



**Project for Financial Inclusion in Rural Areas (PROFIRA)**

# **Women's Economic Empowerment Outcomes of Savings and Credit Cooperative Society and Community -Based Savings Group Members**

**AUGUST 2022**

# Women's Economic Empowerment Outcomes of Savings & Credit Cooperative Society and Community-Based Savings Group Members

## Background

Financial inclusion, including access to credit, is one of the key pillars of the Government of Uganda's efforts to eradicate poverty, yet a large proportion of the rural population in Uganda has little or no access to financial services. Women in particular face significant barriers to accessing credit, limiting their ability to achieve economic empowerment.

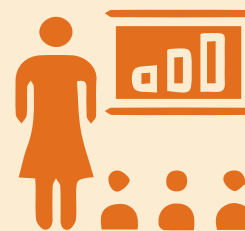
Evidence suggests that savings groups, such as Savings and Credit Cooperative Societies (SACCOs) and community-based savings and credit groups (CSCGs), can have positive impacts on economic outcomes and women's economic empowerment in Uganda<sup>1,2,3</sup>. SACCOs and CSCGs are both voluntary associations through which members regularly pool their savings and subsequently, obtain loans which they use for various purposes. CSCGs in Uganda generally include 25-30 members, 70% of who must be women. SACCOs operate like cooperative societies with a statutory minimum of 30 members, but more members are recommended. SACCOs require registration with the "Registrar of Cooperatives" whereas CSCGs are more informal in nature. SACCO members must have paid at the time of registration.

Registration of a SACCO requires information about schedules for entrance fees paid, shares, and savings and loans. The SACCO members voluntarily associate by pooling their savings and subsequently obtaining loans. In contrast to CSCGs, SACCOs do not have guidelines on gender composition. The activities of a CSCG run in "cycles" of about one year, after which the accumulated savings and profits are shared among the members according to the amount each of them saved.<sup>1,4</sup> Savings groups likely also contributed to the resilience of members and their communities during the pandemic; for example, by mitigating the negative economic consequences of COVID-19 on food insecurity.<sup>5,6,7,8</sup> However, only limited evidence is available on the effectiveness of government-supported savings group programmes, despite their relevance for national social protection policy (Namisango et al., 2022<sup>ii</sup>).

This brief presents findings and recommendations

<sup>1</sup> The [PROFIRA website](#) provides more details on the formation and functioning of SACCOs and CSCGs.

## Lessons for Policy



1. Invest in the shock responsiveness of SACCOs and community-based savings groups.
2. Prepare for a rigorous impact evaluation of the PROFIRA programme and examine the differential effects of community-based savings groups and SACCOs
3. Convene a working group of different social protection programmes to improve coherence and cost-effectiveness by the integration of different social protection mechanisms.
4. Explore the possibility of increasing access to credit by leveraging the Uganda Microfinance Regulatory Authority and the National Identification and Registration Authority of Uganda-issued identification to assess the creditworthiness of SACCO and CSCG members.
5. Explore the option of mobile money sources to increase access to credit for members of SACCOs and community-based savings groups.
6. Provide avenues for members of more mature SACCOs to transition to commercial businesses.
7. Women without an income source from wage labour or self-employment may require cash transfers or graduation programmes before becoming members of SACCOs or community-based savings groups.
8. The government should focus on using validated women's economic empowerment indicators that are contextually relevant for rural Uganda.

from a study that examined economic and women's empowerment outcomes of members of SACCOs and CSCGs supported by the Project for Financial Inclusion for Rural Areas (PROFIRA) in Uganda, which was launched in 2016. PROFIRA is a government-supported programme that aims to strengthen SACCOs and CSCGs. The programme has three main

components: (a) strengthening the sustainability of SACCOs, (b) extending the reach of community-based financial services, and (c) providing policy, project management, and institutional support to savings groups and the microfinance sector. In this way, the programme aims to enable groups to provide targeted financial services to rural populations across Uganda. PROFIRA was implemented across all four main regions of the country, with a focus on CSCGs in the Eastern, Mid-North and West Nile regions, while interventions for SACCOs were concentrated in the Central, Southwest, and Western regions.

## Methods

The study used a mixed-methods design to examine economic and women's empowerment outcomes among female SACCO and CSCG members across 29 districts in all regions of Uganda. Specifically, the study used a survey among 1,545 women members of SACCOs and CSCGs supported by PROFIRA. The study also included focus group discussions with members of SACCOs and CSCGs and key informant interviews with SACCO managers, CSCG chairpersons, and district commercial officers. Finally, the study examined trends in loans and savings from SACCOs and CSCGs over 4 years.

The survey included a variety of indicators related to financial inclusion, livelihoods, and women's economic empowerment. These outcomes focused on savings, credit, and women's decision making related to productive activities, productive resources, autonomy in decision making on household consumption, and women's ownership and control of assets. In general, the study uses the framework developed by the women's empowerment in agriculture index developed by IFPRI and recommended by the Evidence Consortium on Women's Groups<sup>9,10,11</sup> to measure women's economic empowerment.

## WEE Outcomes in SACCOs and Savings Groups—A Summary of Findings



**Membership in SACCOs and CSCGs increased by 20–30% between 2016–2017 and 2019–2020.** The average number of members among Category A SACCOs<sup>1</sup> ranged between 3,350 per SACCO in the Western region to 4,000 per SACCO in the Central region in 2015–2016. The average number of members increased to a range between 4,500 in the Eastern region to 5,600 in the Western region by 2019–2020. The study found a similar increase in membership within Category B SACCOs. More than 75% of the members in CSCGs were women, most likely because of the requirement to have 70% women members. The study was not able to obtain data on female membership for all SACCOs, but data on a select number of SACCOs indicated that female membership rates increased between 30% and 50% per region.



**SACCOs saw a large relative increase in their savings and loans portfolio between 2016–2017 and 2019–2020, whereas the increase in savings for CSCGs was more modest.** The average savings portfolio for Category A SACCOs increased from a range of UGX 600 million (Eastern region) and 800 million (Central region) in 2017 to a range between UGX 800 million (Eastern region) and 1.5 billion (Central region) by 2020, with the largest increase for SACCOs in the Central and Western region.



**Access to affordable working capital to do business and improve livelihoods was the most common reported reason for joining SACCOs and saving groups.** Women members reported difficulties in accessing bank loans since they lacked collateral as a motivating factor for joining these groups. SACCOs and savings groups help them mobilize their savings and acquire credit.<sup>2</sup> Women also mentioned business development training as a reason for joining SACCOs and savings groups.



**Women in SACCOs and CSGs generally reported relatively high levels of decision making and autonomy in their households.** Most women who were participating in productive activities had a relatively high degree of autonomy, with more than 60% making sole decisions about their participation, except in activities related to large livestock farming and large occasional household purchases. Similarly, the proportion of women who were making most or all the decisions about how to use the income from productive activities ranged between 50% in the Eastern region to about 80% in the Central region, except for income from large livestock.



**A women's empowerment measures validation exercise, conducted as part of the PROFIRA study, suggests that eight indicators of empowerment are reliable and valid among rural women in Uganda.** These measures are: (a) input in production decisions; (b) access to credit; (c) decision in the use of credit; (d) influence within a community; (e) input in decision making on how to use output and income from output produced at home; (f) having self-efficacy; (g) influencing decisions in the groups; and (h) being able to speak about and act upon cases of gender-based violence.

## Recommendations for Policy

1. **Invest in the shock responsiveness of CSGs and SACCOs.** CSGs likely contributed to the ability of women to gain access to credit (Adegbite et al., 2022), and while SACCOs have fewer women members they likely contributed to the access to credit of their women members as well. <sup>iv</sup> However, the COVID-19 crisis showed that women savings group members are vulnerable to large economic shocks, such as COVID-19-induced lockdowns and restrictions. Women savings group members continue to face large shocks, including supply chain disruptions and increases in food prices, demonstrating a need to increase resilience. Increasing such resilience will require investments in the shock responsiveness of CSGs and SACCOs (e.g., through the introduction of insurance mechanisms). Alternatively, SACCO and CSG members may require cash transfers or different social protection programmes when they face large economic shocks.
2. **Prepare for a rigorous impact evaluation of the PROFIRA programme and examine the differential effects of CSGs and SACCOs.** While the study of the PROFIRA programme found that female CSG and SACCO members experienced relatively positive empowerment outcomes in various domains (e.g., ownership and control over productive resources including land and control over the use of income from productive activities to access to credit, autonomy in the use of borrowed funds, and taking responsibility to repay the loans), it did not include a comparison group. Because the study did not include a comparison group, it is not possible to attribute the positive empowerment outcomes to PROFIRA, also because PROFIRA may have targeted successful CSGs and SACCOs. Nonetheless, existing evidence suggests that savings groups can generate positive impacts on economic outcomes and women's empowerment in Uganda. <sup>ii</sup>, <sup>i</sup>, <sup>iii</sup> Keeping this in mind, we suggest to prepare for a rigorous impact evaluation and cost-effectiveness analysis of PROFIRA before making final decisions about scaling up the PROFIRA programme. In addition, it is important to assess the relative contributions of CSGs and SACCOs to women's empowerment. This would require comparing the impact of CSGs relative to a counterfactual and comparing the impact of SACCOs relative to a counterfactual. SACCOs saw a larger increase in their savings and loan portfolio, but CSGs have a larger percentage of women members, indicating that CSGs may have a larger potential to improve women's economic empowerment. However, the current evidence does not allow for deriving conclusions about the causal effects of PROFIRA, the effects of CSGs, or the effects of SACCOs.
3. **Convene a working group of different social protection programmes to improve coherence and cost-effectiveness by the integration of different social protection mechanisms.** de Hoop et al. (2022)<sup>12</sup> show the importance of stimulating synergies among different government-supported social protection programmes. The Government of Uganda currently runs several social protection programmes,<sup>2</sup> including

the Uganda Women's Entrepreneurship Programme, PROFIRA, and the Parish Development Model, that can each benefit from a concerted approach towards improving economic outcomes, resilience, and women's economic empowerment. This would require a system-level approach by allocating resources to social protection policy and strategy development to limit gaps and overlaps in programme coverage and to improve coherence and cost-effectiveness. The proposed Generating Growth Opportunities for Women in Uganda project<sup>13</sup> can potentially explore this possibility during the design phase. The working group could also examine the relative importance of CSGs and SACCOs for women's economic empowerment and assess whether SACCOs may require a larger percentage of women members to positively contribute to women's empowerment. In addition, the Generating Growth Opportunities for Women in Uganda<sup>14</sup> project could explore opportunities for SACCOs to target women with higher asset ownership, while CSGs could target women with fewer assets.

4. **Explore the possibility of increasing access to credit by leveraging the Uganda Microfinance Regulatory Authority (UMRA) and the National Identification and Registration Authority of Uganda-issued identification to assess the creditworthiness of SACCO and CSCG members.** Women cited the difficulty of accessing bank loans as a motivating factor to join SACCOs. SACCOs and savings groups helped members mobilize their savings and acquire credit without the requirement for collateral, which most of the women members lacked. Mechanisms that document and safely share credit-related behaviours of women within these savings groups can potentially unlock more sources of formal credit. This process could be built into the registration of savings groups that is currently ongoing in Uganda if it is combined with the collection and sharing of frequent transaction data by the UMRA. UMRA could create a system to share information about creditworthiness of SACCO and CSCG members based on linkages with existing assessments of creditworthiness by banks.
5. **Explore the option of mobile money sources to increase access to credit for SACCO and CSCG members.** In addition to assessing creditworthiness, the government of Uganda could also explore opportunities to increase access to credit through mobile money. A recent study indicates that the proliferation of mobile money may have increased access to formal credit, including in Uganda, though more rigorous evidence is required to determine the impact of mobile money on access to credit for women SACCO and CSCG members.<sup>15</sup>
6. **Provide avenues for members of more mature SACCOs to transition to commercial businesses.** The study of the PROFIRA programme found that women in SACCOs may be more likely to attain economic empowerment by engaging in economic activities with higher returns, such as commercial businesses, than in small-scale agriculture where most of the women in CSGs were concentrated. Since running nonagricultural enterprises requires larger capital and intensive business training, the government could initially focus on running demand-based pilot programmes to encourage women in mature SACCOs to start commercial businesses. However, it remains important to stimulate smaller-scale businesses for women with less financial and human capital. SACCOs have more women with secondary education when compared to CSGs (61% vs 19%), who likely have higher financial capital<sup>3</sup> and a possibility to make larger investments. However, women without education are primarily concentrated in CSGs and may not have the resources to invest in commercial businesses.
7. **Women without an income source from wage labour or self-employment may require cash transfers or graduation programmes before becoming members of SACCOs or CSCGs.** While the PROFIRA programme may generate benefits for economically active poor women (or the "missing middle"), it may generate fewer benefits for poor women without an income source. Currently, around 66% of the women members reported they obtained income from self-employment through non-farm enterprises and 20% of the women members reported they obtained income from wage employment. Women without an income source from wage labour or self-employment may require different social protection programmes.

2 Social protection is defined as the set of measures that provide security for the poor and vulnerable and generally includes programs that provide opportunities for people to move out of poverty. Gomez (2011) provides more details at <https://www.3ieimpact.org/sites/default/files/2019-09/3ie-scoping-report-sp-window.pdf>

3 Montenegro & Patrinos (2014) report that those who graduate from secondary school in Uganda, on average, earn 16.7% more than their peers who complete primary school at <https://openknowledge.worldbank.org/handle/10986/20340>.



8. **The government should focus on using validated women's economic empowerment indicators that are contextually relevant for rural Uganda.** The women's empowerment measures validation study that was conducted in parallel with the study about PROFIRA suggests that eight indicators of empowerment are reliable and valid among rural women in Uganda. The government should only use reliable and valid measures in all gender-related data collection and evaluation studies that it commissions going forward. It should encourage its evaluation partners to focus on measuring these indicators in their gender-related work related to various government-supported programs.

## Limitations

1. **The data on membership of SACCOs do not provide sufficient details on gender-differentiated membership rates.** Without such data we cannot provide reliable evidence on the percentage of men and women who are members of SACCOs.
2. The study design does not allow for establishing causal evidence that the programme helped improve the WEE indicators that were measured because it did not include a comparison group. In the absence of a comparison group, the evidence we have can, at best, be considered as suggestive for positive impacts of the PROFIRA programme, especially because PROFIRA may have targeted successful groups.
3. Since the study did not include groups that received only certain components of the PROFIRA programme, we do not know the relative impacts of the three components of the programme. A study that compares empowerment outcomes when participants are provided different combinations of the three components can help us understand which of the components may be critical in generating impacts.
4. The study did not include a costing or cost-effectiveness analysis limiting our ability to present conclusions about the return on investment of the PROFIRA programme. A costing or cost-effectiveness analysis would allow for stronger conclusions about the return on investment of the PROFIRA programme.
5. The study was not able to determine the differential effects of SACCOs and CSCGs. It is important to consider the relative effectiveness of SACCOs and CSCGs, but that will require a rigorous randomized controlled trial or quasi-experimental design. Such an impact evaluation design could also use different treatment arms to assess the separate effects of SACCOs and CSCGs.

## Acknowledgments

The findings presented in this brief are based on the study titled "Women Economic Empowerment Outcomes in SACCOs and Savings Groups," conducted by Policy Analysis and Development Research Institute (PADRI) and commissioned by CARE Uganda with funding from the Bill & Melinda Gates Foundation. This brief and recommendations for policy and practice were compiled by the Evidence Consortium on Women's Groups in partnership with CARE. We also would like to thank PADRI for producing the original reports.

### (Footnotes)

- 1 Category A SACCOs are nongovernmental organisations funded by donors, whereas Category B SACCOs are financial cooperatives and credit unions funded by members' money and savings (Association of Microfinance Institutions of Uganda, 2005).
- 2 Unfortunately, the study does not include comparisons of savings and credit between male and female members because of limited data.

### (Endnotes)

- 1 Blattman, C., Green, E. P., Jamison, J., Lehmann, M. C., & Annan, J. (2016). The returns to microenterprise support among the ultrapoor: A field experiment in postwar Uganda. *American economic journal: Applied economics*, 8(2), 35-64.
- 2 Namisango, E., Mulyampiti, T., Apunyo, R., Muhidini, N., Okiria, E., Kalyango, R., Ojambo, K., Otike, C., Wangi, R., Ndagire, R., Kinengyere, A., Obuku, E., White, H., & De Hoop, T. (2022). Scoping review of the evidence on

women's groups in Uganda. Evidence Consortium on Women's Groups.

- 3 Karlan, D., Savonitto, B., Thuysbaert, B., & Udry, C. (2017). Impact of savings groups on the lives of the poor. *Proceedings of the National Academy of Sciences*, 114(12), 3079-3084.
- 4 Project for Financial Inclusion in Rural Areas – (PROFIRA) (n.d.). <https://profiraug.go.ug/reports/>
- 5 Adegbite, O., Anderson, L., Chidiac, S., Dirisu, O., Grzeslo, J., Hakspiel, J., ... & de Hoop, T. (2022). Women's groups and COVID-19: An evidence review on savings groups in Africa. *Gates Open Research*, 6(47), 47.
- 6 CARE (2022). COVID-19 & Women: Saving for Resilience: Women (in VSLAs) Respond: Final Report, June 2022. [https://www.care.org/wp-content/uploads/2022/07/Women-in-VSLA-Respond\\_Final-Report\\_June-2022.pdf](https://www.care.org/wp-content/uploads/2022/07/Women-in-VSLA-Respond_Final-Report_June-2022.pdf)
- 7 De Milliano, M., de Hoop, T., Holla, C., Lakew Yihun, K.L., Mulyampiti, T., Namisango, E., Akinola, A., Natukunda, M., Okello, S., Khaoya, I., & Joseph, T. (2022). Savings group member resilience over the course of the COVID-19 pandemic: Evidence from Nigeria and Uganda. <https://womensgroupevidence.org/sites/default/files/2022-04/CARE-Women-Respond-Brief.pdf>
- 8 Sanyal, P., Namisango, E., Mulyampiti, T., Akinola, A., Iskarpatyoti, B., de Hoop, T., Lakew Yihun, K.L., Khaoya, I., Okello, S., Natukunda, M., & Joseph, T. (2022). How the COVID-19 Pandemic Affected VSLAs and Their Members: Qualitative Evidence from Nigeria and Uganda.
- 9 Malapit, H. J., Pinkstaff, C., Sproule, K., Kovarik, C., Quisumbing, A. R., & Meinzen-Dick, R. S. (2017). The abbreviated women's empowerment in agriculture index (A-WEAI).
- 10 Malapit, H., Quisumbing, A., Meinzen-Dick, R., Seymour, G., Martinez, E. M., Heckert, J., ... & Team, S. (2019). Development of the project-level Women's Empowerment in Agriculture Index (pro-WEAI). *World development*, 122, 675-692.
- 11 De Hoop, T., Peterman, A., & Anderson, L. (2020). Guide for measuring women's empowerment and economic outcomes in impact evaluations of women's groups. Retrieved from <https://womensgroupevidence.org/sites/default/files/2020-03/Guide-for-Measuring-Women-s-Empowerment-and-Economic-Outcomes-in-Impact-Evaluations-of-Women-s-Groups.pdf>
- 12 De Hoop, T., Siwach, G., Holla, C., & Mahapatra, B. (2022). Convergence of Social Protection Programs in India: Impact of Self-Help Groups on Access to and Employment Under the Mahatma Gandhi National Rural Employment Guarantee Scheme. Available at SSRN 4153417.
- 13 World Bank. (2022). Uganda - Generating Growth Opportunities and Productivity for Women Enterprises Uganda Project (English). Retrieved from <https://documents1.worldbank.org/curated/en/527091655323259747/pdf/Uganda-Generating-Growth-Opportunities-and-Productivity-for-Women-Enterprises-Uganda-Project.pdf>
- 14 World Bank. (2022). Uganda - Generating Growth Opportunities and Productivity for Women Enterprises Uganda Project (English). Retrieved from <https://documents1.worldbank.org/curated/en/527091655323259747/pdf/Uganda-Generating-Growth-Opportunities-and-Productivity-for-Women-Enterprises-Uganda-Project.pdf>
- 15 Agarwal, A., & Assenova, V.A. (2022). Mobile money as a steppingstone: Addressing voids in credit-market institutions through digital platforms. Retrieved from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4132783](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4132783)



# care<sup>®</sup>

---

CARE International in Uganda

Luthuli Avenue - Bugolobi, Plot 78, 5th Floor, Union House, P. O. Box 7280, Kampala - Uganda

Tel: +256312 258 100. [www.careuganda.org](http://www.careuganda.org)



*This Report was produced with support from the Bill and Melinda Gates Foundation in partnership with Project for Financial Inclusion in Rural Areas (PROFIRA) and CARE International in Uganda*