, other groups who target women - such as group E, G and I which were discussed before, have many male members too and are sometimes even more dominant than women in these groups. A second aspect is that combined with saving and credit, this group provides a special program on computer training, something which had not been provided before in Karago TC. This program has run for about five years in the VSLA. The social capital of this VSLA is very important. This Bukuuku’s group is also involved in other activities such as the counselling of young girls to prevent early pregnancy and the settling of domestic issues. Through the group, women can be trained on how to say no to harassment by men. The group also trains ‘boda-boys’ on condom use in order to protect young girls and women and it sensitizes men on not fighting their wives and spouses and trains its members on specific skills so that these can be passed on to the younger generations.

Partially because of its focus of women empowerment, but also because of its close connection to the government through the WDC and its membership of the Kicwamba umbrella group, this group has received much support. Important is the advocacy work this group’s chairperson has done, by requesting the government for support and services. This way, the VSLA has received a sum of five million funding from the CDD-grant in 2011 and one million was added as a member’s contribution to enable investments in computers and photocopy equipment and training of one woman to work with it. Each member added 50,000 UGX so that the group’s loan portfolio could increase. After having collected this amount, an account was opened at the Bukuuku SACCO. Consequently, about two million UGX was collected and handed out so that all women could invest in goats, pigs, poultry and other.

Different organizations have also been involved in the group’s training. It receives training from KRC once a year on group dynamics and financial management and on how to advocate for their rights as women. Also Raid Africa held a single big conference for youth training in 2013 on how to improve youth livelihoods, how to mobilize into groups and how to get support; RFFPJ furthermore trained the group in 2015 on roles of leaders and community members (e.g. that they should expect good services rather than financial aid).

It is the chairperson’s intention to connect the women in this VSLA into a bigger network of 1,000 women from 95 parishes across the whole district. She explains that the objective is to make a women’s bank where they can borrow with limited interest (about 1%) so that economic empowerment can take place and women are put in the position to start saving. She adds that this way “the critical problem of where to get money in the VSLA methodology as it exists now can thus be solved” (WDC, 05/12/2016). She has applied for funds with the LC5. Other proposals to NGOs and government are written with the objective of enabling more funds.
ANNEX 14. ADDITIONAL GRAPHS ON LOANS FROM VSLA

Return time loans for the 13 VSLAs

- 1 month
- 3 months
- 3 to 6 months
- 11 months
- Missing

Interest rate loans for the 13 VSLAs

- Depending on amount borrowed
- 2%
- 2-5%
- >5%
- Missing

| SG's | 3 | 2 | 5 | 1 | 2 |
ANNEX 15. POLICY RECOMMENDATION TO EIGHT

As addition to this study, I include a policy recommendation to Eight, since this organization was indirectly the instigator for me to have done this research.

Considering that until 2019 the ‘Eight'-project, which provides basic income to the villagers in the area of study, is running, I hope to contribute to the project with the following recommendation:

It was found that the most difficult objective of development work is to implement a project which will lead to a long-term increase in sustainability. Concerning VSLA, it was observed that many different organizations active in the area make use of different methods, which actually decreases its potential. When a new actor comes in who makes use of a different method, this implies the risk of disrupting the already existing and well-established schemes. Moreover, in literature on the unconditional cash transfer, it was discussed that the practice is not without risk in the developing world, because it potentially increases dependency on an external actor who is responsible for the funding. As the head of microfinance at MotM warned: “the villagers will change their diet to fish and meat, but when the money disappears and they will go back to rice and matooke, it will be worse than before” (MotM University, 26/10/2016). In my research I refer to Sen’s capability approach. In Development as Freedom (1999), he concludes that real development cannot be reduced to simply increasing basic incomes. First, the conditions must be created so that a set of freedoms can be achieved. I would therefore recommend working within an existing framework. Combining the cash transfer with follow-up on savings groups’ formation, sensitization and training should not impact on the unconditionality, but the project will be better framed within an already existing procedure. This will stimulate rural people’s empowerment, impede wastage at the moment of cash transfer and will furthermore facilitate the achievement of the four expected effects at the end of the two-year period. Through successful membership of a savings group, the social capital of people in the area will increase and they will automatically “unite and therefore become stronger in defending their common concerns”, as it is presented as one of Eight’s goals (Eight Non Profit Organization, 2017).
By building on a savings and loans strategy, the risk for the community to fall back to scratch soon after the development actors have withdrawn and the basic income project has ended, diminishes. Besides, a challenge with a small-scale basic income project is that it will cause increased competitiveness with neighboring villages. In case of promoting the VSLA, there is a possibility of achieving a greater reach through the project, because people from different villages are in one group. By having access to bigger loans, also those who have not received a basic income will be enabled to increase on their savings and capitals. On the other hand, the destitute who were formerly excluded from joining a VSLA because of lacking means to start saving, would be included due to the basic income and this could solve one of the SGs’ principal challenges. Even, Eight’s reach might expand because an added focus on VSLAs could stimulate cooperation with other organizations and the Ugandan government who have in the recent years increasingly shown interest for the Tier 4 form of microfinance as a development scheme. They could for example provide trainings on financial literacy in case of being availed with means.

To conclude with, although my research has shown that there are definitely flaws in the VSLA-method, I believe that it could be good to aim at improving the existing scheme. Handing out money without connecting it to this overly present savings mechanism could mean a missed chance to enhance the long-term validity of your interference.