

**IMPACT OF VILLAGE SAVINGS AND LOANS ASSOCIATION ON PEOPLE'S
WELFARE CASE STUDY LAPUL SUBCOUNTY, PADER DISTRICT
UGANDA**

BY

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DECLARATION

I, OKIDI PHILIP (REG. NO. 38500/123/DU) do declare that this research report is my original work and has not been presented for any similar award in any other university or institution of higher learning and that all the references cited have to my best been duly acknowledged.

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APPROVAL

I certify that the work has been done under my supervision and is ready to be examined as the university supervisor.

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DATE: 07/08/2015

(SUPERVISOR)

DEDICATION

This research report is dedicated to my dearly loved parents, Mr. OkenyEvaristo and Mrs. Alice AnyekoOkeny. My beloved brothers, WokorachGeoffery, Julius Peter Ochen, and his wife Josephine, OkenyBosco, adored sisters, Apio IreneAmach, Aber Jennifer, AyaaHarrieth, and Jackline whose contribution is beyond my accountability.

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LISTS OF ACRONYMS

UBOS.....	Uganda Bureau of Statistics
MOFED.....	Ministry of Finance and Economic Development
ROSCA	Rotational Savings and Credit Association
ASCA	Accumulated Savings and Credit Association
VSLA.....	Village Savings and Loan Association
MFI.....	Micro Finance Institution
PRDP.....	Peace, Recovery and Development Plan.
SACCO.....	Savings and Credit Cooperative.
NAADs.....	National Agriculture Advisory Services
JENGA.....	joint encouragement of gainful activities
CBSMF.....	Community Based Savings Micro Finance
LGP	Local Government Program
PAF.....	Poverty Action Fund
PMA.....	Plan for Modernization of Agriculture
UNDP.....	United Nations Development Program
PEAP.....	Poverty Eradication Action Plan
AMFIU.....	Association of Micro Finance Institutions in Uganda

ABSTRACT

The study was conducted in Lapul sub county, pader district Northern Uganda under the topic “impact of village savings and loans association on the rural household welfare. The research considered a population of 80 people out of which a sample size of 70 respondents was equally selected from the total population to give them an equal opportunity to participate in the study.

The study had three major objectives which were; to evaluate the contribution of VSLA on household’s education, measure the impact of VSLA on rural household assets, and to assess the attribute of VSLA on nutrition and health. The data collection was through self- administered questionnaires and interview and equal chances was given to all the members of the SACCOs to participate in the impact study. With the help of simple random sampling techniques statistical package used for analysis was SPSS and the results were presented in form of tables, pie charts and graphs. The key findings of the study are as follow: the average monthly income of the old VSLA participants is statistically significantly different from and larger than those of members who are not operating the cycle, further evidence from the research showed that there is a positive and significant relationship between participation in VSLAs and household asset accumulation. Considering education, the mean education expenditure of VSLA participants was found to be drastically different from and larger than those of the non VSLA participants. The results also show that participation in VSLAs significantly reduces the probability of having school drop – out children in the family.

A VSLA is a time-bound accumulating savings and credit association (ASCA). In it, 15 to 30 people save regularly and borrow from the group fund. Loans are repaid with interest, and have a period usually between one and three months. On a date chosen by the members, usually after about a year, all the financial assets are divided among the members in proportion to each one’s savings. This payout is called the “action audit”. The groups normally re-form immediately and start a new cycle of savings and lending.

CHAPTER ONE

1.0 INTRODUCTION

This chapter present and describes the background of the study, the statement of the problem, the purpose of the study, objective of the study, research questions, hypothesis, the scope of the study, the significance of the study.

1.1 Background

Northern Uganda has since the mid-1880s experienced violent conflicts and insurgency that have occurred as a result of rebel activity particularly in the Acholi and West Nile regions and cattle rustling in the Karamoja region. Conflict has been fuelled by a combination of factors including resistance to the current government, support from external forces, and the increase of guns in the region, poverty, and imbalances to access in economic opportunities and in Karamoja, the need to accumulate wealth. This has given the rural poor to devise their own mechanism using the locally formed associations/ groups that are self-initiated, managed, and at times are not registered by the financial institutions like; banks, and micro finance institutions among others. Village savings and loans association schemes whether its enhancing on the poor people's socio-economic status, it still necessitate systematic investigation to ascertain their levels and needs for operation.

1.1.1 Historical perspective

Pader district is situated in the northern part of Uganda between longitudes 33 degrees west and 34 degrees east and latitude 20 degrees south and 40 degrees north with a population of 183723 people national population and housing census report UBOS (2014).the district is bordered by Kitgum in the north, Agago in the east, Gulu in the west and Apac in the southwest and Iira district in the south. Lapul sub county where the impact study was carried out is located in the western part of the district bordered by the following sub counties; Acholibur, Kilak, Awere, Atanga, Laguti, and Pader town council.

The members of the community in the sub county derive their way of living mainly through subsistence agriculture which provides them with food and the little surpluses are sent to the market to help provide the basic needs which are required for the human consumption in a home.

1.1.2 Theoretical perspective.

This study was based on the model of Harrod-domar. This theory was developed independently by Sir Roy Harrod in 1939 and EvseyDomar in 1946. It is a growth model which states that the rate of economic growth in an economy is dependent on the level of saving and the capital output ratio.

Significance of the theory.

Harrod–Domar model was initially created to help analyze the business cycle, and was later adapted to explain economic growth. Its implications were that growth depends on the quantity of labor and capital; more investment leads to capital accumulation, which generates economic growth. The model carries implications for less economically developed countries, where labor is in plentiful supply in these countries but physical capital is not, slowing down economic progress. LDCs do not have sufficiently high incomes to enable sufficient rates of saving; therefore, accumulation of physical-capital stock through investment is low. This has given an incentive to the poverty stricken people to device their means of supporting their families through forming of groups within themselves where they save money and loan the money out among the members of the groups and this helps them generate interest on the loans given to the members of the association which in turn are used to help in provision of the basic needs and meeting of the daily requirement in a home, hence the creation of SACCO.

The model implies that economic growth depends on policies to increase investment, by increasing saving, and using that investment more efficiently through technological advances.

The model concludes that an economy does not "naturally" find full employment and stable growth rates.

In the previous research which has been carried out on savings does not give a clear picture of what needs to be taken in order to let poor village people get out of the extreme poverty, low level of education, unbalanced diet, low level of income generating activities among others and this has prompted the researcher to yet carry out another research on the same area of interest in order to come out with a clear suggestions which can be taken to improve on the gaps identified on the ground.

1.1.3 Conceptual perspective

Household welfare. According to the new world dictionary defines household welfare as the provision of a minimal level of well-being and social support for all the persons who live in one house, family, or family and servants, the home and its affairs. This welfare is sometimes referred to as public aid. In most developed countries welfare is largely provided by the government, and to a lesser extent, charities, informal social groups, religious groups, and inter-governmental organizations.

Village Savings and Loan Associations (VSLAs): A VSLA is an informal savings association or group. It is an improvement to the traditional savings clubs (like ROSCAs and ASCAs). It consists of self - selected group of people, usually unregistered who pool their money into a fund (i.e. savings/resource pool) from which members can borrow. A detailed description of VSLAs including their mode of operation is presented in chapter two of this thesis.

Operational definitions.

- (a) **Welfare.** This refers to a provision of a minimal level of wellbeing and social support for all citizens. This sometimes can be referred to as public aid; welfare in the developed countries is provided by the government, and to a lesser extent, charity.
- (b) **Income.** This refers to consumption and savings opportunity gained by an entity within a specified timeframe, which is generally express in monetary terms, however for household and individuals, income refers to the sum of all the wages, salaries, profits, interest and payments, rents and other forms of earnings received in a given period of time.
- (c) **Household Assets.** These are the items possessed or owned by households. these include ownership of; a semi-permanent/permanent house, sponge mattress, sofas (sofa set), bed, radio, bicycle, motorcycle, telephone, weighing scale, set of breakable plates, cattle, oxen, watch, sewing machine, other chairs (e.g. plastic chairs), tables, pigs, goats/sheep, chicken, and the number of rooms for sleeping. TV and ox – ploughs were dropped as explained earlier and the size of land owned was also dropped and not used during analysis of the asset index because the number of continuous asset variables had to be minimized to ensure that most of the assets were in binary form, as required by the method of PCA (Filmer& Pritchett - 1998, 2001).

(d) Household education. This is one of the SES or welfare indicators defined or measured using school drop - out children in a family (Tanmoyee, 2009), or household expenditure on education. School drop - out children is the number of children who have abandoned schooling (dropped out of school) especially for reasons related to financial constraints. In this study, education was measured by school drop – out which was a dummy variable that was assigned the value of 1 if a family has at least one school drop - out child and 0, otherwise. Another indicator of education used is education expenditure which was measured by the amount of money spent on children’s education (school fees) in the past 12 months.

1.1.4 Contextual perspective

Government efforts in forms of liberalization have paved way for the financial sector to have an increment of 21% increase in the financial stability in the year 2008/2009 and by the end of March in that year it had grown by 59.3% and this resulted to the intervention of financial institutions into the economy in recent years (MOFPEP, 2009).

The concept of creating linkages between formal models of financial service provision for instance Banks, MFI’s, MDI,s SACCOs and the informal models like VSLA’s, ROSCAs, and ASCAs can lead to significant savings mobilization and improvement of livelihood through easy and effective community mobilization of SACCOs. And this study is set to examine how the informal savings schemes/village savings and loans association (VSLA) contribute to the welfare of rural households in Lapul sub county Pader district.

The perception of saving in Uganda is not a new idea to people. This is because several groups which is operated by both men and women exist in various forms and places and it has its name in different in the following part of the country case in point are; “Boli-cup” (acholi), “biikaoguze” (Rukiga) “kilimba” (Alur), “Asoso” (Lugbara) all of which are traditional savings which characterized ROSCA or ASCA in most cases.

Experimenting VSLA program in Uganda started with the joint encouragement of gainful activities (JENGA). The JENGA project was started in the west Nile region. The project was originally focused on introducing appropriate technologies and other forms of increasing returns on investment and small farmers’ incentives. The spread of the VSLA program was then enrolled out to the northern part of Uganda including the districts of; kitgum, amuru, pader, and gulu among other district in the region. This was through sensitizing and provision of trainings on the

VSLA operations these include the following local and international NGOs like; CARE Uganda, food for the hungry international (FHI), Zionist American organization (ZOA), and OXFAM.

1.2 Statement of the Problem.

Notwithstanding the statistical improvement in the difference between the household participating in the VSLA groups, education expenditure, and rate of asset accumulation, much still needs to be done on the ground to help improve on the people's welfare in the rural community. The effort made by CARE which has been implemented by the various non-governmental organizations still needs further follow up so as to make the local community have easy access to the financial institution which Can help them to uplift their standard of living and improve on the level of capital accumulation for a sustainable growth and development since the main source of development is the local community due to the vast quantity of natural resources which has been endowed by nature

1.3 Objectives of the Study

1.3.1 Main objective.

To assess the impact of village savings and loans association on the rural household welfare in lapul sub-county Pader District.

1.3.2 Specific objectives.

- i. To evaluate the contribution of VSLA scheme on household's education.
- ii. To gauge the impact of VSLA on rural household assets.
- iii. To assess the impact of VSLA on nutrition and health.

1.4 Research questions.

- i. What is the contribution of VSLA on education?
- ii. What is the impact of VSLA on rural household asset?
- iii. What is the effect of VSLA on nutrition and health of the people?

1.5.0 Scope of the study

1.5.1 Content scope

The study was aimed at establishing the impact of village savings and loans association (VSLA) on the household's welfare. And these include the following; asset possession, education expenditure and school drop-out amongst children, income generating activities, food and nutrition, as well as their mean income.

1.5.2 Geographical scope

The impact study was carried out in Lapul sub county pader district in northern Uganda

1.5.3 Time scope

The impact study reflected a period of five (5) years from 2010-2015. The study period has been taken simply because economics is based on the current affairs in that decision making and policy makings are done depending on the current trend and economic issues. This period was taken in order to get a comprehensive information and data which will be used when analyzing the information to help bring the insight of how the economy in general is doing and to help make necessary policy.

1.6 Significance of the study

The findings from the impact study will be helpful in the following ways.

- i. The study will be used by the government to set stringent rules on the operation of the VSLA services in other parts of the country that has not been in operation.
- ii. The study will be used as a guide to formal financial sector actors like; banks/MFIs/MDIs/SACCOs on creating linkages with the informal rural-based financial services clubs/associations.
- iii. It provides further insights on the kinds of policy issues that can be utilized to engage the informal sector for higher contribution to economic growth and development and contributes towards policy debates of how household income can be improved particularly in the rural districts.
- iv. The impact study will help the future academicians of Kampala international university and other university to get related studies which helps in future.

CHAPTER TWO: LITERATURE REVIEW

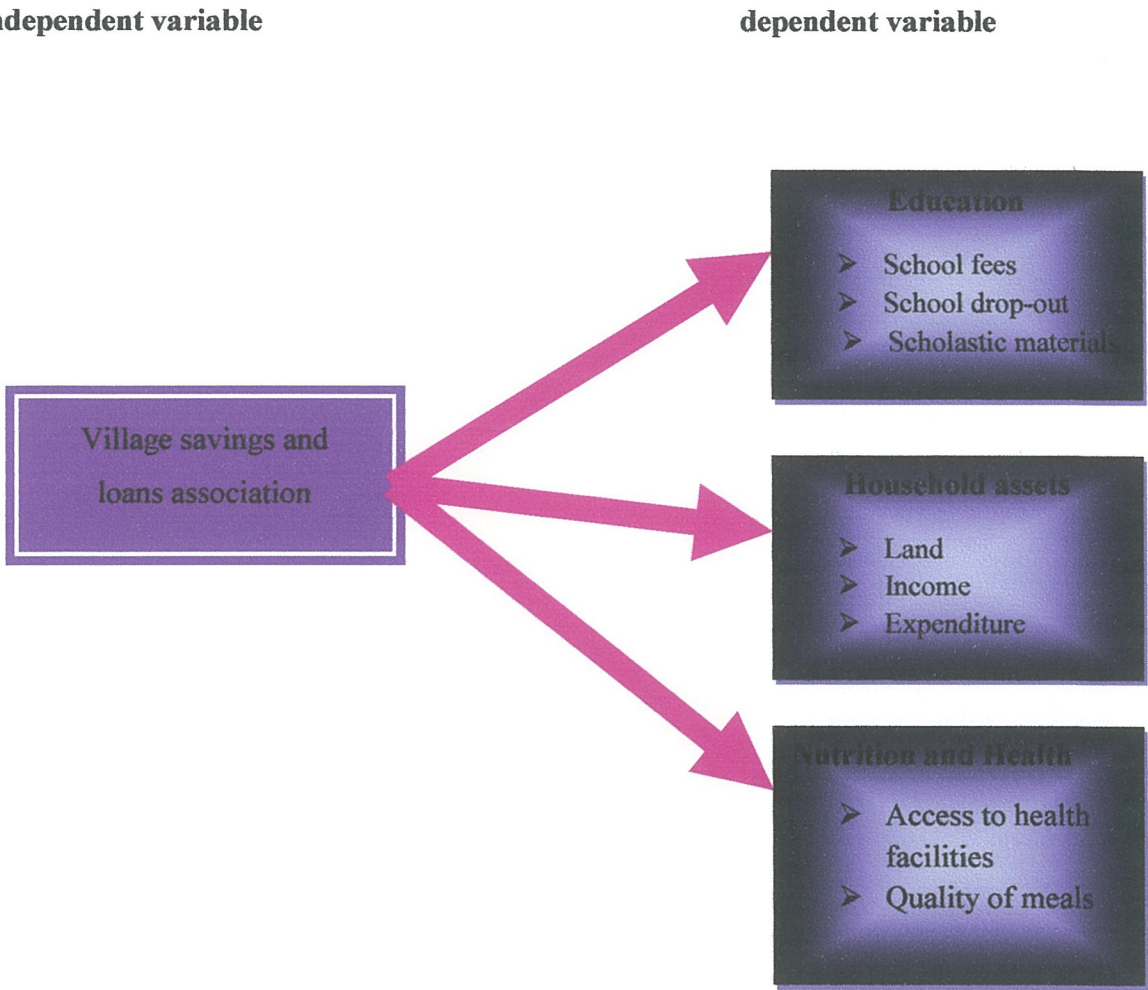
2.0 Introduction

This chapter deliberates the related literature that has been reviewed concerning group savings activities and household welfare. It also looks at other people's work on how participation in savings groups impacted on household welfare both theoretically or conception ally or empirically. The problem identified is not completely a new problem. Some studies as hinted by the investigator have been done on this problem. And to get further insight in to how to go about this problem, the researcher needs to review some of the related literature of this study such as review presented below.

2.1 Theoretical Review

A theory is a formulation regarding the cause and effect relationship between variable (Mugerwa, 2008). In this study, the major theory which has been used is the harrod-domar model and Solow's growth model. Both of the theories emphasize on the development of and advancement of technology, rate of capital accumulation, population growth, savings and investment, and employment among others. This has help to relate the dependent and the independent variables in the study in that savings directly affect and contribute to the rate of asset accumulation, improvement in the health standard of the people in the rural areas, and it also contributes to the education level.

2.2 Conceptual Framework



(Source: Researcher 2015)

2.2.1 Related literature

A study conducted by Anyango (2005) in Malawi (the Impact Assessment Report on Village Savings and Loans Component) present the following findings that the VSLA program had helped to improve the livelihoods of its members and alleviate poverty, particularly for women who constitute the majority in the VSLA groups. The number of economic activities that members of VSLA were engaged in at the baseline had increased, as had the magnitude of other activities. However, members had diverted away from certain economic activities that require greater capital. The VSLA had led to increased accumulation of assets for its members as

compared with the baseline and the control groups. This study had a control group and a baseline, but the baseline was taken at community level and therefore there was a potential that the impact assessment did not cover the same households as the baseline.

Allen and Hobane (2004) concluded in their impact study that the VSLA have contributed to increased household productive and non-productive asset levels among the great majority of Kupfumaishungu (KI) members in Zimbabwe. The study further noted that there has been a significant reduction in the use of formal-sector and traditional savings instruments, in favor of KI group membership. This is particularly marked by a steep reduction in post office savings schemes. The number of income-generating activities per household increased and IGA became more stable, while household labor allocated to IGAs increased. In which Eighty-one percent (81%) of respondents felt that their status in the community had improved as a result of their association with KI.

Similarly, “the impact of microcredit” a case study from Peru by Coleman in 2001 shows that there is a big decrease in the rate of poverty amongst the rural nationals, increase in income and a positive increase in the employment due to the accessibility of the loans people borrow from the savings group and the interest which are invested after the saving in the cycle.

Mutesasira and Mule (2003) in their study in Uganda concluded that most VSLAs were comprised of very low-income people. The average savings per member and the average loan size provided some evidence of the depth of outreach. The loans ranged from Ush.5, 000–50,000 (\$2.50–25.00) and savings per member ranged from Ush.200–1,000 (\$0.10–0.50) weekly. The project reached very low-income households.

According to the study carried out by, most studies have found that microfinance allows the poor to protect, diversify and increase sources of income, which helps to smooth out income fluctuations and to maintain consumption levels even during times of crisis. Zaman (2000), who examines the Bangladesh Rural Advancement Committee (BRAC)’s impact on the welfare of its clients, finds that participation in micro-credit programs reduces vulnerability by smoothing consumption, building assets, providing emergency assistance during natural disasters, and empowering females. The methodology of each study will be discussed in greater

detail in Chapter 3, but the results are generally considered robust. In addition to using a control group, Zaman uses a Heckman two-step procedure, an advanced econometric technique, to control for any biases in his estimation.

MkNelly and Dunford (1999) also find a positive impact on income. The control for potential biases by assigning communities to either a program or control group following baseline data collection, thereby allowing program impact to be measured through simple comparison between the treatment and the control group.

Their results show that the majority of participants (67 percent) of the CRECER Credit with Education Program in Bolivia feel that their incomes have ‘increased’ or ‘increased greatly’ since they joined the program. Additionally, MkNelly and Dunford find that clients of Lower Pra Rural Bank Credit with Education Program in Ghana has increased their incomes by \$36 compared to \$18 for non-clients. Clients have also significantly diversified their income sources – eighty percent of clients have secondary sources of income compared to fifty percent of non-clients. Dunn and Arbuckle (2001), who control for potential biases with the use of a control group and a combination of advanced quantitative and qualitative methods, find that microfinance clients in Lima, Peru have over 50 percent higher income than nonparticipants.

According to the impact study which was conducted in Amuru northern Uganda, the average monthly income of the old VSLA participants is statistically significantly different from and larger than those of the non and new participants. The mean asset index of the old VSLA participants is also statistically significantly different from and larger than the ones for the non and new participants. Results also revealed that the mean asset index under post – VSLA membership is statistically significantly different from and higher than that of the pre – VSLA membership.

Further evidence from regression analysis showed that there is a positive and significant relationship between participation in VSLAs and household asset accumulation. Considering education, the mean education expenditure of the old VSLA participants was found to be statistically significantly different from and larger than those of the non and new VSLA participants. The results also show that participation in VSLAs significantly reduces the

probability of having school drop – out children in the family. Lastly, it was evident that participation in VSLAs and the monthly savings made by the VSLA members into the association's savings pool have a positive and significant impact on the number of IGAs initiated and being operated by the participants under the study.

CHAPTER THREE: METHODOLOGY

3.0 INTRODUCTION.

This chapter discusses the research design, population, sample size and sample selection methods, data collection methods and instruments, data quality control, data analysis, and research procedure.

3.1 Research design

The researcher employed a cross-sectional design that was based on qualitative and quantitative methods of analysis. The qualitative method of analysis used interviews and the quantitative application was through the use of questionnaire that were organized and distributed to the randomly selected members of the VSLA across the various members of the groups.

3.2 study population

The study concentrated on the people who are in the saving groups these included; the youth, mature female and male, the local leaders, group leaders, and some selected NGOs participating in the facilitation of the VSLA with the equipment and giving of trainings to the local community in Lapul sub county in Pader district northern Uganda.

3.3 Sample size

The total population was 80 people and the sample size was 70 respondents and this calculated using Krejcie and Morgan's formula (1970):

3.3.3 Sampling procedure.

The sampling procedure was by use of probability sampling technique. This was done simply to avoid biasness of picking the respondent from the different groups that exist in the sub county.

3.4 Data Sources

Data was obtained from primary source, which was through design of well analyzed questionnaires that was given to the selected people that were sampled from the total population that is participating in the savings activities. And secondary data was through the use of data which were got from Uganda Bureau of statistics and information was also got from the district data bank.

3.5. Primary sources

According to Roston (2001), primary data is that kind of data that has been gathered for the first time and it has never been reported anywhere/ used by any person as questionnaires, interview guides and observation. The researcher used self-administered questionnaire, observation and interview as sources. Primary data is data that is going to be collected from the respondents through observation and directly from first-hand experience through research instruments. It involves giving respondents questionnaires to fill especially those who can be able to read and write.

3.5.1 Secondary sources

Secondary data is data that has already been collected and readily available from other sources such as: records and reports, newspaper articles, textbooks, libraries, online journals among others so as to obtain relevant data.

3.4 Sampling selection procedure

The study employed simple random sampling and purposive sampling. Simple random sampling was used since the study intends to select a representative sample without bias from the accessible population. This ensured that each member of the target population had an equal and an independent chance of being included in the sample. Purposive sampling was used to select respondents, especially the group leaders for instance the chairperson, treasurer, secretary, welfare among others. In order to collect the required information, typical and useful information to avoid time and money wasting. The study employed multi-instruments using both primary and secondary methods.

3.6 Data collection instruments:

3.6.1 Questionnaire

This study used a self-administered questionnaire and semi structured instruments to collect data from respondents. McMillan and Schumacher (2001) recommend a questionnaire if the researcher knows that the respondents will be in position to answer the questionnaire. Closed ended and scaled items will be carefully used to generate information of influence, facilitate response since the questions with multiple choices and data shall be categorized easily. The scaled items, according to Macmillan and Schumacher (2001) allow fairly accurate assessments

of opinions. Similarly, it has the ability to solicit information from several respondents within a short time (Gupta, 1999).

3.6.2 Interviews

This involves face-to-face interaction between the researcher and the respondent. Formal interview guides will help to investigate complex and sensitive issues in relation to standard of living. Clarifications as well will be conducted to enable the interviewee reveal their points of view as observed by Marshall and Bossman (1989). These will help to capture information, not provided by the questionnaires. This method was preferred because of its flexibility and ability to provide new ideas on the subject (Kothri, 1990).

3.6.3 Focus group discussion

It was through the interaction of people from the same case study area or setting to foster talks and discuss the main issue of standard of living. The researcher therefore will follow a predetermined discussion guide to direct the discussion with the purpose of collecting in-depth information about the group's perception, attitudes and development questions. This will allow flexibility of the participants as they express themselves more openly. Many possible answers to specific questions were generated.

3.6.4 Observation

The researcher had to apply this method through the physical look at the assets which were at his exposure during the time of door-door movement in the various villages where the study was carried out.

3.7 Quality Control

Validity of Instruments

Validity refers to the extent to which a method of data collection presents what it is supposed to do, or the extent to which a method of data collection measures what it is supposed to measure (Bell, 1997).

Reliability of Instruments

Reliability according to Amin (2005) refers to the degree to which the instrument consistently measures whatever it is measuring. The questionnaire and the structured interview was improved and adjusted according to the recommendations provided by the supervisor.

3.8 Data Processing, presentation and analysis procedures

3.8.1 Data Processing:

The data was be entered and coded and analyzed using SPSS Prior to processing, the data collected will be tabulated.

3.8.2 Data Presentation:

The data was summarized and presented in simple statistical diagrammatical, tabular and graphical representations, from which descriptive conclusions will be made at the end of the study.

3.8.3 Data Analysis:

Data analysis was done using qualitative and quantitative approaches. Qualitative data will be descriptively analyzed. Due to the nature of the study, emphasis will be put on quantitative approach where data will be analyzed using STATA statistical package. In addition, other methods of analysis like Pearson's Correlation (r) will be used to determine the strength of relationship between e-money and delivery of goods and services. Regression analysis will also be used to determine the relationship between the two variables.

Using the data collected a simple linear regression model will be fitted to determine the relationship between e-money and delivery of goods and services.

3.9 Ethical Considerations

During data collection, the rights of individuals were respected .The researcher had to first get consent of all the respondents for their responses. He ensured that confidentiality of information to protect and enable respondents trust him with the information from the sensitive questions. Sensitive information/issues were not explored unless the researcher requested the respondents to provide that information.

3.9 Limitations of the study

During the research study, researcher encountered the following problems;

- i. Some respondents feared to disclose information about their assets for fear of insecurity.
To overcome this limitation the researcher first educated the respondents about the

purpose of the research and assured them of the security of the information to allay their fears.

- ii. **Time consuming;** researcher spent much time because some of the respondents did not have time to answer questions because they are busy doing their work yet this was the core of the study.
- iii. Some groups exaggerated the contribution of VSLA to household welfare without considering the contribution of other interventions such as NAADS, PMA, and agriculture among others which have been working in their communities to eradicate household poverty eradication. The researcher however probed as much as possible to segregate data.
- iv. **Financial restraint;** this was due to the long distance that the researcher had to travel to collect data and it had limit the work. This included transport, buying stationeries for instance pens, papers among others.

Despite of the hurdles that were faced during the study, the researcher had to improvised for the means of overcoming other challenges like the long distance of travelling in the villages to get the necessary information from the members of SACCO.

CHAPTER FOUR: PRESENTATION, INTERPRETATION AND ANALYSIS OF DATA

4.0 Introduction

This chapter presents the study findings in terms of data presentation, analysis and interpretation of results which are in forms of tables, graphs, and charts where 70 respondents represented the population with the information about the subject under study. The study was set out to assess the contribution of village Savings and loans associations (VSLA) on the rural household welfare of the people of lapul sub-county, pader district.

4.1 Gender distribution of the respondents.

The main purpose of this part was to analyze the background information of the respondents in relation to their gender, marital status, age, and the level of education and this information were presented by the use of tabulation and graphs.

Table 1: shows the sex/gender of the respondents.

Respondent	frequency	Percentage (%)
Male	28	40.0
Female	42	60.0
Total	70	100.0

Source: primary data (2015)

From the table above, the findings shows that there was many female compared to male represented by a frequency of; 42 to 28 respectively and percentage of 60 to 40% respectively. This was because the majority of the women are the people who are actively involved in the VSLA due to women being the pillar of home and they are the most faced with the household problems ranging from looking for food in a house and catering for the petty expenses within home.

Table 4.3: shows the religion of the respondents.

Religion	Frequency (f)	Percentage (%)
Christian	56	80
Muslim	14	20
Total	70	100

From the table above, the findings depicts that a frequency of 56 which amounts to a total of 80% of the total respondents are women and 20% which is about 14 by frequency were found to be Muslims, this means that the majority of the people in the area is predominantly the Christian. The variation in the religion is mainly to the fact that Islam as a religion took a long duration to be spread in the northern part of Uganda which is mainly in habituated by the Luo speaking people.

Table 4.4: Education level of the respondents.

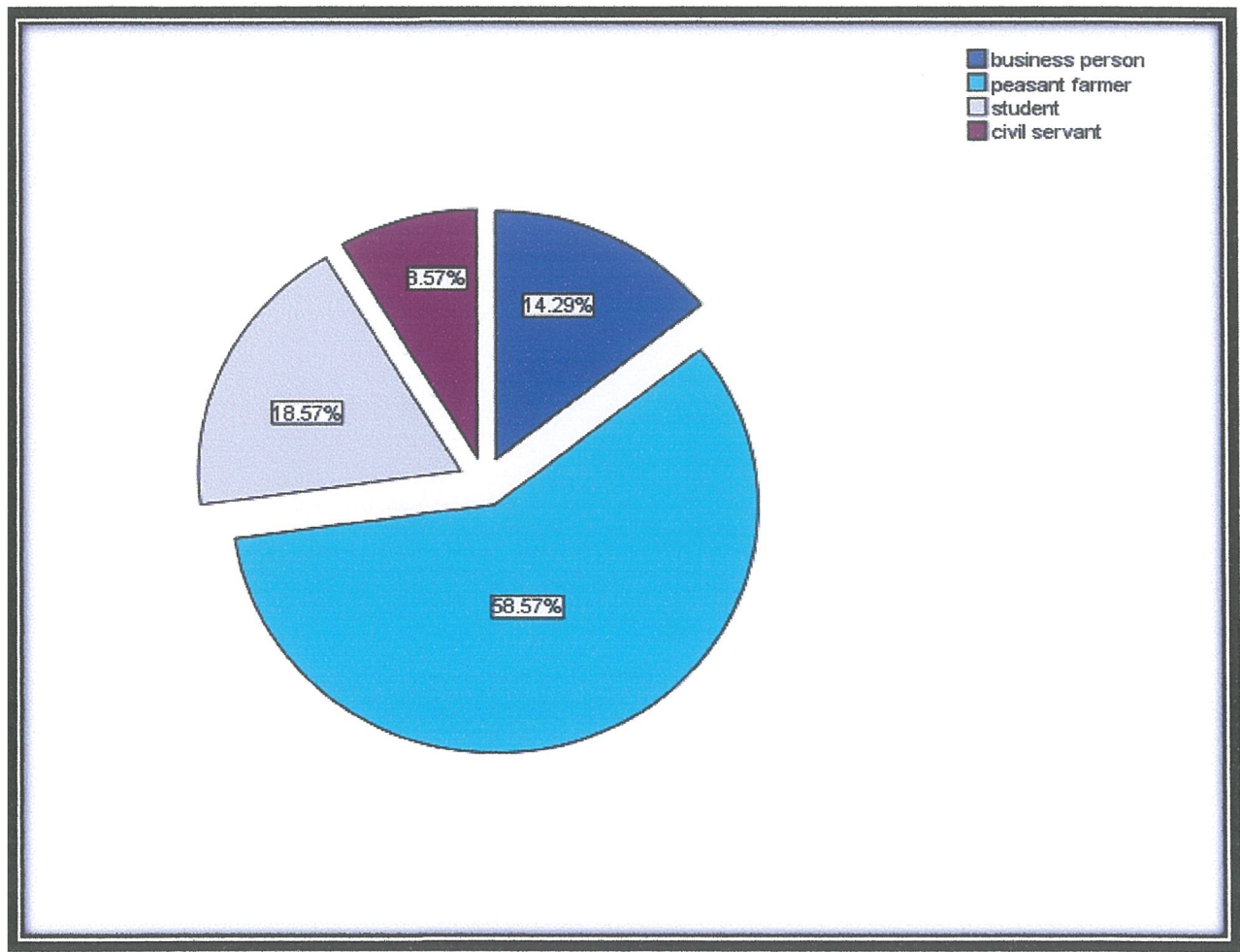
Education level	Frequency (f)	Percentage (%)
Never went to school	17	24.3
Primary	13	18.6
“O” level	16	22.9
“A” level	05	7.1
Certificate	13	18.6
Diploma	03	4.3
Degree	03	4.3
TOTAL	70	100

Source: primary data

The above figure indicates that the region is still lagging behind in terms of education, this has been evidenced by the fact that the number of people who are uneducated overpowers the number of those who attended school and colleges with the following figures; 24.3% being people who have not gone to school, followed by those who have attended at least “O” level

education with a valid frequency of 16 taking 22.9% of the total population under study, 18.6% as people who stopped in primary education, and 18.6% as the people who were able to acquire certificate, 7.1% as being the number of village people who had to opportunity to push to a certificate level, diploma and degree taking on an equal number of people as being 4.3% out of the 70 people that were randomly selected from the 20 groups that are operating in the sub county.

Fig 4.5: A pie chart showing respondent’s occupation



Source primary data (2015)

Taking a critical look at the chart above, it’s concluded that the majority of the dwellers in the sub county oflapul are peasant farmers shown with a total of 58.57% which is more than half of the total population that was sample, students with a total of 18.57%, business people with a total

coverage of 14.29%, and the least being the civil servants which account for a 8.57% of the sample population in the sub county.

Table 4.6: shows marital status of the respondents

Marital status	Frequency	Percent
single	20	28.6
married	39	55.7
divorced	11	15.7
Total	70	100.0

Source: primary data (2015)

The table above tells that VSLA group is predominantly occupied by the married people as it's containing the highest votes of 55.7%, followed by the singles with a total of 28.6%, and those who have divorced their marriage having a total of 15.7. This indicates that getting to save is highly based on the age in that those who are not married are not able to get surplus money which can be spared for saving as seen in the result with them having the smallest percentage of people in savings cycle in the whole of sampled groups in the sub county.

Table 4.7: shows the duration taken in VSLA

duration	Frequency (f)	Percent (%)
less than a year	7	10.0
1 year	22	31.4
2 years	22	31.4
3 and above	19	27.1
Total	70	100.0

Source: primary data (2015)

From the above table, it can be seen that people who have between 1-2 years in the VSLA group have an equal proportion of 32.4%, three years (3) and above with 27%, and less than one year (1) with the lowest number of people which account for a total frequency of 7 and a 10% out of the people who were sampled in the sub county.

Looking at the table above, it reveals that the sub county has a number of schools which cannot cater for the growing population as per the report of the Uganda bureau of statistics which was released in the year 2014 showing the number of schools in the country. This is because out of 100%, the sub county availability of school is at only 44.3% and it being without any school even a nursery is at 55.7. This means that the government still needs to inject a lot in the education sector within the sub county.

Table 4.10: daily expenses of the household

Daily expenses	Frequency (f)	Percent (%)
less than 5000sh	17	24.3
5000-10000	29	41.4
10000-15000	22	31.4
15000 and above	2	2.9
Total	70	100.0

Source: primary data (2015).

The result in the table above shows that majority of the local community in lapul sub county uses between 5,000-10,000Shillings on food on daily bases this is seen with it taking the greatest percentage of 41.4 and a frequency of 29, followed by 10,000-15,000shillings which is equivalent to 31.4%, people who spent less than 5,000UGX with a frequency of 17 which amounts to 24.3%, and the least being the at least spender of

Table 4.11: number of meals taken per day in a home.

No. of meals	Frequency	Percent
once	16	22.9
twice	41	58.6
thrice	13	18.6
Total	70	100.0

Source: primary data 2015)

From the table above, it shows that people who eat twice in a day has the highest frequency of 41 with a 58.6%, and those who eat once with a frequency of 16 equivalent to 22.9%, and people

eating thrice with the lowest frequency of 13 which is correspondent to 18.6%. This indicates that there is well balanced diet taking the stand that it's a village. This has been greatly as the initiative of VSLA operation in the sub county.

Table 4:12. Availability of health facility in the area.

Health facility	Frequency (f)	Percent (%)
yes	46	65.7
no	24	34.3
Total	70	100.0

Source: primary data (2015)

From the table above, it reveals that 65.7% have health facility available in their villages and 34.3% have to move to other places in order to access health care facility in terms of health centers. This availability of the health facility has contributed greatly to the health and this has given the local community to have humble time and opportunity to be involved in the developmental activities for instance cultivation, and formation of the savings groups.

Table 4:12. Challenges faced in VSLA operation.

challenges	Frequency (f)	Percent (%)
Lack of enough money to save	13	18.6
Low VSLA proceeds	14	20.0
Small loans	11	15.7
Poor leadership	13	18.6
Poor record keeping	10	14.3
Difficult to borrow loans	4	5.7
Others	5	7.1
Total	70	100.0

Source: primary data (2015)

The study evidenced that the VSLA is faced by the following challenges, low VSLA proceeds with 20%, lack of enough money to save 18.6%, poor leadership taking a percent of 18.6%, small loans which was found to be at 15.7%, 14.3% being for poor record keeping in within the group members, difficulty to borrow loans with a valid percent of 5.7, and other factors taking a portion of 7.1%. This reveals that VSLA is heavily hindered by low proceeds within the group as evidenced with its highest percentage and a frequency of 14.

The graph above present the challenges faced in the operation of VSLA in the area of study out of which it detailed that, the major problem which affect the operation is low VSLA proceeds from the members of the association which has a total of 20%, followed by lack of lack enough money to save and poor leadership which takes a shared portion of 18.57% equally, small loans which has a share of 15.71%, poor record keeping with 14.29%, 7.14% for other factors and lastly difficulties to borrow loans due to the terms and conditions which put on the ground for the borrower with a total of 5.71%. This means that the farmers in the villages needs to be empowered in terms of assistance like money and soft loans which can help them raised the level of their business therefore using the proceeds to save in the association.

CHAPTER FIVE:

DISCUSSIONS OF FINDINGS, CONCLUTIONS AND RECOMMENDATIONS

5.0 Introduction

The chapter presents the discussion of the findings presented in chapter four, conclusions and recommendations of the study. The recommendations were given by the respondents in their different capacities as well as the researcher.

This chapter provides the conclusion and recommendations of the study. Specifically, it contains the summary of the study findings, conclusion, policy recommendations, limitations and the areas identified for future research.

The study found that there are many VSLA's in Lapul Sub County. These included the following; waneno anyim farmers field school, lacanYite bit, Rubanga ngeyo, Tute keni, Cing nono pe nange, Mak kweri, Cac pe yweka, Ribeber, Abunga youth group, Oruu ki koko, and Gwoko kic lit among others. Ranging from Faith based, gender and member based to occupational VSLAs. The respondents who participated in this study were from 20 different VSLA groups. The study findings revealed that a big number of the population study benefited from the VSLA Inventiveness

5.1 Summary of major findings.

5.1.2 Demography result

The findings shows that there was many female compared to male represented by a frequency of; 42 to 28 respectively and percentage of 60 to 40% respectively. This was because the majority of the women are the people who are actively involved in the VSLA due to women being the pillar of home and they are the most faced with the household problems ranging from looking for food in a house and catering for the petty expenses within home.

On the gender of the respondents, finding signify that there were supplementary 60% females in the VSLA group followed by 40% males who responded to the researcher with a frequency of 42. This indicates that women have access to the savings group more than men who normally takes their time drinking and doing some petty work in the garden and betting and there was

reliability in women as seen in their number to the respond to the questionnaires that was given to the members.

Taking a case on the age group, result shows that the majority of people in the VSLA groups are between the age brackets of 19-25 years with a frequency of 21 and 30% and the people in the age bracket between 14-18 taking the lowest figure of 4.3% and a frequency of 3. It implies that people who are still below the age of 19 have limited source of income which can support them and others be put back into the savings group.

When consideration is put on education, its seen that there is a great imbalances within the people in the sub county due to large population representing 24.3% of people who have not gone to school as this gives a very bad impression on the future of the children and the generation which are coming after the ones which are currently at school and having only 4.3% of people who finished at least a degree and a certificate. This still requires a very long period of time to change on the way people in the village should leave their life meaningfully.

Occupationally, the study reveals that a greater percentage of the people leaving in the sub county are peasant farmers and this takes on a total of 58.6% and civil servants being the least with only 8.6%. and this has given yet another shadow insight of how development in the region is at it s slowest paste and without any fear the area will still be lagging behind in the country compared to other part of the country like western, central and eastern in terms economic development.

5.1.3 Results on the contribution of VSLA scheme on household's education.

The study show that participation in VSLA significantly reduces the probability of having school drop-out children in the family, which is a positive indicator of the impact of VSLAs in supporting the education of rural household's children. An educated person from at least the primary level reduces the probability of having school drop - out children in the family but not significantly. The number of children and other community groups are found to significantly cause a rise in the probability of having school drop - out children in the family. The size of land under cultivation, number of household members who are employed, savers (those who save in monetary forms outside the VSLAs) and age are negatively related to the probability of having school drop – out children in the family but not significantly. Being a leader in the community and market access (in terms of distance) does not have significant impact on the probability of school drop – out children in the family.

5.2 CONCLUSION

Overall, the conclusion of this study is that, Village Savings and Loan Associations (VSLAs) which are part of informal savings schemes are enhancing the Socio-Economic Status (SES) or welfare of rural households (participants) in lapul sub county pader district. This is based on the positive impact on; household income, asset accumulation, education and diversification/development of Income Generating Activities that have been revealed in the findings. The scheme (VSLAs) can therefore be replicated to other rural areas in other parts of the country to contribute towards the improvement of household welfare.

5.3.0 RECOMMENDATIONS

Deriving from the evidence and conclusion of the study, the following recommendations following were made:

5.3.1 Encourage the development of VSLAs.

This is based on the finding that Village Savings and Loan Associations (VSLAs) are having a positive impact on household welfare in the sub county. The development of VSLAs can be encouraged by the government and development agencies since they are positively impacting on some of the welfare indicators and serving the financial service needs of the rural poor which can contribute to the fight against poverty. This can be arrived at by supporting the VSLAs for instance in terms of training for proper recordkeeping and management as well as proper use of the member's savings. Also, business related trainings can be appropriate to strengthen the development of IGAs amongst the VSLA participants.

5.3.2 Embarking on community sensitization to enhance savings mobilization.

This recommendation stems from the finding that the savings made by the VSLA participants have a positive and significant impact on the diversification/development of IGAs and that the reported monthly savings have a positive and significant impact on asset accumulation. Members of VSLAs can be encouraged to save more and sensitization of the general community is necessary about the importance of savings since the savings made are significantly influencing welfare indicators in the positive direction. The member's savings are indeed helping to build their

wealth or assets, pay for children's education and support the development and diversification of Income Generating Activities. Sensitizations can be done by providing financial extension services in the rural areas and the use of other awareness creation channels.

5.3.3 Integration of agricultural activities into VSLA activities.

Given the evidence that the size of land under cultivation positively impacts on some of the welfare indicators, emphasis can be put on integrating agricultural activities into VSLA activities. The integration of other activities like agricultural extension services into the activities of VSLAs can be done to maximize the benefits being obtained from VSLAs since the size of land under cultivation has a positive and

significant impact on welfare indicator like asset accumulation and is positively related to the education of the rural household's children.

5.3.4 Linkage of VSLAs to formal financial institutions.

Drawing from the fact that VSLAs are of significance pertaining to welfare indicators and that the majority of VSLA participants are interested in having the VSLAs linked to; banks, MFIs or SACCOs; creation of linkages among VSLAs and formal financial institutions can be pursued. Formal financial sector actors like banks, MFIs and the apex institution that formulates and/or implements SACCO related policies can design policies or packages for the rural people through creating linkages with the rural based financial services clubs or associations like VSLAs since they are potential savers (contrary to what many policy makers in the financial sector think, that the rural poor cannot save and only need credit for their development). Besides, the rural poor who are participants of

VSLAs have shown huge interest in being linked to the formal institutions. Creating such linkages can help to further enhance household welfare positions through access to a wider range of financial services.

5.3.5 Respondents (beneficiaries) were also of the view that government should channel the "Bonna Bagagawale" support to the community initiated self-help financial initiatives. The CBSMFs activities should be regularized and monitored by government. All exploitative CBSMF should be penalized.

AREAS FOR FUTURE RESEARCH

Further research can be conducted in the following areas which have been outside the scope of this study in order to inform both academicians and policy makers with stake in the informal financial sector and particularly rural savings facilities. The research include; an econometric analysis of the impact of VSLAs in mobilizing rural household savings and secondly, an assessment of the impact of VSLAs on household SES while controlling for spillover effects from specific associations like ROSCAs and ASCAs in pader district.

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APPENDICES

RESEARCH INSTRUMENT

QUESTIONNAIRE

Dear respondent,

I am a student of Kampala International University pursuing a bachelor's degree in economics. I am carrying out a research for academic purpose as a partial fulfillment of the award of the degree. This study is on the impact of village savings and loans association on the rural welfare in lapul sub county pader district. The information provided during this interview will be treated as highly confidential and is collected for research purposes only. Therefore, we ask you to feel at ease and to provide frank and honest answers without fearing any persecution or disclosure.

Section 1: Background Information

- a. Date of Interview _____
- b. Village _____
- c. Name of VSL Group _____

Demographic profile of the respondent.

Answer by ticking the most appropriate one.

1. Gender:

- 1) Male ☐ 2) Female ☐

2. Age group:

- 1) 14-18 ☐ 2) 19-25 ☐
- 3) 26-34 ☐ 4) 35 and above ☐

3. Religion

1. Christian ☐ 2. Muslim ☐

3. Other.....

4. Highest level of education

- | | | | |
|-------------------------|--------------------------|--------------|--------------------------|
| 1) Never went to school | <input type="checkbox"/> | 2) primary | <input type="checkbox"/> |
| 3) 'O' Level | <input type="checkbox"/> | 4) 'A, Level | <input type="checkbox"/> |
| 5) Certificate | <input type="checkbox"/> | 6) Diploma | <input type="checkbox"/> |

7) Degree ☐

8) others specify.....

5. Occupation

1) Businessperson ☐ 2) Peasant farmer ☐ 3) Student ☐ 4) Civil servant ☐

5) Others specify

6. Marital status

1) Single ☐ 2) married ☐ 3) Divorced ☐ 4) Cohabiting ☐

5) Others specify.....

7: do you have children? (Tick option)

1= yes ☐ 0= no ☐

(a): if yes, how many children do you have?

a. none ☐ b. less than 2 ☐

c. 3-5 ☐ d. 6 and above ☐

8. How long have you been a member of the VSLA?

1. Less than a year ☐ 2. 1 year ☐ 3. 2 years ☐ 4. years and above ☐

9. What do you use with the loan and savings you get from the VSLA?

1. Paying school fees ☐ 2. Feeding ☐

3. Medical bills ☐ 4. Business ☐

SECTION B OBJECTIVE ONE (what are the contribution of VSLA on education)

10. Does your village have a school?

1. Yes ☐ 2. No ☐

SECTION C: OBJECTIVE TWO (WHAT IS THE IMPACT OF VSLA ON RURAL HOUSEHOLD ASSET?)

14: do you own any land?

1=yes ☐ 0=no ☐

(a): if yes how many: acre

1) Less than 5 ☐ 2) from 5-10 ☐ 3) from 10- ☐ 4) from 50 and above ☐

17. On average, how much money do you spend on a daily basis (e.g. on; food, firewood/charcoal, transport)?

1 less than 5000shs ☐ 2 between 5000-10000shs ☐

3 10,000-15,000shs ☐ 4 more than 15,000shs ☐

SECTION THREE: EVALUATION OF THE IMPACT OF VSLA ON NUTRITION AND HEALTH

Household Diet

18. How many meals does your family have in a day?

1. Once ☐ 2. Twice ☐ 3. Thrice ☐ 4. No meal ☐

19. Has household diet improved since joining the VSLA?

1. Improved ☐ 2. Stayed the same ☐
3. Worsened ☐ 4. I don't know ☐

Health Care

23. Do you have health facility in your area?

1. Yes ☐ 2. No ☐

24. How far is the health Centre from your village?

1. Less than a km ☐ 2. One km ☐ 3. 3-5km ☐ 4. More than 5km ☐

25. How often do you visit health Centre?

1. Once ☐ 2. Sometimes ☐
3. Often ☐ 4. Always ☐

26. What are the challenges you face in accessing the health care services?

1. long distance ☐ 2. inadequate drugs ☐
3. Absenteeism of medical personnel ☐ 4. poor relationship between the staff and patients ☐

27. Approximately how much do you spent on healthcare in a year?

1. Less than 50,000UGX ☐ 2. 50,000-100,000UGX ☐
3. 100,000-150,000UGX ☐ 4. 150,000UGX and above. ☐

28. 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 ☐

29. Do you save some money? (Tick) 1=Yes 0=No

☐

(a) If yes, where do you save your money? (Tick)

- 1=Bank ☐ 2=SACCO ☐
3=Microfinance ☐ 4=other (specify):

30. What challenges do you face in VSLA (group) operation?

- 1=Lack of enough money to save ☐ 2 Low VSLA Proceeds ☐
3=Small loans ☐ 4=Poor leadership ☐
5=Poor record keeping ☐ 6= Difficult to borrow loans ☐
7=other (specify)

31. What do you recommend on how people's income or socio-economic status (welfare) in general can be improved in the village?

.....
.....
.....
.....
.....
.....

THANK YOU.

APPENDIX 2

TIME SCHEDULE

S/no	Activities	Months											
		March		April		May		June		July		August	
1	Conceptual phase												
2	Proposal writing												
3	Data collection												
4	Editing and presentation												

APPENDIX 3

BUDGET FOR RESEARCH

Item	Units	Price (UGX)	Amount (UGX)
Pens	5	500/=	2, 500/=
Papers (A4)	1 ream	15, 000/=	15, 000/=
Printing	Lump some	60, 000/=	50, 000/=
Transport		198,000	198,000/=
Communication		25,0000/=	25,0000/=
Hard cover binding	3 copies	7, 000/=	25, 000/=
SPSS study package	Once	25, 000/=	20, 000/=
Miscellaneous expenses		50,000	50,0000/=
TOTAL			335,500/=