

**VILLAGE SAVINGS AND LOAN ASSOCIATIONS (VSLA) AND SOCIO -  
ECONOMIC EMPOWERMENT OF VULNERABLE PEOPLE  
IN KAMUGANGUZI SUB COUNTY  
KABALE DISTRICT**

**BY**

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17/A/MAPPM/090/F**

**A DISSERTATION SUBMITTED TO THE FACULTY OF ARTS AND SOCIAL  
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## **DECLARATION**

I, Deus Mwijukye declare to the best of my knowledge that this research “Village Savings and Loan Association (VSLA) and Socio-economic empowerment of vulnerable people in Kamuganguzi Sub County, Kabale District” is original and has never been presented in any institution of learning for any award.

Sign

Date

.....

.....

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## **APPROVAL**

This is to certify that this research by Deus Mwijukye under the topic “Village Savings and Loan Associations (VSLA) and Socio-economic empowerment of vulnerable people in Kamuganguzi Sub County, Kabale District” was written under my supervision and is ready for submission with my approval.

Sign

Date

.....

.....

**DR. AGABA MOSES**

**UNIVERSITY SUPERVISOR**

## **DEDICATION**

This work is dedicated to my family; My wife Mrs. Kahubire Tereza and my children Mwijukye Kevin and Mwijukye Morgan Michelle who have encouraged and motivated me to conduct this research.

## **ACKNOWLEDGEMENT**

I wish to appreciate the Almighty God for His mercy, protection, knowledge and wisdom who enabled me to complete this research.

I would like in a special way to extend my sincere thanks to my supervisor Dr. Agaba Moses for his constructive comments and generous support in terms of advisory and moral support that I have been able to complete this research. My sincere gratitude is also extended to the staff of Kabale University for all the support they rendered to me during the time I was undertaking this study. Special thanks go to my fellow students of the MAPPM class for their cooperation and encouragement during the course and critique that enabled me to complete this study.

I am also grateful to TPO Uganda, my employer. Through the savings from my salary I managed to sponsor myself to complete this research. TPO Uganda management and the staff of Sustainable Outcomes for children and youth (SOCY) have also contributed to the success of this research.

I salute the management of LADA Uganda for accepting me to carry out the study in their organization. I further thank the respondents who accepted to participate actively in this study. You are cornerstones; I became successful in accomplishing the study because you stood by my side.

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that village savings and loan associations and socio-economic empowerment of vulnerable people were found to be significantly related. The recommendations were; need to improving the health status of women in families as well as children since they are regarded vulnerable in order to let them live happily; there should be improved nutrition and food supply to all families to let children and other members grow healthy and live a happy life; increased household income should be the ultimate goal fostered by credit accessibility in the area which must be done with ease through the start of small and medium enterprises especially women; it is recommended that the vulnerable groups of people have the replacement of the damaged property in case of any loss aiming at keeping standards of living at household level; achieving flexibility to immense development of social capital required the development of the saving culture that promotes regular income to help the community solve their personal problems; the social fund should be a unifying factor that enhances development through increased social networking to allow information flow since information is power..... I-xiii

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## **LIST OF ABBREVIATIONS**

<b>AIDS:</b>	Acquired Immunodeficiency Syndrome
<b>ASCA:</b>	Accumulated Savings Credit Association
<b>CARE:</b>	Cooperative for Assistance and Relief Everywhere
<b>GDP:</b>	Gross Domestic Product
<b>HIV:</b>	Human Immunodeficiency Virus
<b>IGA:</b>	Income Generating Activities
<b>IPA:</b>	Innovation for Poverty Action
<b>JENGA:</b>	Joint Encouragement of Gainful Activities Project
<b>LADA:</b>	Literacy Action and Development Agency
<b>MDG:</b>	Millennium Development Goal
<b>MoFPED:</b>	Ministry of Finance Planning and Economic Development
<b>MoGLSD:</b>	Ministry of Gender, Labour and Social Development
<b>NDP:</b>	National Development Plan
<b>NGO:</b>	Non-Governmental Organization
<b>Qty:</b>	Quantity
<b>ROSCA:</b>	Rotational Savings and Credit Association
<b>S.D:</b>	Standard Deviation
<b>SACCO:</b>	Savings and Credit Cooperative Organization
<b>SAGMIS:</b>	Saving Groups Management Information System
<b>SEE:</b>	Socio-economic Empowerment
<b>Sig:</b>	Significance
<b>SPSS:</b>	Statistical Package for Social Scientists
<b>Std:</b>	Standard
<b>UBOS:</b>	Uganda Bureau of Statistics
<b>UNCTAD:</b>	United Nations Conference of Trade and Development
<b>VSLA:</b>	Village Savings and Loan Association

## **ABSTRACT**

The study carried out was entitled “Village Savings and Loan Associations (VSLA) and socio-economic empowerment of vulnerable people in Kamuganguzi Sub County, Kabale District. According to UBOS 2018, Kamuganguzi Sub County which was the study area was among the poorest sub counties of Ndorwa County, Kabale District where a total of 3,516 people were food insecure, 769 people had no access to safe water, 691 children (6-17years) were out of school, 1,142 children were involved in child labour and 110 children were married. Village Savings and Loan Association (VSLA) was promoted in Kamuganguzi Sub County by LADA Uganda in 2016 to empower vulnerable households economically however, information as to whether their socio-economic status was improved was still sketchy and lacking. It was therefore necessary to carry out a study to fill the gap. The research design was cross-sectional in conjunction with qualitative and quantitative approaches. The tools for data collection were both the interviews and questionnaires. The study objectives included; determining the effect of savings on the socio-economic empowerment of vulnerable people, examining the relationship between credit access and socio-economic empowerment of vulnerable people, and examining the effect of social fund on socio-economic empowerment of vulnerable people in Kamuganguzi Sub County Kabale District. The study population was 255 which included LADA Uganda staff and VSLA group members. The key findings were; improving the health status of women in families; credit access and socio-economic empowerment of vulnerable people were synonymous with community replacing the damaged property. The conclusion was that village savings and loan associations and socio-economic empowerment of vulnerable people were found to be significantly related. The recommendations were; need to improving the health status of women in families as well as children since they are regarded vulnerable in order to let them live happily; there should be improved nutrition and food supply to all families to let children and other members grow healthy and live a happy life; increased household income should be the ultimate goal fostered by credit accessibility in the area which must be done with ease through the start of small and medium enterprises especially women; it is recommended that the vulnerable groups of people have the replacement of the damaged property in case of any loss aiming at keeping standards of living at household level; achieving flexibility to immense development of social capital required the development of the saving culture that promotes regular income to help the community solve their personal problems; the social fund should be a unifying factor that enhances development through increased social networking to allow information flow since information is power.



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

This study established the relationship between Village Savings and Loan Associations (VSLAs) and Socio-economic empowerment of vulnerable people in Kabale District. VSLA was the independent variable and Socio-economic empowerment was the dependent variable. This chapter presented the background to the study, the statement of the problem, general objectives of the study, specific objectives of the study, research questions, and scope of the study, significance of the study, conceptual framework, and definition of operational terms.

Pioneered by CARE in 1991 in Niger, a VSLA was a group of 15 - 30 people who saved together and took small loans from those savings. Members saved through the purchase of between 1 – 5 shares every meeting. Members also contributed a social fund, to use for small grants when members were in distress for example funeral, transport to hospital. At the end of every annual cycle, all outstanding loans were recovered and the loan fund was shared out (Nwanesi, 2006).

Socio-economic empowerment involved supporting disadvantaged people to gain power and exert greater influence over those who controlled access to key resources. This included equal access to credit services, education, health, environment, shelter and nutrition (Shabbeer, 2016).

#### **1.1 Background to the Study**

Uganda's GDP growth was 5.1%, 4.8% and 5.5% in 2014/2015, 2015/2016 and 2017/2018 Financial years respectively (UBOS, 2018). Regional variations revealed that, whereas the Central, and Western regions realized increases in consumption expenditure, Central and the Eastern regions registered a decline in real monthly consumption expenditure per household. Per capita expenditure registered a real increase of 15 percent in the rural areas of the Western region. 46% of the household expenditure was on food, beverages and tobacco (UBOS, 2017).

According to UBOS (2019), 19.4% of Ugandans lived in poverty. The chronically poor were found in households residing in rural areas (12%), households whose head had no formal education (23%), as well as households residing in the Northern region (24%) of Uganda.



On the other hand, people who experienced mobility into or out of poverty were mainly from the Eastern region followed by Northern regions as well as persons belonging to households whose head had some or no formal education (UBOS, 2019).

Wealth creation as a means of eradicating poverty was highlighted as one of Uganda's key national development objectives. The second National Development Plan (NDP II) for the period 2015/16-2019/20 noted that whereas economic growth had improved over the years and absolute poverty reduced to 19.7 percent, this growth had not generated the momentum needed to transform Uganda's economy at the pace anticipated in Uganda Vision 2040 (UBOS, 2019).

The major concern was that, savings or financial institutions were not effectively mobilizing domestic savings and because of the low savings, the ability of individuals to engage in Income Generating Activities (IGAs) were highly constrained due to lack of startup capital for businesses hence putting the livelihood of households at risk. Inability to start business enterprises ultimately translated into macroeconomic challenges (retardation in the economy) since sustainable growth and development strongly relied on enterprise creation and development (UNCTAD, 2002).

Uganda's GDP growth was 4.0% for the FY 2019/2020 (Bank of Uganda, 2019). According to Nuwagaba (2009), efforts by the Government (like liberalization) made the financial sector to grow hence an increasing intervention of financial institutions into the economy in recent years. These were attempts to increase savings mobilization and credit facilities to ultimately bolster economic development in the country but the perplexity was that despite all these interventions, savings were still at minimal levels with poverty at household level escalating in the country. The notion of creating linkages between formal models of financial service provision (like; Banks/MFIs/SACCOs) and informal models like VSLAs/ROSCAs/ASCAs led to significant savings mobilization and improvement of livelihood through easy and effective community mobilization and creation of SACCOs (Nuwagaba, 2009).

Since the new wave of microfinance in the 1990s, microfinance came to be seen as an important development policy and a poverty reduction tool (Littlefield, Murdoch & Hashemi (2003). World Bank (2010) showed that microfinance was a key tool to achieve the Millennium Development Goals (MDGs). Microfinance encompassed Village Savings and Loans Associations (VSLAs)

which provided financial services to low-income clients who generally lacked access to more formal banking services.

Microfinance encompassed the provision of financial services, including loans, savings and insurance to low-income clients who generally lacked access to more formal banking services. The promise of microfinance lied in its ability to empower people to work their own way out of the poverty trap, while avoiding dependency and the ‘hand out’ shame of conditional aid (Daley-Harris 2009).

According to Ferrara (2001), VSLA was a community-managed saving-led model to financial services for the poor and had a long successful history, having been pioneered by CARE International in a West African County of Niger in 1991. VSLA model offered an opportunity for increased economic activity. VSLAs were the first step in financial access among the rural vulnerable populations with the goal to help women participants cope with the numerous responsibilities that they faced in a challenging economic and social environment. Starting out with a very basic model where participants contributed savings to a loan fund which made small loans to group members, this matured into a model of VSLA in which a self-selected group of people (usually unregistered) who pooled their money into a fund from which members could borrow. The money was paid back with interest, causing the fund to grow. The regular savings’ contributions to the group were deposited with an end date in mind for distribution of all or part of the total funds (including interest earnings) to the individual members. This lump-sum distribution provided a large amount of money that each member could then apply to his/her own needs. From this perspective a VSLA was primarily a savings’ club, which had proven popular worldwide.

In Uganda, the VSLA intervention, which was an improvement on traditional savings clubs like Rotational Savings and Credit Associations, was introduced through trainings provided by NGOs like CARE International. Rural household’s participation in the savings schemes Vis –a – Vis their welfare was a policy issue which required careful examination/analyses in order to contribute to the debate of empowering the vulnerable people as an effort to alleviate the problem of poverty (Kohansal, 2008).

Inglehart (2002) stated that self-help groups were formed across countries as an effective strategy for poverty alleviation, human development and socio-economic empowerment of vulnerable people especially the youth, orphans, HIV victims and the poor. But there were conflicting views about the impact of these informal groups (savings schemes). While the existence of the informal services highlights the general demand for financial services, the services were usually not sufficient to seize economic opportunities in rural areas to the full. People who didn't have access to the formal labour market could often benefit from pooling resources and working in groups Ferrara (2001).

According to Nuwagaba (2009), in Uganda savings groups operated by men and women existed in various forms for example “*Kalulu*” (in Acholi) and in other parts of the country, there was the existence of among others; *Biikaoguze* (in Rukiga), *Asoso* (in Lugbara) and *Kilimba* (in Alur); all of which were traditional savings clubs representing Rotational Savings Credit Associations (ROSCAs) or Accumulated Savings Credit Associations (ASCAs) in most cases. Experimenting VSLA programme in Uganda started with Joint Encouragement of Gainful Activities Project (JENGA) in 1999. The JENGA project was started in the West Nile part of the country. The project originally focused on introducing appropriate technologies and other forms of Business Development Services as a means of increasing returns on investment and small farmer incomes. Thereafter, the programme (VSL) was spread to other Northern Uganda districts like; Gulu, Amuru, Pader, and Lira through sensitizing the communities and provision of trainings on the VSLA methodology for example by CARE Uganda (Shabber, 2016).

To date, VSLAs had been adopted in 73 countries across Asia, Africa and Latin America and the Caribbean, and there are over 12 million active members worldwide (VSLA Associates, 2017). CARE mentored over 28,971 groups across all regions of Uganda. The current VSLA membership was 809,367 (of which 568,059 are female) and the cumulative savings for all active VSLA groups was greater than 52 Billion Ugandan Shillings. The VSLA model's sustainability was evidenced by the 95% group continuation rate (CARE Uganda, 2017).

According to LADA Uganda annual report (2019) there are 82 groups of VSLA in Kamuganguzi Sub County, Kabale District. These groups had 2054 active members who had cumulatively saved 100 million Uganda shillings. 60% of the VSLA members were vulnerable people

supported by LADA Uganda (men and women from families affected by HIV/AIDS) where as 40% were active poor. After introducing VLA model people formed groups at village level through self-selection.

According to Micro Finance Institutions-Money Lenders Act (2016), VSLA was categorized as Self Help Groups where members mobilized and managed its own savings; provided interest bearing loans to its members; offered a limited form of insurance to its members; shared out member equity at least once a year in proportion to the savings; and be time bound. These groups were registered by the district for the purpose of developing the economic interests of the group members (Reynolds, 2009).

Members of the VSLA borrowed from the savings' pool and the money was paid back with interest, causing the money to grow. The savings, insurance and loan facilities allowed the members to meet their small, or short-term financial needs without having to borrow from money lenders, took an expensive supplier advance, or relied on their relatives (Nwanesi, 2006). A member borrows money not exceeding 3 times his/her cumulative savings. The loan is paid back within 3 months at monthly interest of 5-10%. Loans are collateral free hence enabling vulnerable people especially women who have limited ownership of property to access loans (CARE Uganda, 2011).

UBOS (2014) showed that the national average monthly household income was UGX. 303,700 and regionally, the central region stood at UGX. 389,600 with the Northern region having the least average household income of UGX. 141,400 per month. Overall, the Kigezi, Northern and Eastern regions dominated the lower income classes in the country and majority of households in the Kigezi region fell in the lowest income class with 2.84 persons estimated to be poor. This income level in the south western part of the country reflected a very poor state of well-being of most households in the region (Mohammed, 2016).

The VSLA model therefore addressed such challenges that the rural poor did experience by allowing these poor people to access financial services in the rural setting or in a setting that was more convenient for them. However, the contribution of VSLA to economic empowerment of people in Kabale district had not been documented. By conducting this study, the researcher found out the role played by VSLA in economic empowerment of vulnerable people in

Kamuganguzi Sub County, Ndowa West, Kabale District where the model had been implemented by LADA Uganda and other development partners Ferrara (2001).

## **1.2 Problem Statement**

Many government programmes had been implemented to alleviate poverty and improve the status of poor people in Uganda. These programmes included Youth Livelihood Programme (2013), Uganda Women Entrepreneurship Programme (2015) and Operation Wealth Creation (2013). According to UBOS (2018), the proportion of Ugandans living in poverty now stood at 8 million which meant that 19.4% of Ugandans were living in poverty. The chronically poor were in the households residing in rural areas (12%). Many microfinance institutions came up to give micro credit to the entrepreneur poor women and men and Government and NGO programs supported the vulnerable people in Kabale district with economic empowerment interventions. Despite all the effort majority of the population in rural areas of Kabale district remained poor. According to UBOS 2014, Ndorwa County, Kabale District had a population of 27, 9140 people. Kamuganguzi Sub County which was the study area was among the poorest sub counties of Ndorwa County, Kabale District where a total of 3,516 people were food insecure, 769 people had no access to safe water, 691 children (6-17years) were out of school, 1,142 children were involved in child labour and 110 children were currently married (UBOS 2018). Village Savings and Loan Association (VSLA) was promoted in Kamuganguzi Sub County by partners including LADA Uganda to empower vulnerable households economically however, information as to whether their socio-economic status was improved was still sketchy and lacking. It was therefore necessary to carry out a study to assess the role of Village Savings and Loan Associations on socio-economic empowerment of vulnerable people.

## **1.3 Purpose of the Study**

The purpose of the study was to determine the relationship between Village Savings and Loan Associations (VSLAs) and socio economic empowerment of vulnerable people in Kamuganguzi sub county, Kabale District.

### **1.3.1 Specific Objectives of the Study**

- i. To determine the effect of savings on the socio-economic empowerment of vulnerable people in Kamuganguzi sub county, Kabale district.
- ii. To examine the effect of social fund on the socio-economic empowerment of vulnerable people in Kamuganguzi sub county, Kabale District.
- iii. To examine the relationship between credit access and socio-economic empowerment of vulnerable people in Kamuganguzi sub county, Kabale District.

### **1.3.2 Research Questions**

- i) What is the effect of savings on socio-economic empowerment of vulnerable people in Kamuganguzi sub county, Kabale District?
- ii) What is the effect of social fund on socio-economic empowerment of vulnerable people in Kamuganguzi sub county, Kabale District?
- iii) What is the relationship between credit access and socio economic empowerment of vulnerable people in Kamuganguzi sub county, Kabale District?

## **1.4 Scope of the Study**

The study was based on three cardinal forms including; geographical, content and time scope respectively. This was for the good of the study. The details were as indicated below:

### **1.4.1 Geographical Scope**

The study was carried out in Kamuganguzi Sub County, Ndorwa West constituency, South Western Uganda District of Kabale. It covered a total of ten (10) informal savings groups operating in accordance with the core principles of Village Savings & Loan Associations (VSLAs), with a focus on the VSLA participants. Kamuganguzi Sub County was selected as the study area because most of the households in the sub county were associated with very poor welfare conditions despite participation in VSLA to empower them economically. Kamuganguzi Sub County bordered with sub counties of Buhara, Kitumba, Katuna town Council, and Rubaya Sub County respectively.

### **1.4.2 Content Scope**

The study was limited to investigate onto the role of VSLAs and socio-economic empowerment in Kamuganguzi sub county, Kabale District. The major themes under this arena included; the effect of savings on socio-economic empowerment of vulnerable people, the relationship between credit access and socio-economic empowerment of vulnerable people, and the effect of social fund on socio-economic empowerment of vulnerable people.

### **1.4.3 Time Scope**

This study covered the period from 2015-2019 which was contemplated in the time from February 2019 to August, 2019. This was the period when LADA Uganda was implementing the VSLA methodology in Kamuganguzi Sub County, Kabale District. The seven months' period for research study was enough for it was when the researcher was in position to talk to the selected respondents over the issues pertinent to the research project since much of the classwork was at least covered.

### **1.5 Significance of the Study**

The study aimed to contribute to the body of knowledge on the informal micro finance sector with particular emphasis on the impact of Village Savings and Loan Associations (VSLAs) on socio-economic empowerment of the most vulnerable groups of people. These included youth, women and men from families affected by HIV/AIDS who had limited access to formal financial services. The study revealed that families affected by HIV/AIDS were able to access social fund from VSLA groups to cater for emergency expenditures as well as access credit to invest in livestock, food production, cash crop production that boosted their nutrition and incomes. Although children could not involve directly as members of VSLA, having their siblings or parents belonging to these groups indirectly impacted on them. There was improved livelihood of children made vulnerable by HIV/AIDS because their parents would better provide nutritious meals, quality education, quality health care and descent shelter.

The findings of this study would be shared with the Kabale District authorities and Civil Society Organizations with the wish that they could help in understanding the impact VSLA had on socio-economic empowerment of vulnerable people. This could contribute concrete knowledge

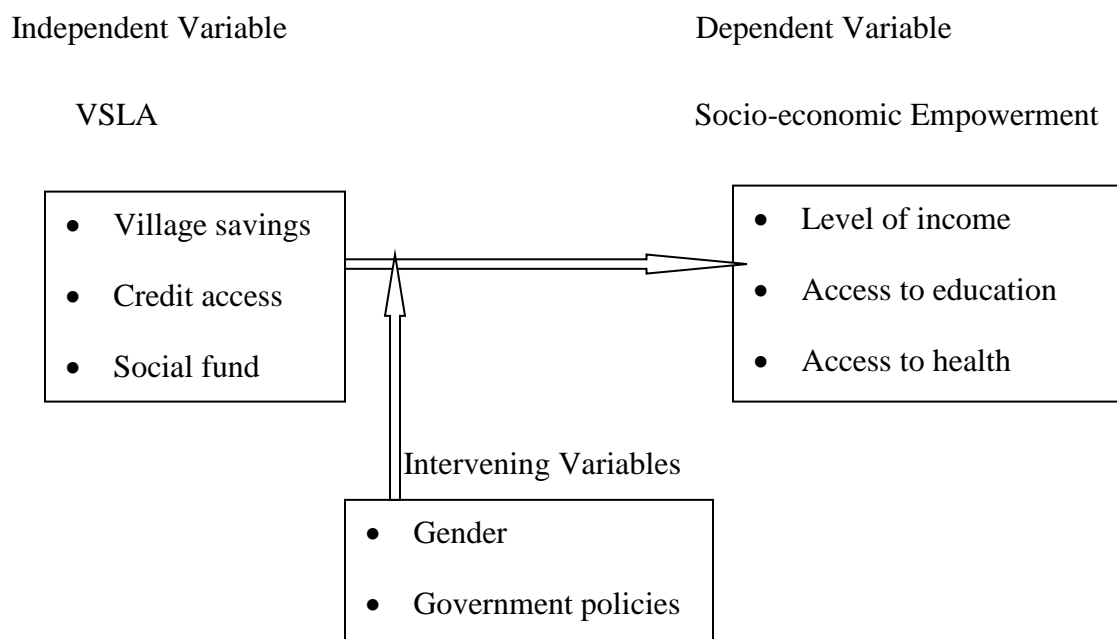
that might improve policies leading to better credit accessibility for informal savings groups. It was also an opportunity to contribute to integration of informal micro finance institutions particularly VSLA and their approaches into national plans.

The research was also conducted as a partial fulfilment for the award of masters of Arts in Project Planning and Management. It equipped the student with knowledge to conduct further research for academic and development purposes.

## 1.6 Conceptual Framework

The conceptual framework was depicted and the key variables were manifested. The direction and the gist of matter of the study project were determined under the meaningful interpretations of the framework. The details were indicated as hereunder in the illustrations given.

**Figure 1.1: Conceptual Framework for the Relationship between Village Savings and Loan Associations (VSLA) and Socio-Economic Empowerment of Vulnerable people.**



**Source:** Formulated by the researcher

The conceptual framework was developed basing on independent and dependent variables. The VSLA was the independent variable whose components included savings, credit access and



social fund. On the hand Socio-economic empowerment of vulnerable people was the dependent variable whose components included level of income, access to education and access to health services. These two variables were moderated by gender and government policies.

### **1.7 Definitions of Operational Terms**

**Empowerment:** Empowerment as a process through which women and men in disadvantaged positions increased their access to knowledge, resources, decision-making power and raise their awareness of participation in their own communities in order to have control over their own environments.

**Microfinance:** The supply of financial services including savings, credits, insurance, and money transfers to microenterprises and poor households.

**Savings:** Contributing money on the agreed upon time or willing pooling the money that helped an individual in his developments or satisfying his basic needs.

**Socio-economic empowerment:** Economic empowerment referred to permitting poor people to think how to handle their own living choices about making investment in education and medical insurance, and captivating risks to be able to boost their income.

**Social fund:** This was also known as welfare fund that was contributed by every member of VSLA uniformly during every meeting to cater for the provision of grants to members who encountered serious problems.

**Vulnerable People:** Vulnerable people were disadvantaged groups of people including youth, elderly, women, disabled and persons affected by HIV/AIDS.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter looked at the work of different writers and scholars regarding the subjects of Village Savings and Loan Associations (VSLAs) and Socio-economic empowerment of vulnerable people. By reviewing the available literature, the researcher expected to establish the links between VSLAs and socio-economic empowerment of vulnerable people and gaps that would be filled by the findings of the study. The chapter was structured according to the study objectives stated in the preceding chapter.

#### **2.1 The Effect of Savings on Socio-Economic Empowerment of Vulnerable People**

One of the key rules in Village Savings and Loan Associations is that members save through the purchase of between 1 – 5 shares every meeting. The share-value is decided by the VSLA members at the start of each cycle. At each meeting all members have the right to buy between 1-5 shares. The share value cannot change during the cycle. Groups meet weekly and hence savings are done on weekly basis (CARE, 2011).

Although improving the health status of women and their families is not a direct focus of the VSLAs, it does come in as a side effect of the approach. When the income of households increases as a result of the VSLA, the family members are enabled to buy and use more nutritious food which has a positive effect on health. CARE Afghanistan (2017) identified the following indirect effects of saving in VSLA on households' health situation: Using and providing nutritious food for their families and children; Enabling women to go to hospital or have a consultation with a qualified doctor in case of illness and emergencies at an earlier stage while in the past they could not because of lack of resources (money); Using quality medicine; In the group meeting besides saving, debate and income generation activities, women discuss different topics and life skills so the considerable topic is personal and environmental hygiene and health (Mustapha, 2017).

Saving in groups enables members to respond to poor nutrition because women can actually afford to provide their children with nutritious foods (Carpenter, 2012). All VSLA members noted that there were changes in their food security levels; i.e. it either remained the same or increased. While only 12.5% of the members took loans specifically to purchase food, two thirds of those interviewed mentioned an increase in their food security. Out of the 21 individuals who took loans to start businesses, 76% indicated an increase in food security (Nuwagaba, 2009).

Asiu (2015) revealed that VSLAs have impacted farm productivity in various ways. This is so because savings are an asset, not liability, and therefore reduce livelihood risks. It was also found that many people in the rural areas who accessed financial services have been able to purchase agricultural inputs; maintain infrastructures; contact labour for planting/harvesting; transporting goods to market; make/receive payments; manage peak season incomes to cover expenses; invest in education; shelter, health; or deal with emergencies. VSLA increased farmers' income levels, caused availability, and access to food processing facilities, and farm labour.

When farmers have easily available source of financial service, it increases their farm income. This in turn, enables farmers to have access to food processing facilities, because they are able to pay for the services rendered. Likewise, once the income of the farmer increases, he/she is able to hire labour in addition to their family labour (Reynolds, 2015). Research shows that the VSLAs impacts, at different levels, affected farmers' saving capacity; storage facility; and ability to plant different crop varieties. The levels at which VSLAs activities affect farm productivity among farmers in rural areas vary from one farm activity, household, or community to another. The different levels of impact emphasize the importance of availability of finance in farm productivity and household livelihood of farmers (Obademi, and Samson, 2018).

Individuals assets (livestock, savings, land, housing and capabilities; psychological i.e aspire to a better future, ability to imagine, confidence and self-esteem; human i.e. good health, education and employment; social i.e. leadership relations, social belonging and a sense of identity are significantly affected the poor people's ability and its empowerment to hold others to account (Mohammad, 2016).

By saving and accessing micro-loans through VSLAs, women are able to invest in small businesses and farming, which results in improving their children's education, health, and the livelihood of the entire family (Kesanta & Andre, 2015)

According to Carpenter (2012), VSLA savings lead to improved incomes for women. The improved income also resulted in reducing women's dependency on their spouse for things like food and transportation to the health clinic.

Innovation for Poverty Action (2011) conducted research on impact of savings groups on the lives of rural poor in Uganda, Ghana and Malawi and found out that access to VSLAs led to increased savings and credit access, improved microenterprise outcomes, and increased women's empowerment. However, VSLAs did not lead to improvements in households' financial well-being.

According to IPA, 2011, VSLAs led to significant improvements in financial inclusion and women empowerment in Uganda. The program also affected access to credit. The average amount borrowed in one year was US\$6.60. Microenterprise activities were positively affected by the program, leading to a 6 percent increase in the number of businesses operated by households in program areas.

An evaluation of VSLAs in Eastern Africa by CARE (2011) established that although more money went to putting food on the table during bad times, the VSLA approach supported group members with alternative means of earning income and providing food for the families. It was found that 87.9% of the interviewed VSLA group members reported that wages and income improved, it was also implied that this made food more affordable. VSLA Members, especially women, acknowledged that the project contributed to their ability to put food on the table.

## **2.2 The Effect of Social Fund on Socio-Economic Empowerment of Vulnerable People**

Social fund also known as welfare fund is contributed by every member of VSLA uniformly during every meeting. Social fund can be used to provide grants to members who encounter serious problems. Grants are often made to help with, funeral expenses, loss of livestock and Catastrophes, such as fire damage or house damage. Social fund is sometimes borrowed to members and paid back in 2 weeks without interest (CARE, 2011).

In terms of social capital, saving groups perhaps achieve a state of not only economic stability, but economic empowerment and flexibility is a possible contributing factor to the immense development of social capital in savings versus other types of community groups. Perhaps due to the fact that in a saving group, every one contributes to what is a shared fund that is owned by the group itself, is also tying element that creates a strong bond between member. The social benefits of saving groups, include networking, social bonds, social influence, exchange of information. All lead to true behaviour change. Regular meetings build self-efficacy and confidence. Members become aware of and begin exploring the true issues affecting their community (Kasenta and Andre, 2015).

The LemlemVSLA group in Northern Ethiopia took it upon themselves to use social fund to support a group of orphaned children with clothes and school materials. In this way the group had taken over where a local NGO could not continue to support every Orphan in need. The group actually became an active, viable and sustainable support mechanism for orphaned children in need (Ghorbani, 2005).

De Vos (2016) comments that through a descriptive case study on saving groups should be leveraged as social assets to a community. It is inherent in the group formation and development process that members will, build new bonds and understanding, strengthen their ability to make joint decisions, become more confident, self-reliant and through this process, could take an interest in development activities for the community. Through strengthening and empowering a group of women, underlying injustices in social systems can also be addressed.

### **2.3 The Relationship between Credit Access and Socio-Economic Empowerment of Vulnerable People**

In VSLA, the loan is a micro-credit and loan fund comprises of savings, fines and interest. The amount borrowed by any member cannot be more than three times the total shareholding of that person. This is best, to ensure everyone has fair access to loans, and that loans are not too risky. Loans are paid back within 3 months with interest of 3-10% per month ((Nwanesi, 2006).

The strength of micro-credit lies in its ability to organize idle women into a productive workforce with their proven creditworthiness. Micro-credit has been claimed to be a solution to

most of the problems that originated out of the state's efforts to alleviate poverty and women empowerment by using the instrument of credit. Micro-credit plays an important role for accelerating economic growth in any developing country (Chavan and Ramakumar, 2002).

There has been economic empowerment that has translated into the capacity to engender self-reliant and self-sufficient economic development especially within the micro non-formal sectors of the national economy where every woman has achieved more to ensure economic empowerment irrespective of where she is (Nwanesi, 2006).

Micro credit, according to Latifee (2003) refers to programmes that are poverty focused and which provide financial and business services to very poor persons for generation of self-employment and income. The use of micro credit as an economic empowerment tool is a popular development strategy especially in developing countries, used not only by micro credit practitioners like the Grameen Bank, but governments, donors, development agencies, banks, universities, consultants, philanthropists and many others (Latifee, 2003).

Micro-credit is a system of small loans for income-generating activities, which enable poor communities to gain some economic stability. The micro credit system is carefully planned to provide people with the resources they need to improve their economic status, without encouraging debt. Micro credit is one of the most important factors for enhancing socio-economic development of the rural poor (Chavan and Ramakumar, 2002).

Microcredit is designed as a system of credit distribution and mobilizing savings especially to meet the financial requirement of the poor. In microcredit programs, poor people get a loan without security or a fixed income provided that they use it to start a business project. Loans are usually paid back in daily, weekly or monthly installments. To ensure greater security for the loans, microcredit programs provide loans to groups of people rather than individuals although lending to individuals has become more popular. Today Microcredit schemes offer diversified loan products to the poor under the umbrella of Microfinance (Akhter, 2018).

Samson and Obademi (2018) found out 92% of the farmers who had received micro-agricultural loans said they were better-off than before as a result of the credit they received. The study

further revealed that credit received had significant effect on the output generated from crop and livestock enterprises.

Muhammad (2016) found that apart from the trainings, most women reported using the loans from VSLA for starting a small business, like a food shop, bakery, tailoring or clothing shop. The bigger amounts of loans have been made for longer term investments, and smaller amounts were used for accommodating immediate needs, such as health care expenses, car repair and the reimbursement of another loan. Also, investments have been made in housing, particularly in Kabul. In addition, members used the loans in times of disaster and this increased their independency as they did not have to ask other people for support but have the means to support themselves.

According to Mustapha (2017) access to credit has been considered a means through which farmers especially small scale ones can alleviate poverty, boost agriculture productivity, and face the transition from subsistence farming. With credit access, farmers can increase the use of external inputs as well as finance their operating expenses in the short-run, while in the long run, ability to make profitable investments is enhanced. He shows that total credit significantly and positively influences the level of agricultural production. He concludes that 1% increased access to credit in Sub-Saharan Africa increases agriculture output by 17%.

Village savings and Loan Associations are thought to play a critical role in bringing financial services to rural areas of developing countries, where access to formal financial services are typically very limited (Muhammad, 2016). In times of disaster: being part of the group provides them with a safety net/ supporting network. For example in case of illness, treatment or an urgent car repair, loans are being taken which prevents the members from selling assets (Chavan and Ramakumar, 2002).

Beaman, et al. (2014) found out that although credit can be an important resource for the poor, other tools, particularly savings and insurance, are also likely important for improving the household food security and welfare of the poor. The availability and access of the VSLA on farm productivity in lower Banta Chiefdom, Southern Sierra Leone lead to food security. Households have meals more than twice per day which is an indication that there is an

improvement in their household food status, especially where the households have access to well-processed and properly prepared nutritious foods (Jack and Roland, 2016).

Households that access credit from VSLA, have better nutrition and health statuses compared to no-VSLA participating households. VSLA participation has a substantial positive impact on meal quality, evident through an increase in consumption of both well processed and prepared nutritious food, eaten more than twice per day. The VSLA program also appears to improve access to health services for member households, by facilitating a higher level of spending on healthcare (Mustapha, 2017).

According to Inkleles and Smith (2014), it has become clear that empowering women economically does not only increase the wealth of the nation but also provide the necessary conditions for improved gender equality which enables women to have access to income as well as increased capacity for control of economic resources. Access to savings and credit facilities potentially strengthens women's economic decision making capacity; improves their skills, knowledge, support networks and enhances their status in the society. The above assumptions is rooted in the belief that micro credit schemes enable women make economic investments and earn income with the potential to initiating series of \_virtuous spirals of economic empowerment, increased well-being, social and political empowerment (Jack and Roland 2016).

Credit has a crucial role for elimination of farmers' financial constraints to invest in farm activities, increasing productivity and improving technologies. There is a positive effect of credit on agricultural investment. Thus the gap between supply and demand of credit should be decreased by efficient credit program (Kohansal, 2008).

## **2.4 Research Gap**

Literature on the effect of social fund on social economic empowerment is lacking yet social fund is a key ingredient of VSLA model. VSL has been promoted in Kabale district by many partners to empower vulnerable households economically however, literature as to whether their socio-economic status has been improved is still sketchy and lacking. It has not been documented as to whether VSLA leads to improved household incomes, access to education and health services in Kabale District. Most of the available literature indicates research done in



other countries of World with little literature on VSLA model in Uganda and Kabale in particular. Other researchers having been using case studies but this research shall use cross-sectional research design.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter presented the methodology that was used in carrying out this study. It included the research design, study population, sampling design, data sources, data collection methods, data collection instruments, validity and reliability of the instruments, data analysis and procedures of measuring the variables as well as the ethical consideration.

#### **3.1 Research Design**

The researcher employed a cross-sectional research design. This design was used in studies to estimate the prevalence of the outcome of interest for a given population. In this way cross-sectional studies provided a ‘snapshot’ of the outcome and the characteristics associated with it, at a specific point in time. A cross-sectional study design was used when the purpose of the study was descriptive. Usually there was no hypothesis as such, but the aim was to describe a population or a subgroup within the population with respect to an outcome and a set of risk factors (Kompo and Tromp, 2006). The study used qualitative and quantitative methods of data collection. Qualitative methods were suitable for collection of ideas from respondents as well as quantitative methods that were useful in collecting numerical data.

#### **3.2 Population of the Study**

Kamuganguzi Sub County had 82 VSLA groups that had a total membership of 2,054 people. Out of this, the researcher chose a study population 250 VSLA members (from 10 groups) and 5 staff of LADA Uganda making a total of 255 people from whom the sample size was got. The 10 VSLA groups chosen had existed for at least 4 years make them a good sample to study the outcomes realized from implementing the VSLA methodology.

#### **3.3 Sampling**

Sampling was the process of selecting a sufficient number of elements from the population so that the study of the selected elements (sample) would make it possible for the researcher to

generalize the findings to the entire population (Kumar, 2014). In this study the research used Simple Stratified Sampling and Purposive Sampling.

### **3.3.1 Simple Stratified Sampling**

Simple stratified sampling was a technique where elements of the population with similar characteristics were organized into groups (strata) and the researcher selected an equal number of elements from each group. Simple stratified sampling technique was used to select the respondents from 10 VSLA groups. Each VSLA group was considered as a stratum. The researcher obtained names of VSLA groups. From each group, the researcher wrote names of 15 members on pieces of paper, put them in a basket, churn and randomly picked the required number of respondents to act as representative sample. A sample of 152 VSLA members was selected by simple stratified sampling. The method was used basically due to the fact that VSLA group members were many and had equal chances of being selected.

### **3.3.2 Purposive Sampling**

This was the deliberate non-random method of sampling which aimed to sample a group of people with particular characteristics, usually in qualitative research design. The researcher selected a sample which provided the best required data to achieve the objectives of the study. This was also called judgment sampling where respondents were selected because they had knowledge that was valuable to the research process. Purposive sampling was used to select LADA Uganda staff responsible for formation, training and supervision of VSLA groups. For this case 5 (five) staff (2Supervisors and 3 Field Agents) who implemented VSLA model were sampled using this method.

### **3.3.3 Sample Size**

A sample was a sub group of the population which was the focus of research inquiry and its was selected in such a way that it represented the study population (Kompo and Tromp, 2006). This study employed purposive sampling and simple stratified sampling techniques to come up with the appropriate sample. The sample size was 157 staff and group members of the target population determined using statistical tables by Krejcie & Morgan (1970).

## I. Table 3.1: Study Population

Category	Accessible Population	Sample Size	Sampling technique
Supervisors	2	2	Purposive Sampling
Field Agents	3	3	Purposive Sampling
Group members	250	152	Simple stratified Sampling
<b>Total</b>	<b>255</b>	<b>157</b>	

Source: LADA Uganda Records. Adopted and modified from Krejcie & Morgan (1970)

### 3.4 Sources of Data

The study used both primary and secondary sources of data in order to make it of good quality. The details were put in the subsequent headings as indicated.

#### 3.4.1 Primary Sources

Primary data was that kind of original data that was gathered for the first time thus never reported anywhere (Asiu, 2015). Primary data was collected by means of a questionnaire administered to VLSA group members and interview guide administered to LADA Uganda staff.

#### 3.4.2 Secondary Sources

Kombo and Tromp (2006) defined secondary data as that kind of data that was available, already reported by some other scholars. Secondary data was collected from existing literature dealing with the variables under study. Sources of secondary data were; library search, publications, internet, textbooks, journals and LADA Uganda quarterly and Annual Reports.

### 3.5 Data Collection Instruments

This study used questionnaires and interviews to collect data that was used to shape the study. The questionnaires were designed both in structured and unstructured manner to fetch the data as

required while interview guides were designed to collect the qualitative data. Their details were as indicated hereunder:

### **3.5.1 Questionnaire**

According to Kombo and Tromp (2006), a questionnaire was a list of research or survey questions asked to respondents and designed to extract information. A questionnaire was a data collection instrument used to gather data over a large sample of respondents. It was a pre-formulated written set of either closed ended or open ended questions to which respondents recorded their answers. The design of the questionnaire based on both conceptual framework and objectives of the study. The questionnaires were given to respondents to fill independently and then collected by the researcher later.

### **3.5.2 Interview Guide**

Interviews involved face-to-face interaction between the researcher and the respondents concerning data required for the research objectives. The interview guide contained a set of questions the researchers asked the respondents to obtain first-hand information about the subject at hand.

The researcher used unstructured questions in the interview guide that were mainly open ended to obtain detailed information about the subject being investigated. Interview guide was administered to staff of LADA Uganda who implemented the VSLA model in Kamuganguzi Sub County.

## **3.6 Data Analysis**

After collecting the information, a variety of techniques were used to analyze it in order to capture the relevant findings and also presented it in a manner that would be understood by fellow researchers and other research users. These techniques were discussed below.

### **3.6.1 Editing**

Editing was done manually by the researcher in order to discard unwanted and irrelevant information, verify the data and check for consistency.

### **3.6.2 Coding**

This involved grouping answers of a similar nature or with similar meaning into one set of answers and giving them a particular number called a code. This meant for example answers with “yes” in a given questionnaire were coded as number 1 and those with “No” were coded as number 2 for each questionnaire. Interview guide generated questions had their responses coded to have same treatment with the quantitative information. The coding assisted the researcher to get the total number of responses for each of the questions. This helped to tabulate the data using figures and numbers obtained.

### **3.6.3 Tabulation**

Tabulation involved representing the information obtained in figures and tables. Statistical Package for Social Sciences (SPSS) software was used to analyze quantitative data hence created frequency tables. Qualitative data from interviews was presented using narrative texts according to the sub-themes of the study objectives and was given codes that enabled it to be treated with the data from the questionnaire that was quantitative.

### **3.7 Ethical Considerations**

The researcher considered research values of voluntary participation, anonymity and protection of respondents from any possible harm that could arise from participating in the study. The researcher therefore introduced the purpose of the study as a requirement for the fulfillment of the award of a Master’s degree study programme and not for any other hidden agenda by the researcher and asked the participants to participate on voluntary basis.

The researcher ensured highest level of confidentiality of the information obtained from respondents and the findings were utilized for intended purpose only. The respondents were to be provided with feedback about the findings upon completion of the study.

### **3.8 Testing Reliability and Validity of Data**

In order to ensure that the instruments gave consistent responses, pre-testing was done. The researcher administered the instruments to 10 respondents selected randomly from VSLA groups

and re-administered the instruments to the same respondents after one week. This enabled the researcher remove inconsistent questions before rolling out to all other respondents.

## CHAPTER FOUR

### PRESENTATION, INTERPRETATION, ANALYSIS AND DISCUSSION OF FINDINGS

#### 4.0 Introduction

The analyzed data was presented in a manner that the findings were actually filtered to the finest units to show the direction of the verdict they conveyed. Not only was the presentation done but also the interpretation and analysis which eventually called for the discussion session of each individual objective.

Prior to the individual objectives, a look at the socio-demographic characteristics of the respondents was regarded salient to this study. Later, the study objectives including; the effects of savings on socio-economic empowerment of vulnerable people, the relationship between credit access and socio-economic empowerment of vulnerable people, and finally, the effect of social fund on socio-economic empowerment of vulnerable people were considered for this study.

#### 4.1 Socio-demographic Characteristics of the Respondents

The socio-demographic characteristics of the respondents were manifested truly basing on the features including; respondents' category, gender and age respectively. The descriptive statistics here played a vital role in showing the levels to which these contributed to the study success. In this case therefore, the frequency and percentage business took root to articulately advance the gist of matter in the study prospect as indicated in Table 4.1 below.

II. Table 4.1 Distribution of Respondents by Category  
(n=157)

Variable		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Group Members	152	97	97	97
	Field Agents	3	2	2	99



Supervisors	2	1	1	100.0
Total	157	100.0	100.0	

**Source:** Primary Data, 2019

From Table 4.1, the category of respondents was presented in such a way that group members were 152(97%) respondents, field agents 3(2%) respondents and supervisors were 2(1%) respondents respectively all from the total number of respondents 157(100%).

The analysis indicated dominance in participation among the group members because they were the definitive group that was dependable for which the implication of village savings was tremendously able to shape their livelihood by ensuring the socio-economic empowerment at household level. However, it was observed that the supervisors meagerly participated in the study. This was because of their position which did not call for many. Their numbers were actually significant for the provision of the information required to put up a drastic move towards the deliberations of the study verdict.

### III. Table 4.2: Distribution of Respondents by Gender (n=157)

Variable	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Females	99	63	63	63
Males	58	37	37	100.0
Total	157	100.0	100.0	

**Source:** Primary Data, 2019

From Table 4.2, gender of respondents was represented by 99(63%) female respondents and 58(37%) male respondents all from the total respondents' number 157(100%).

The analysis illustrated the majority of the respondents as females on the expense of males. This was because, females were decisive enough to accept the deal of indulging in the study compared to males since they were named among the vulnerable persons in the community. Males were actually of low numbers because they were not largely involved in the vulnerable groups of the people labeled in their local society.

IV. Table 4.3: Distribution of Respondents by Age  
(n=157)

Variable		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30 years	80	51	51	51
	31-40 years	54	34	34	85
	41-50 years	19	12	12	97
	51 years+	4	3	3	100.0
	Total	157	100.0	100.0	

**Source:** Primary Data, 2019

From Table 4.3, the distribution of respondents by age was evident in a way that, the respondents between 18-30 years registered 80(51%); 31-40 years registered 54(34%) respondents while 41-50 years had 19 (12%) and 51 years+ had 4(3%) respondents respectively. All the age brackets of the respondents radiated from the total respondents' number 157(100%).

The analysis made indicated that the respondents in the age-bracket below 18-30 years were the majority in the study while the minorities were aged 51 years+. It was believed that the majority

were young women who wanted savings culture in order to change the shape of their economic empowerment for a good living. However, the least scores from the respondents aged 51 years and above indicated that they could no longer save a lot due to the fact that they had more to spend on than to save as exemplified in fees payment for their children.

v. Table 4.4: Household Monthly Income before and after joining VSLA (n=157)

Variable	Income	Frequency (f)	Percent (%)
Before	1-10,000/=	90	57
	10,001-100,000/=	40	25
	Above 100,000/=	27	18

<b>Total</b>		<b>157</b>	<b>100</b>
After	1-10,000/=	4	3
	10,001-100,000/=	65	41
	Above 100,000/=	88	56
<b>Total</b>		<b>157</b>	<b>100</b>

**Source:** Primary Data, 2019

From Table 4.4, the household income per month before and after joining Village Savings and Loan Associations had mixed up income rates. For the monthly income before joining the VSLA, it was found out that community members used to have different income rates of which those earning between 1-10,000/= were 90(57%); those earning between 10,001-100,000/= were 40(25%); the respondents earning above 100,000/= were actually 27(18%) all from the total number of respondents 157 (100%).

The implication here was that the respondents from the vulnerable groups who earned more than 100,000/= were less than 20% where actually, such people were poor and so nothing was positive in their lives as regards their way of living. The majority of the respondents were found in those who were earning between 1-10,000/=. This meant actually that such people were unable to meet the basic necessities for their homes and families and so were even unable to pay fees for their children.

On the other hand, after the advent of VSLA, a number of the community members joined and after that practice, the earnings drastically changed from poor to some relatively good level. It was found out that the community members who earned between 1-10,000/= greatly reduced from 90(57%) before joining VSLA to 4(3%) meaning that people started earning greatly. The community members who earned above 100,000/= after joining VSLA were 88(56%) compared to 27(18%) before joining VSLA. The picture obtained from the two sessions of before and after joining the VSLA indicated that really the Village Savings and Loan Associations had a

significant relationship with socio-economic empowerment of vulnerable people in the study area.

#### 4.2 Effects of Savings on Socio-economic Empowerment on Vulnerable People

The effects of savings on socio-economic empowerment were realized using descriptive statistics where the Statistical Package for Social Scientists (SPSS) was adopted. The findings were presented in Table 4.5 after a thorough analysis of the assortment of individual finding's performance. The following mean range guide was influential towards the verdict deliberated from the results for this objective.

Mean range	Response mode	Interpretation
3.26-4.00	Strongly agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair satisfactory
1.00-1.75	Strongly disagree	Unsatisfactory

#### VI. Table 4.5: Effects of Savings on Socio-economic Empowerment on Vulnerable People

Variable	N	Mean	S.D
Improving the health status of women in families	157	3.54	0.874
Increased household income	157	2.99	1.040
Improved nutrition and food supply	157	2.87	0.851
Purchase of agricultural inputs	157	2.81	1.058

Women have invested in small enterprises and farming.	157	2.65	0.940
<b>Mean Response</b>	<b>157</b>	<b>2.97</b>	<b>0.953</b>

**Source:** Primary Data, 2019

From table 4.5, improving the health status of women in families' viewpoint was the highest ranked finding with the mean score of 3.54 and the standard deviation of 0.874 interpreted as very satisfactory. It was observed that as a result of income generation activities, women got money and therefore their income increased which promoted them to have a variety of food (balanced diet) that changed their health status. They had good health which stressed them to have more enterprises to get rid of vulnerability. This statement was actually explained better by CARE (2011) which contended that although improving the health status of women and their families was not a direct focus of the VSLAs, it came in as a side effect of the approach. When the income of households increased as a result of the VSLA, the family members were enabled to buy and use more nutritious food which had a positive effect on health. It was believed that the households' health situation based on providing nutritious food for their families and children; enabling women to go to hospital or have a consultation with a qualified doctor in case of illness and emergencies at an earlier stage while in the past they could not because of lack of resources (money).

The second in rank was the finding "Increased household income". This got the mean score of 2.99 and the standard deviation of 1.040 interpreted as "satisfactory". The researcher noted that because of different families' engagement in numerous enterprises, their household income increased. This brought their standards of living high which led to wealth generation component. Families were able to pay fees for their children and also to buy the required basic necessities for their families. This statement was in harmony with Mustapha (2017) who mentioned that when farmers had easily available source of financial service, it increased their farm income. This in turn, enabled them to have access to food processing facilities, because they were able to pay for the services rendered. Likewise, once the income of the farmer increased, he/she was able to hire labour in addition to their family labour, pay for their children in school and many more.

Third in rank was “Improved nutrition and food supply” that fetched the mean of 2.87 and the standard deviation of 0.851 interpreted as “satisfactory”. It was noted by the researcher that because of the savings culture, most women and other family members became engaged in agriculture vis-a-vis other enterprises where they got to learn about supplying enough food to their homes and families. The nutritious food supplied, boosted their families in terms of health leading to good health. This statement was in line with Nuwagaba (2009) who commented that saving in groups enabled members to respond to poor nutrition because women afforded to provide their children with nutritious foods. All of the members noted that there were changes in their food security levels where it either remained the same or increased. While only 12.5% of the members took loans specifically to purchase food, two thirds of those interviewed mentioned an increase in their food security.

Purchase of agricultural inputs was the fourth in rank and it had the mean score of 2.87 and the standard deviation of 0.851 interpreted as “satisfactory.” The researcher observed that the soil productivity was nowhere in case of failure to add the inputs like fertilizers in addition to other inputs. Farmers were encouraged to buy the required inputs to boost the levels of soil fertility to produce more output. This forced the women and other members of the families to save for the inputs that finally led to enough food and enough to sale for other family requirements. This statement was in association with Asiu (2015) who revealed that Village Savings and Loan Associations had impacted farm productivity in various ways. This was so because savings were an asset not liability, and therefore reduced livelihood risks. It was also found that many people in the rural areas who accessed financial services were able to purchase agricultural inputs; maintain infrastructures; contract labour for planting/harvesting; transporting goods to market; make/receive payments; manage peak season incomes to cover expenses; invest in education; shelter, health; or deal with emergencies.

Lastly, the fifth ranked component was the fact that “Women have invested in small enterprises and farming which had the mean score of 2.65 and the standard deviation of 0.940 interpreted as “satisfactory.” The researcher affirmed that because of children and the rest of the members in the family passing through home based violence, they were advised to invest in small enterprises that could help them even when they were no longer in their families. They had small ventures of poultry production, zero grazing animals that they could cater for easily, even some engaged in

leadership as an enterprise among others. This statement was affirmed by Kesanta& Andre, (2015) who contended that by saving and accessing micro-loans through VSLAs, women were able to invest in small businesses and farming, which resulted in improving their children's education, health, and the livelihood of the entire family. Individuals assets (livestock, savings, land, housing and capabilities) made them invest for the bright future of their children.

In summary, the mean response obtained was 2.92 falling in the mean range of 2.51-3.25 meaning that the respondents agreed upon the responses (findings) about improving the health status of women in families. Thus the effects of savings on socio-economic empowerment on vulnerable people, was actually justified.

#### **4.3 The Effect of Social Fund on Socio-Economic Empowerment of Vulnerable People**

Social fund was found to have the effects on socio-economic empowerment with the base on the underlying findings generated from the field. Using the Statistical Package for Social Scientists (SPSS), the information was able to appear on Table 4.9 below and the interpretation, analysis and discussion of the findings was done fully to allow the ultimate judgment to take root. All these were done with the focus on the key areas of mean and standard deviation respectively under the guidance of the mean range guide indicated below.

<b>Mean range</b>	<b>Response mode</b>	<b>Interpretation</b>
3.26-4.00	Strongly agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair satisfactory
1.00-1.75	Strongly disagree	Unsatisfactory

#### **VII. Table 4.6: The Effect of Social Fund on Socio-Economic Empowerment of Vulnerable People**

Variable	N	Mean	SD
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Community replaces the damaged property.	157	3.45	1.099
Achieving flexibility to immense development of social capital.	157	3.41	1.067
Increased social networking to allow information flow.	157	3.37	1.093
Social funds support groups of orphaned children.	157	3.37	1.087
Members build new bonds to strengthen decision making.	157	2.90	1.055
<b>Mean Response</b>	<b>157</b>	<b>3.30</b>	<b>1.080</b>

**Source:** Primary Data, 2019

From table 4.5, the issue that community replaces the damaged property was the first ranked finding with the mean score of 3.45 and the standard deviation of 1.099 interpreted as very satisfactory. The researcher after understanding how the social funds operated got to understand that the funds actually provided niche for the replacement of the damaged property including the replacing the stolen livestock, demolished houses by natural calamities like wind and heavy rainfall among others. This meant to boost the state to which families had to exist. This statement was in line with CARE (2011) that had it that social fund also known as welfare fund was contributed by every member of VSLA uniformly during every meeting to be used to provide grants to members who encountered serious problems. They were often made to help with, funeral expenses, loss of livestock and Catastrophes, such as fire damage or house damage. Social fund was sometimes borrowed to members and paid back in 2 (two) weeks without interest.

Achieving flexibility to immense development of social capital followed suit and was actually ranked with the mean score of 3.41 and the standard deviation of 1.67 interpreted as “very satisfactory”. The researcher observed with concern that since members contributed funds, it was helpful that whoever had a problem would be helped. This led to the immense development because of the savings made that would be given to members for development aspects as well. This statement was affirmed by Kesanta and Andre (2015) that in terms of social capital, saving

groups achieved a state of not only economic stability, but economic empowerment and flexibility was a possible contributing factor to the immense development of social capital in savings versus other types of community groups. The social benefits of savings groups included; networking, social bonds, social influence, exchange of information and many more.

Increased social networking to allow information flow was the third ranked finding and had the mean of 3.37 and the standard deviation of 1.093 interpreted as “very satisfactory”. It was observed that through various meeting about saving and other social obligations, members themselves got it that the information flow was enormous because of togetherness. This social capital was found to be important since it built a strong bond among the savings groups. This statement was synchronized with Ghorbani (2005) that the social benefits of saving groups, include networking and social bonds that influenced the flow of information to the community about anything to inform them about leading to household income and development.

Social funds support groups of orphaned children had the mean score of 3.37 and the standard deviation of 1.083 interpreted as “very satisfactory.” The researcher critically analyzed that children who had no parents needed support in terms of finance as they had a lot to use money let it be buying the basic requirements for school and even the personal belongings respectively. The social funds therefore helped such children with money and materials that the members afford to be in a good state. This statement was realized by Mohammad (2016) that mentioned that the VSLA group used social fund to support a group of orphaned children with clothes and school materials. In this way the group had taken over where a local NGO could not continue to support every Orphan in need. The group actually became an active, viable and sustainable support mechanism for orphaned children in need.

Lastly, the fact that members build new bonds to strengthen decision making was ranked the fifth with the mean score of 2.90 and the standard deviation of 1.055 interpreted as “satisfactory.” The researcher analyzed that the communities that develop had to engage in a collective social responsibility of joint decision making. This was a habit with social fund members whose contributions shot higher in regard to the development of their area as well as developing themselves. This statement was best explained by Asiu (2015) that mentioned that according to Catholic Relief Services, through a descriptive case study on the Lemlem Saving Group in

Ethiopia, saving groups could and should be leveraged as social assets to a community. It was inherent in the group formation and development process that members built new bonds and understanding, strengthened their ability to make joint decisions, became more confident, self-reliant and through this process, could take an interest in development activities for the community.

In summary, the mean response for this objective was 3.30 meaning that the responses were at the highest rating echelon. This meant actually that the effect of social fund on socio-economic empowerment of vulnerable people was positive and was done willingly without the community being compelled and hence the justification for the objective therein.

#### **4.4 Credit Access and Socio-Economic Empowerment of Vulnerable People**

This was realized by regression analysis where each category of the respondents was looked at independently. The results were displayed to mean the valued verdict that came up as a result of the treatment of the data obtained. In this case therefore, it was well captured that the group members and the rest of the categories cohorts of other study respondents had different results consequently as shown below in the subsequent headings:

##### **4.4.1 Regression for Group Members**

Regression was a tool in statistics that explained the extent to the relation between variables contributed to the other variables. In other words, regression model in this case explained the extent to which the independent constructs of credit access and socio-economic empowerment of vulnerable people met their common features. This was done since there was more than one component for each independent variable impacting on the dependent variable.

**Table 4.7: Regression Coefficients<sup>a</sup> for Group Members**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

1	(Constant)	-5.840	1.845		-3.166	.034
	X	1.321	.285	1.362	4.638	.010
	Y	.735	.197	1.069	3.734	.020
	Z	1.029	.292	.726	3.526	.024

a. Dependent Variable: SEE

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 <sup>a</sup>	.860	.756	.32355

a. Predictors: (Constant), X, Y, Z

The regression model predicted 86.0% ( $R^2 = .860$ ) of the variance in Credit Access and socio-economic empowerment of vulnerable people. This meant that 86.0% of credit access to socio-economic empowerment of vulnerable people had surfaced.

The results of the regression also indicated that credit access alone as a predictor explained 75.6% (adjusted  $R^2 = .756$ ) of the variables in socio-economic empowerment with other variables being constant. The regression results further indicated that credit access construct insignificantly and positively affected socio-economic empowerment (Beta=1.362, sig >0.01), implying that a change in credit access would lead to change in socio-economic empowerment of vulnerable people by 1.362.

The regression results also indicated that credit access construct insignificantly and positively affected socio-economic empowerment of vulnerable people (Beta=1.069, sig >0.01), implying

that a change in credit access would lead to change in socio-economic empowerment of vulnerable people by 1.069. Finally, the results also indicated that credit access construct insignificantly and positively affected socio-economic empowerment of people (Beta=0.726, sig >0.01), implying that a change in credit access would lead to change in socio-economic empowerment of people by 0.726.

#### 4.4.2 Regression for Field Agents

This model was able to bring to light the regression analysis for the relationship between credit access and socio-economic empowerment of vulnerable people. It was prudent that the results from this tool were ably explained to determine the direction for this part.

**Table 4.8: Regression Coefficients<sup>a</sup> for Field Agents**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.960	.442		6.693	.000
X	.341	.079	.283	4.307	.000
Y	-.413	.066	-.410	-6.299	.000
Z	.063	.073	.051	.867	.387

a. Dependent Variable: SEE

#### Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.587 <sup>a</sup>	.345	.335	.70863

a. Predictors: (Constant), X, Y, Z

The regression model predicted 34.5% ( $R^2 = .345$ ) of the variance in job satisfaction. This meant that 34.5% of credit access was considered important.

The results of the regression also indicated that credit access alone as a predictor explained 33.5% (adjusted  $R^2 = .335$ ) of the variables in socio-economic empowerment with other variables being constant.

The regression results further indicated that credit access construct significantly and positively affected socio-economic empowerment of vulnerable people (Beta=0.283, sig <0.01), implying that a change in credit access rates would lead to change in socio-economic empowerment of vulnerable people by 0.283.

The Credit Access construct significantly and negatively affected socio-economic empowerment of vulnerable people (Beta= -0.410, sig <0.01), implying that a change in credit access would lead to change in socio-economic empowerment by -0.410.

Finally, the results indicated that credit access construct insignificantly and positively affected socio-economic empowerment of vulnerable people (Beta=0.051, sig <0.01), implying that credit access would lead to change in socio-economic empowerment of vulnerable people by 0.051.

In summary, the relationship between credit access and socio-economic empowerment of vulnerable people showed a turning point in this study as it clearly unleashed the facts for which there has the significant connection between the variables in question. Thus, the strength of micro-credit lied in its ability to organize idle women into a productive workforce with their proven creditworthiness (Chavan and Ramakumar, 2002) implying that micro-credit was claimed to be a solution to most of the problems that originated out of the state's efforts to alleviate poverty and women empowerment by using the instrument of credit (Sultana & Hasan, 2011). There was economic empowerment that translated into the capacity to engender self-reliant and self-sufficient economic development especially within the micro non-formal sectors of the national economy where every woman achieved more to ensure economic empowerment (Nwanesi, 2006).

#### 4.4.3 Correlations

Correlation is a tool that was used in statistics to measure the relationship between two variables. It attempted to measure whether any relationship existed between variables. In this study it was used to establish whether there was a relationship between Credit Access and Socio-economic Empowerment of Vulnerable People. It was dealt on only two respondents who were the supervisors of the Village Savings and Loans Association whose results went as indicated in Table 4.8:

**Table 4.9: Correlational Coefficient<sup>a</sup> for Supervisors**

Description		A	B
A	Pearson Correlation	1	.426
	Sig. (2-tailed)		.292
	N	2	2
B	Pearson Correlation	.426	1

Sig. (2-tailed)	.292	
N	2	2

**Source:** Primary Data, 2019

Results from the above table; indicated an insignificant positive correlation between Credit Access and Socio-economic Empowerment of Vulnerable People with ( $r=0.426$   $P\text{-value}>0.01$ ), meaning that credit access contributed to socio-economic empowerment of vulnerable people in a positive manner. However, the level of this contribution was insignificant because the  $p$ - value was  $>$  than 0.01.

In summary, it was clear that empowering women economically did not only increase the wealth of the nation but also provided the necessary conditions for improved gender equality which enabled women to have access to income as well as increased capacity for control of economic resources (Roland 2015). In support of this, Izugbara (2004) suggested that access to savings and credit facilities potentially strengthened women's economic decision making capacity; improved their skills, knowledge, support networks and enhanced their status in the society.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

The study entitled “Village Savings and Loan Associations (VSLA) and Socio-economic Empowerment of Vulnerable People in Kamuganguzi Sub County, Kabale District” had the findings that were generated from different objectives. Conclusions were made basing on the performance of the individual objectives. The recommendations were set to enable the readers understand what the study would be end. Suggestions for further researchers were put in place to help them have a base in case of further research.

#### **5.1 Summary of Findings**

The findings generated were captured from objective to objective. In this part therefore, only the well and least performed findings were recorded. This was to show the reader the preference and likes of the respondents.

The first was about the effect of savings on socio-economic empowerment of vulnerable people whose leading variable was “improving the health status of women in families” that had the mean score of 3.54 and the standard deviation of 0.874 while the least scored finding was “women have invested in small enterprises and farming” whose scores were 2.65 and the standard deviation of 0.940.

The relationship between credit access and socio-economic empowerment of vulnerable people was the second objective. It had 86.0% of credit access to socio-economic empowerment of vulnerable people had surfaced. The results of the regression also indicated that credit access

alone as a predictor explained 33.5% (adjusted  $R^2 = .335$ ) of the variables in socio-economic empowerment with other variables being constant.

The third objective entailed the effect of social fund on socio-economic empowerment of vulnerable people which had the majority of the respondents in support of the community replacing the damaged property. This had the mean score of 3.45 and the standard deviation of 1.099 while the least scores were observed in the fact that members build new bonds to strengthen decision making. This had the mean score of 2.90 and the standard deviation of 1.055.

## **5.2 Conclusions**

The conclusions made were based on individual objectives. For the first objective (the effect of savings on socio-economic empowerment of vulnerable people) had the issue of improving the health status of women in families as a salient finding.

The relationship between credit access and socio-economic empowerment of vulnerable people was observed in the performance of the variables where great scores were realized with 86.0% of credit access to socio-economic empowerment of vulnerable people. Thus justification was made for the two variables. Further, the results indicated that credit access construct insignificantly and positively affected socio-economic empowerment of vulnerable people (Beta=0.051, sig <0.01), implying that credit access would lead to change in socio-economic empowerment of vulnerable people by 0.051.

The third and last objective was concluded in such a way that the community needed social fund aimed at replacing the damaged property. Therefore, the social fund was actually important to help the masses for better standards of living.

VSLA is widely implemented by NGOs as a financial inclusion model towards socio-economic empowerment of persons made vulnerable by HIV and other factors. VSLA is not a resource heavy program. Groups need only training, basic materials and a metal lock box to operate. The VSLA model revolves around skill acquisition and group-generated capital. Once the group has learnt VSLA methodology, the implementer is able to start giving the group more autonomy, making viral growth possible. VSLA provides members with 3 benefits; a way to save money, a way to earn interest and away to access previously unavailable capital (VSL Associates, 2008).

To crown it all, having seen the performance of the individual findings, Village Savings and Loan Associations and socio-economic empowerment of vulnerable people, were found to be significantly related and therefore there was need to bless. It was justified that the community members were helped especially women and children as vulnerable individuals which was a landmark for their development through savings' culture where small and medium enterprises were started to boost their living standards.

### **5.3 Recommendations**

There is need to improving the health status of women in families as well as children since they are regarded vulnerable in order to let them live happily. This contributes to the development of the place they live in.

There should be improved nutrition and food supply to all families to let children and other members grow healthy and live a happy life. This should be the initiative of the village credit institutions that empower women and children first before other members of the family.

Increased household income should be the ultimate goal fostered by credit accessibility in the area which must be done with ease through the start of small and medium enterprises especially for women.

It is recommended that the vulnerable groups of people have the replacement of the damaged property in case of any loss aiming at keeping standards of living at household level.

Achieving flexibility to immense development of social capital required the development of the saving culture that promotes regular income to help the community solve their personal problems.

The social fund should be a unifying factor that enhances development through increased social networking to allow information flow since information is power.

### **5.4 Suggestions for Further Researchers**

This study focused on Village savings and loans Associations (VSLA) and socio-economic empowerment of vulnerable people. The following areas can be researched on;

- The impact of microfinance institutions to people's livelihoods in any area in Uganda.
- Socio-economic status and the rural development programmes in Uganda with specific reference to any area in western Uganda.
- The effect of administration of money lending institutions and the community development aspect in any area in Uganda.

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## APPENDICES

### APPENDIX A

#### KREJCIE & MORGAN (1970) TABLE OF SAMPLE DETERMINATION

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	280	100000	384



Source: Krejcie& Morgan (1970)

## APPENDIX B

## QUESTIONNAIRE FOR GROUP MEMBERS

## SECTION 1: Background information

1. Name of VSLA.....
2. Gender of respondent                  1- Male  
    2-Female
3. Age of respondent.....

## SECTION 2: Effect of Savings on Socio-economic empowerment of Vulnerable People

1. How much is the share value in your group this cycle?.....
2. How many shares do you currently have in VSLA group this cycle?.....
3. Amount of previous cycle share out.....
4. What was your household's monthly income before joining VSLA?.....
5. What is your current household's monthly income.....
6. Are you currently engaged in any IGA?
  - 1-Yes
  - 2-No
7. What type of IGAs are you currently engaged in (circle as many possible)
  - 1- Agriculture (including livestock, poultry)
  - 2-Business (sales & trade)
  - 3-Boda boda
  - 4-Other, please specify
8. Has your status in the community changed since joining VSLA?
  - 1- Improved
  - 2- Stayed the same
  - 3- Worsened
  - 4- I don't know

9. How would you rank your household's wealth within the community?

1- Richest in the community

2-Among the richest in the community

3-Among the poorest household's in the community

4-Richer than most household's in the community

5-The poorest in the community

10. Please give your opinion on the following effects of saving. Codes will indicate how you feel about the statements raised.

4= Strongly Agree, 3 = Agree, 2 = Disagree, 1 = Strongly Disagree

SN	Variable Claims	4	3	2	1
1.	Improving the health of women in families				
2.	Increased household income				
3.	Improved nutrition and food supply				
4.	Purchase of agricultural inputs				
5.	Women have invested in small enterprises and farming				

### **Section 3. Relationship between credit access and Socio-economic empowerment of vulnerable people**

11. Did you have access to loans/credit before joining the VSLA?

1- Yes

2- No

12. Have you ever taken a loan from VLSA?

1- Yes

2-No

13. If yes, how many loans?.....

14. What was the value of each of the loans during the previous savings cycle?

(a) Value of first loan.....

(b) Value of second loan.....

(c) Value of third loan.....

15. Please rank your 3 most important uses of the loans (s). if business or productive investment, please specify.

1- Food expenses

2- Repaying debts

3- School fees

4- Family ceremony

5- House improvement

6- Medical fees / health

7- Farming

8- Other Business

9- Buying house hold assets

10- Emergency

16. Who made the decision on the utilization of loan/investment above?

1- Husband

2-Wife

3-Bottle

4-Other

17 How many children (6-17 years) from your household are currently in school?.....

18. How much did your household spend on education expenses (fees, uniforms, books or other materials) during the last 12 months?.....

19. Do you pay for these educational expenses using pay out or loans from the VSLA?

1- Yes

2- No

**Section 4: Effect of Social Fund on socio-economic empowerment of vulnerable people**

20. Do you contribute social fund in your group?

1. Yes

2. No

21. How much do you contribute to social fund every meeting?.....

22. Have you ever taken a social fund grant/loan from VSLA?

1- Yes

2. No

23. If yes, how many times?.....

24. What was the value of each of the social fund grant/loan during the previous savings cycle?

(a) Value of first social fund grant/loan.....

(b) Value of second social grant/loan.....

(c) Value of third social fund grant/loan.....

25. What was the purpose of social fund grant/loan?

1. Funeral expenses

2. Paying medical bill/transport to hospital

3. Paying school fees

4. Celebrations/party

5. Purchase of food

6. Others

26. The last time there was an emergency health problem, you found no difficulty in handling it.

1-Yes

2-No

27. Has the health of members of the household changed since joining the VSLA?

1- Improved

2-Stayed the same

3-Worsened

4-I don't know

28. How much did your household spend on health care expenses in 2018?.....

29. Please give your opinion on the following effects of social fund. Codes will indicate how you feel about the statements raised.

4= Strongly Agree, 3 = Agree, 2 = Disagree, 1 = Strongly Disagree

SN	Variable Claims	4	3	2	1
6.	Community replaces the damaged property				
7.	Achieving flexibility to immense development on social capital				
8.	Increased social networking to allow information flow				
9.	Social funds support groups of orphaned children				
10.	Members build new bonds to strengthen decision making				

## **APPENDIX C: INTERVIEW GUIDE FOR FIELD AGENTS/SUPERVISORS**

### **Part A: Bio-data**

1. Age
2. Gender
3. Number of years implementing VSLA

### **Part B: Topical Questions**

1. What is your view on performance of VSLA model in Kamuganguzi Sub County?
2. What is your opinion on socio-economic status of people in Kamuganguzi Sub County, Kabale District?
3. What do you think affects the saving culture in your community?
4. How do the savings help to boost the state of vulnerable people in your community?
5. What is the effect of savings on socio-economic empowerment of vulnerable people?
6. What do you think is the relationship between credit access and socio-economic empowerment?
7. In case of failure to access credit, what do you think may happen to vulnerable people?
8. I understand there is social fund. What is the social fund used for in the area where there are Vulnerable children?
9. What is the effect of social fund on socio-economic empowerment of vulnerable people?

Thank you!