



## **Savings and Loaning Program of the Sponsored Self-help Groups Outcome Evaluation**

Project: Kampala, Uganda

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### **Program Background:**

By July 2015, Unbound Kampala had a total of 187 Sponsored Self-help Groups (SSGs) registered and operating to serve its members. One of the goals for the project has been to strengthen the SSGs savings and credit schemes to create and enhance access to capital through loaning. However, out of the total 187 SSGs, only 45 SSGs were engaging in loaning to members. This represents just 24% of the total number of SSGs in Kampala project. Consequently, a significant amount of savings across the project was not being utilized for any purpose with just a little over 11% of the amount being subjected to loan by 2015. After having made significant progress in creating, registering, and operating the SSGs, the amount of savings being utilized by member groups for starting or growing income generating activities has been of concern to the project and its key stakeholders. For Unbound Kampala, in order to understand the factors that can contribute to the economic welfare and growth of the SSG members, the reasons behind to lack of utilization of available credit needs to be explored and understood first.

### **Purpose of the Evaluation:**

- To understand the circumstances surrounding low levels of loaning (credit access) amongst sponsored families within Unbound Kampala Sponsored Self-help groups.

### **Methods:**

- Survey of 311 sponsored members from a sample of 16 groups – 8 savings group and 8 savings and loaning group.
- Focus group discussions with 6 groups across the project.

### **Key Findings and Conclusions:**

- 78.8% of the respondents to have never taken a loan from the groups' savings.
- 68% of the respondents stated securing for the future as their biggest motivation for savings. During the focus group discussions, the respondents supported this by expressing their want to save for the future as the reason behind having saved but not withdrawn loans yet.
- Almost 74% of the respondents reported to have a gap in understanding the loaning procedures and policies of the SSGs.
- The focus group discussions highlighted the challenges that the group members are facing due to the short repayment schedules which currently stands at 6 months.
- Of the respondents who have taken or are in the process of taking loans, majority had been saving for around two to three years. This applied for those who were accessing the SSG's loans or other external sources of loans.

### **Learnings and Report Recommendations:**

- The findings revealed that the majority of the group members are not utilizing the access to credit made available to them through SSGs. Among a number of other reasons, the motivation to save for the future and fear of making losses and thus inability to repay the loans were expressed by the group members. The project is developing strategic plans to reduce the apprehension, for instance, by starting group projects or making investments on fixed assets when the savings accumulate to a given amount.
- Based on the recommendations of the group members, the project is also planning to reassess some of the SSG's loaning policies and procedures with the objective of simplifying them and refining them in a way where it better meets the needs of its members, for instance, increasing repayment periods and allowing payment of only interest until a certain period of time.