Central Region Livelihood Security Project
(AuSAID)

Impact Assessment Report
of
Village Savings & Loans Component (VS&L)

Lilongwe, and Dowa Districts

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# Table of Contents

Acknowledgements......................................................................................................... 4  
List of Acronyms ............................................................................................................ 4  

**EXECUTIVE SUMMARY ................................................................. 5**

**CHAPTER 1: INTRODUCTION........................................................................... 9**

1.1 Background ............................................................................................................. 9  
1.2 Objectives of the study: ......................................................................................... 10  
1.3 Baseline Indicators................................................................................................. 10  

**CHAPTER 2: STUDY DESIGN AND METHODOLOGY ...................................... 11**

2.1 Study Area ............................................................................................................. 11  
2.2 Unit of Analysis and Measure .............................................................................. 11  
2.3 Sampling population and Sample size .................................................................. 11  
2.4 Study Tools .......................................................................................................... 12  
2.4.1 Focus Group Discussion guide ....................................................................... 12  
2.4.2 Case Studies .................................................................................................... 12  

**CHAPTER 3: DEMOGRAPHIC CHARACTERISTICS OF VS&L AND THE CONTROL GROUPS............................................................................................................................ 13**

3.1 Gender ................................................................................................................. 13  
3.2 Age of Respondents ............................................................................................. 13  
3.3 Level of Education of Respondents ..................................................................... 14  
3.4 Marital status of Respondents ............................................................................. 15  
3.5 Dependents ......................................................................................................... 16  

**CHAPTER 4: MAJOR FINDINGS OF THE IMPACT ASSESSMENT................. 17**

4.1 Livelihood Improvement ......................................................................................... 17  
4.1.1 General Categories of VS&L participants and control groups ....................... 17  
4.1.2 Food security .................................................................................................. 18  
4.2 Economic Activities ............................................................................................. 19  
4.2.1 Income Generating Activities ...................................................................... 19  
4.2.2 Dependence on piecework (Ganyu ) ............................................................. 20  
4.2.3 Non Involvement in off farm Economic Activities ....................................... 21  
4.2.4 Sources of Capital for IGAs ......................................................................... 22  
4.3 Asset accumulation and Wealth creation ............................................................ 23  
4.3.1 Savings .......................................................................................................... 23  
4.3.2 Bicycle and Radio Ownership and acquisitions ........................................... 23  
4.3.3 Ownership of permanent houses and household furniture ......................... 24  
4.3.3 Ownership of Livestock ............................................................................... 26  

**CHAPTER 5: SOCIO ECONOMIC AND GENDER RELATED WELL BEING OF VS&L PARTICIPANTS .................................................................................................................... 27**

5.1 Targeting of services to Women ......................................................................... 27  
5.2 Perception of well being ...................................................................................... 27  
5.3 Perception on the need for education .................................................................. 28  
5.4 Intra-household issues ......................................................................................... 28  
5.6 Leadership Community project participation ..................................................... 28  

**CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS............................ 29**

6.1 Conclusions .......................................................................................................... 29
6.2 Recommendations.................................................................................................................. 30

7. CASE STUDIES.................................................................................................................. 31
   7.1 Case Study 1 – A member of the VS&L group ............................................................. 31
   7.2 Case Study 2 - Specialist Facilitator ............................................................................ 32
   7.3 Case Study 3 – A VSL Group ......................................................................................... 33
   7.4 Case Study 4 – A VSL Group ......................................................................................... 36

8. LIST OF ANNEXES.............................................................................................................. 39
   Annex 1. Livelihood categories ............................................................................................. 39
   Annex 2. List of Economic Activities .................................................................................. 39
   Annex 3. VS&L Evaluation TOR ....................................................................................... 39
   Annex 4. Focus Group Discussion Guide ............................................................................. 39
   Annex 5. List of groups interviewed ................................................................................... 39

List of Figures

Figure 1: Literacy level of the Respondents ........................................................................ 14
Figure 2: Marital status of the Respondents ...................................................................... 15
Figure 3: Dependents of the Respondents ......................................................................... 16
Figure 4: Wealth Categories of different groups .............................................................. 17
Figure 5: Food stock for VS&L and Control groups .......................................................... 18
Figure 6: Top five IGAs identified by participants ............................................................. 19
Figure 7: Dependence on piecework for livelihood ......................................................... 20
Figure 8: People not in any economic activities ............................................................... 21
Figure 9: Most common sources of capital for VS&L groups ........................................ 22
Figure 10: Average monthly Savings by VS&L members ............................................... 23
Figure 11: Ownership of Bicycles and Radios .................................................................. 24
Figure 12: Ownership of permanent housing .................................................................. 25
Figure 13: Ownership of Tables and Chairs .................................................................... 25
Figure 14: Ownership of Livestock .................................................................................... 26

List of Tables

Table 1 Gender of the Respondents .................................................................................... 13
Table 2 Age of the VS&L participants and Control group ............................................... 13
Table 3 Education of the Respondents ............................................................................. 14
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I wish to thank the VS&L groups, the specialist facilitators and the groups from the control villages who spared their time and had to bear with us for an average of two hours in each group during interviews and discussions.

The Impact Assessment Consultant Ezra Anyango is responsible for the contents of this report.

List of Acronyms

CARE  CARE Malawi
CRLSP  Central Region Livelihood Security Project
FGD  Focus Group Discussions
FHH  Focus Households
HLS  Household Livelihood Security
IGA  Income Generating Activities
MK  Malawi Kwacha (Currency of Malawi)
MMD  Mata Masu Dubara
PLA  Participatory Livelihood Assessment
PRA  Participatory Rapid Assessment
SEAGA  Socio-Economic and Gender Analysis
TA  Traditional Authority
VS&L  Village Savings and Loans
EXECUTIVE SUMMARY

This report presents the findings of the impact assessment of the Village Savings and Loans (VS&L) component of CARE Malawi’s of Central Region Livelihood Security Project (CRLSP). The assessment was carried out from June 13, 2005 to July 2, 2005 within five Traditional Authorities as a follow-up to the baseline survey CARE conducted in October 2002 in Lilongwe and Dowa Districts. The objective of the study was to review and document the impact of the VS&L program since inception and assess how the impact on women translates into improved household welfare. Following are the main findings of the study.

1. Improvement in Livelihoods

1.1 The Village Savings and Loans program has helped to alleviate poverty and improve the welfare of the members particularly women who are the majority in the VS&L groups. 89% of the households were in the poor category (with 63% being very poor and 26% being poor) as at baseline. Using recall method we found 72% of the VS&L groups were in the poor category, (with 10% being very poor) as at baseline. The impact assessment shows that the poor categories have reduced to only 5% among the VS&L groups a reduction of more than 67%.

Similarly only about 29% and 0% of the VS&L groups were in the moderate and better off categories as at baseline. In the impact assessment the moderate category has grown to reach 62% of the groups while better off has also gained to 33% of the VS&L groups in the survey. This is an indication of mobility from the very poor and poor categories to the upper categories of moderate and better off for the VS&L groups. On the contrary, all the control groups remained in the poor category both at baseline and during this impact assessment.

1.2 VS&L participants have more food than non-participants because they augment their farm produce with income from other economic activities. The survey data shows that the majority VS&L participants’ food reserves lasts for approximately eight months on the average before they were depleted. On the other hand, the control group or non-participants’ food stocks averaged five months before depletion. On average VS&L participants food stocks last three months longer than non-participants.

1.3 The VS&L participants normally eat 3 meals per day for an average of eight months as compared to an average of five months for the control groups.
2. Economic Activities of VS&L groups

2.1 The number of economic activities that members were engaged in during the baseline has increased and the magnitude of others has also increased. However, members have divested away from certain economic activities that require larger capital. The challenge is that the VS&L funds are still so small that they cannot support longer-term loans and larger amounts to finance larger enterprises. The most frequently mentioned business activities outside farming and selling of farm produce include making and selling fritters, doing seasonal businesses like sale of fruits, vegetables and tomatoes, beer brewing, selling livestock, selling of fish and knitting in that order. On the other hand for the control group the major focus was on agricultural produce except beer brewing. Extraction activities such as firewood and making reed mats have declined for both groups because the government forestry department is actively discouraging deforestation. (Although statistically insignificant it is worthwhile to note that VS&L groups are engaged in other activities such as tea rooms that provide potential for employment of others)

2.2 The results of the survey show that VS&L members are moving away from low status and low-income engagements such as piecework (ganyu). As at baseline 53% of the VS&L members indicated that they were engaged in piecework, but now only 12% of the VS&L members are involved in regular piecework. This is a remarkable improvement as compared to the control group that indicated that 60% were engaged in piecework at baseline and now 58% are still engaged in regular piecework. In addition 62% of all the VSL groups in the sample have no members involved in ganyu.

2.3 The VS&L is helping members engage in economic activities that are beneficial to their households. Of all the VS&L group members interviewed in the sample only 11% were not engaged in any off-farm economic activities. This compared favourably with the control group where 49% of the people interviewed were not engaged in any off farm economic activities.

2.4 The impact assessments found that the most common source of capital for the members of the VS&L groups is the VS&L itself. This was followed by sale of farm produce. Piece-work and business profit tied at very low frequency. For the majority of VS&L participants the only hope for loans is VS&L. This means that if VS&L activities were to wind up most of the people would go without a reliable capital source.
3. Asset accumulation and Wealth Creation

3.1 Savings have gone up among VS&L participants. During the baseline it was found that there was a declining trend for savings for the previous three years due to the preceding years drought and hunger situation in the country. Members of the VSL groups as well as control groups recalled that they had depleted their cash savings as at the time of baseline. The VS&L groups have reversed this trend and their savings has been growing for the last two years. For the 21 groups in the sample there was an average of Kw 37,215 per group in liquid savings representing an average individual savings of Kw 2,448. When the VSL groups started savings most of the groups were saving per individual an amount ranging between Mk 20 to 200 per month. During the impact assessment survey the individual members of VS&L groups are saving within the range of Mk 80- 400 per month. (An increase in savings per individual member from an average Kw 52 per month during the baseline to an average of MK 93 per individual per month during the impact assessment – almost double)

3.2 VS&L participants are wealthier than non-participants. A majority of them own bicycles (51%) as compared to 21% of control groups, 70% of the VS&L members own radios as compared to 43% for the control groups and 28% own Burnt Brick houses as compared to 24% of control groups despite having a higher proportion of men. More control group members however, (17% and 12%) as compared to (14% and 9%) owned corrugated Iron sheets and cemented floors respectively. This is explained by the proportionately higher number of men who attended the control group discussions. A good minority own wooden chairs (33%) as compared to 19% of the control groups and 34% own tables as compared to 21% of control groups.

4. Socio economic and gender related well being of VS&L participants

4.1 VS&L’s financial services are deliberately targeted at female members. For this reason, of VS&L’s program records show that the majority of members are females. This impact assessment survey confirmed VS&L’s program information and found that a large majority of the participants (99%) were females.

4.2 VS&L participants believe that they have more personal confidence, they dress better, they have better houses, more household goods and access more land now than they did before joining VS&L’s savings program. They gave examples like; now most of them have between 5 to 25 chitenjes while previously they had only one to three.\(^1\)

4.3 The VS&L members are contributing more to decision making in their households as their level of confidence has gone up. They gave examples of

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\(^1\) We observed that many VS&L groups had Chitenje Uniforms and were quite confident in expressing themselves.
sharing the decisions to plant crops on certain pieces of land and what crops to be planted. Other examples included dissuading the husband from selling the bicycle during the hunger season because it was the means they used to transport her goods to the market. One built her own house with the profits from her economic activity supported by VS&L and this led to her husband who had left her to come back (see case study).
CHAPTER 1: INTRODUCTION

1.1 Background

CARE Malawi has been operating in the Central Region of Malawi for about five years using the household livelihood security (HLS) framework. This program approach is developed around a holistic analysis and understanding of people’s livelihoods, their priority needs and the causal factors of their insecurity, with a view to building on opportunities available around them. In this respect, CARE Malawi’s programming philosophy strives to ensure that its interventions in a given area produce synergies and complements other efforts within or without.

The Central Region Livelihood Security Project (CRLSP) was designed as a response to the four key household problem areas identified through the Participatory Livelihood Assessment (PLA) carried out in Lilongwe and Dedza in 1998. The results of the study identified (i) weak Community/farmer Organizations (ii) Low agricultural productivity and poor yields (iii) weak productive Infrastructures (water Catchments structures, water points, roads) and (iv) limited income earning opportunities as the four key areas constraining the livelihood of the rural poor.

In addressing these problems CARE has sought to develop, demonstrate and share models for alleviating poverty and improving livelihood and food security through a series of interconnected approaches that i) seek to build institutional capacities and partnerships, ii) produce sustained increases in agricultural productivity, and iii) increase rural incomes and improve market access.

Specific to this study, is the project component addressing the problem of “limited income opportunities among the rural poor” identified during the PLA exercise. It was found that even though credit institutions had targeted the rural people for many decades, the beneficiaries continue to get poorer and their livelihood status declined with time. Factors contributing to this state of affairs include; high default rates leading to property grabbing by credit institutions; high interest rates; and recurrent droughts that stifled agricultural production.

As an appropriate response to the need for increasing rural household incomes, the CRLSP adapted the CARE Niger’s Mata Masu Dubara (MMD) methodology that has successfully been used to enable women to save money which they spend during festivities, or share at some point to access household needs e.g. clothing, school fees, etc. The Village Savings and Loans (VS&L) Program is therefore the project component addressing the need for increased household incomes and is one of the four interventions that the CRLSP has been implementing.

This program requires participants to work in self-selecting groups, guided by their own rules. Members are required to save small amounts of money on a regular basis. It does not require external funding since participants borrow from their own savings. With the
experience gained through saving, borrowing and implementing income-generating activities, participants are then able at some point to seek external loans when they want to expand their income generating activities. Profits from loans taken from the group are then used to meet consumption needs, act as capital to start economic activities or collateral to access external loans from micro finance institutions.

1.2 Objectives of the study:

This impact assessment is a follow-up to the baseline survey and is intended to focus exclusively on Village Savings and Loans program to:

- Assess and document the impact of the VS&L program since inception based on the design.
- Conduct a socioeconomic and gender analysis (SEAGA) and assess whether the perceived remarkable performance of women in the program translates into improved household welfare.

The impact assessment survey was conducted in CRLSP areas of operation of Traditional Authorities (TA) Kabudula, Kalolo/khongoni, Dzoole and Chiwere in Lilongwe and Dowa districts between June 13, and July 2, 2005. Control groups were taken from similar villages within the same locality that are not participating in the VS&L program.

1.3 Baseline Indicators

In October 2002, CARE conducted a baseline survey for the CRLSP in order to set benchmarks for monitoring changes in the livelihood status of its project participants and for measuring impact. One of the four components in this baseline was “Income Earning Activities and Asset Ownership.” which forms the basis for this impact assessment. During this survey CARE conducted and exercise of wealth ranking with the communities that established four categories with of livelihood as seen by the communities. The four categories are very poor, poor, moderately poor and better off. (See annex 1 for details)

The results from the baseline survey indicated that:

- 89% of the households are in the poor category (with 63% being very poor and 26% being poor), 5% as moderate and 6% as better off.
- 74% of FHH are in the very poor category, 20% are in the poor, 5% in the moderate and 1% in the better off category.

The following indicators were also established with communities during the baseline survey to monitor trends for income earnings as a proxy to changes in household livelihood: Number of people involved in Income Generating Activities (IGA)s and type of IGAs, Number of assets bought, Availability of labour input, Houses with iron sheets, Cash savings, Good market prices, Number of organized farmer marketing groups, Access to farm inputs credit, Ability to purchase bicycles, People with decent clothing, Number of people employed within communities, Market availability, Increased use of inputs and, establishment of village savings and loan groups.
CHAPTER 2: STUDY DESIGN AND METHODOLOGY

2.1 Study Area

The study covers VS&L’s five Traditional Authorities of Kabudula, Kalolo and Khongoni in Lilongwe District, Dzoole and Chiwere in Dowa District. In addition four villages within the same districts where there is no VS&L operations were selected as control. One additional TA where CARE has moved out was also selected to look at the program sustainability of the VS&L approach after direct intervention by CARE is discontinued.

2.2 Unit of Analysis and Measure

It is of significant importance to clearly define unit of analysis in impact assessment just like any other study. In this case, impact could be measured at different levels: community, household, enterprise or individual. CARE’s household livelihood approach focuses on the household. Therefore, this study opted to focus on the needs and changes at household level. It was also necessary to have a working definition of what we meant by households. Therefore, this study adopted a working definition of a household as ‘people that eat from the same pot’, roughly meaning people that use same household resources.

Having decided to use household as the unit of analysis, we picked the indicators that were identified during the baseline to form the unit of measure for impact, i.e. accumulation of assets (both liquid and physical) as a proxy indicator for income. Assets can be built up, depleted or exhausted. The manner and extent to which assets are built up, or drawn upon, reflect the strategies employed by individual households and individual members to protect against risk and to cope with shocks or losses.

2.3 Sampling population and Sample size

The population of interest for this study is that of VS&L participants from the 220 groups established in Kabudula, Kalolo Khongoni Dzoole and Chiwere Traditional Authorities within Lilongwe and Dowa districts. The average group size is 15 members hence VS&L program works with approximately 3,300 VS&L participants. The sample universe includes all VS&L participants in the 220 groups in the five TAs.

We made a decision to take a sample of approximately 10% of all the groups and members to represent a cross-section of all VS&L participants in the operational area. In this regard we selected 21 groups with a total of 310 members spread out throughout the five TAs to be our sample. The sample was stratified by looking at the age of the groups in the program. We made sure that new as well as old groups were picked in the sample.

We then selected four village groups of similar demographic characteristics but not participating in the program as control groups. In defining the characteristics of the sample as well as the control groups we took the wealth ranking categories that were defined during the baseline. We also took note that the majority in VS&L are women.
2.4 Study Tools

The study used Participatory Rapid Assessment (PRA) tools to collect information from the participants as well as control groups. Generally PRA tools are designed to collect qualitative data however for this study we modified the focus group discussions (FGD) guide to capture quantitative data in addition to qualitative data from the respondents. The main tools used for this study is Focus group discussions and Case studies.

2.4.1 Focus Group Discussion guide

A focus group discussion guide was prepared by the team leader and discussed with all the CARE staff who were to be involved in the impact assessment. (All the staff had been trained on the focus group discussions before and were therefore conversant with the use of the tool) Staff comments were incorporated in the revised tool before one-day pretest. The pretest found that the tool would be suitable and was finalized with minor additions based on the field test feedback.

The focus group discussion guide had five sections of which the first three captured more quantitative data and the last two more qualitative. The first section of the guide was designed to capture demographic profile of the respondents, the second section captured their involvement in economic activities, and the third section captured the level of asset accumulation or depletion. The fourth section captured livelihood status and the fifth social status. Both of these captured qualitative perceptions of the respondents. Although the first three sections had more quantitative orientation they also captures qualitative data. Vise versa also applies to the other two sections. There was an additional section that dealt more with program issues whose results are captured in a separate program report.

2.4.2 Case Studies

Case studies allow for detailed exploration of qualitative reasons why people make certain decisions. They help in answer the “why” and “how” questions. They follow the logical relationships between a number of variables while the statistical analysis presents the facts based on a formal theory. Case studies complement overall data and information collected a macro level and gives more insight at the micro level.

Four case studies were conducted in overall. The first one was used to collect more detailed information about individual members of a group for in-depth understanding of intra household aspects of the members. Another case study was also conducted with a facilitator of the groups to bring out the dynamics within the group formation as well as to understand what it takes to be a facilitator. Finally two case studies were conducted of groups to understand the group structure and dynamics at micro level.
CHAPTER 3: DEMOGRAPHIC CHARACTERISTICS OF VS&L AND THE CONTROL GROUPS

3.1 Gender

Although the design of the program was not gender specific the VS&L program has been more attractive to women who like to work in groups than their male counterparts. From the lessons learned in the past the services VS&L are now more deliberately targeted at female participants who are more interested in the program. The impact assessment sample confirmed that a large majority of the VS&L members are women. 99% of those interviewed were women. On the other hand since the control villages were selected at random, there were a few more men (13%) in attendance who were keener on finding out what the program would offer them other than training. (Table 1 below) shows the breakdown of the VS&L and control group respondents by gender.

Table 1 Gender of the Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>VS&amp;L Groups</th>
<th>Control Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Number</td>
<td>Number</td>
</tr>
<tr>
<td>Female</td>
<td>310 99%</td>
<td>48 87%</td>
</tr>
<tr>
<td>Male</td>
<td>3 1%</td>
<td>7 13%</td>
</tr>
<tr>
<td>Total</td>
<td>313 100%</td>
<td>55 100%</td>
</tr>
</tbody>
</table>

3.2 Age of Respondents

The majority of VS&L participants and the people in the control group are within the active age group of 26-60 years of age i.e. 89% for VS&L and 78% for control group. (Table 6). This shows that the characteristics of the VS&L participants and the control groups are similar in terms of age. It also tells us that they are in the age bracket where they can actively be engaged in economic activities.

Table 2 Age of the VS&L participants and Control group

<table>
<thead>
<tr>
<th>Category</th>
<th>Age Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>VS &amp; L</td>
<td>10-25 years</td>
<td>15</td>
<td>6%</td>
</tr>
<tr>
<td>Groups</td>
<td>26-40 years</td>
<td>137</td>
<td>54%</td>
</tr>
<tr>
<td></td>
<td>41-60 years</td>
<td>87</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>61-75 years</td>
<td>13</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>252</td>
<td>100%</td>
</tr>
<tr>
<td>Control</td>
<td>10-25 years</td>
<td>11</td>
<td>20%</td>
</tr>
<tr>
<td>Groups</td>
<td>26-40 years</td>
<td>31</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>41-60 years</td>
<td>12</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>61-75 years</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>55</td>
<td>100%</td>
</tr>
</tbody>
</table>
3.3 Level of Education of Respondents

A majority of VS&L’s participants (73%) are of primary school level while another 23% are totally illiterate. Of the control group (60%) are of primary school level and 31% totally illiterate. These two categories cover more than 90% of both the VS&L participants and the control group. (Table 3 below). A more critical analysis found that some of the primary school level participants never completed full primary education making them semi-illiterate. Many studies have shown that illiteracy increases vulnerability of households. The high illiteracy and semi-illiteracy rate means that VS&L is reaching people that are vulnerable. Among the control group, total illiteracy is even much greater at 31% of total respondents as compared to 23% of VS&L participants.

Table 3 Education of the Respondents.

<table>
<thead>
<tr>
<th>Category</th>
<th>Level of Edc</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>VSL Groups</td>
<td>None</td>
<td>59</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td>Primary</td>
<td>184</td>
<td>73%</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>9</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Post sec</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>252</td>
<td>100%</td>
</tr>
<tr>
<td>Control Groups</td>
<td>None</td>
<td>17</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>Primary</td>
<td>33</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>5</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>Post sec</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>55</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 1: Literacy level of the Respondents
Figure 1 above shows that none of the people living in the households covered by the VS&L program went beyond secondary school. Even the percentage that went to secondary school is quite modest. The implication for CARE is that training curriculum must consider the low level literacy while developing materials. The materials should be more pictorial and appropriate for this group of people. The low level education explains why even the specialist VS&L facilitators found it difficult to comprehend the material on Selection, Planning and Managing Economic Activities.

3.4 Marital status of Respondents

The marital status of the VSL participants and members of the control group was found to be very similar. This increases the level of confidence that the sample selected was random and representative of the communities against which the impact assessment was conducted. The finding are represented in Fig 2 below shows that 85% of both VS&L and control groups are married, 9% and 7% respectively are divorced, and 6% of VSL as compared to 7% of control group members are widows.

Figure 2: Marital status of the Respondents

The findings on the marital status of the respondents partly explain why the VS&L members insisted that the youth should form their own groups and not join the current VS&L groups. They contend that the youth think differently from them and would not be serious with savings, as they have no responsibilities. One woman quipped that “the youth would be playing football while the members are going for a VS&L meeting.”
3.5 Dependents

The number of dependants in a household is associated with level of vulnerability. In the impact assessment, the results show that, for VS&L participants 46% have three to five dependants and 50% have above five dependants showing a fairly high dependence ratio. For the control groups 47% have three to five dependants and 44% have above five dependants (Fig 3 below). Again we see similarities in the characteristics of the dependence ratio in VS&L participants and the control group although more of the VS&L members seem to have dependants in the above five category.

Figure 3: Dependants of the Respondents

This level of responsibility and burden may be a contributing factor to joining the VS&L groups. Many members mentioned during the discussions that they joined the VS&L groups to help them provide for their family basic needs.
CHAPTER 4: MAJOR FINDINGS OF THE IMPACT ASSESSMENT

4.1 Livelihood Improvement

4.1.1 General Categories of VS&L participants and control groups

During the baseline survey a participatory wealth ranking/well-being exercise was conducted with community members that defined a list of poverty/vulnerability indicators. The groups then mapped out all households in their village and then classified them into four different groups according to wealth/well-being. In general these were summarized very poor, poor, moderate and better off. (See Annex 1 for details). The baseline then concluded that 89% of the households were in the poor category (with 63% being very poor and 26% being poor), 13% as moderate and 6% as better off categories.

During this assessment, a similar profiling was also applied to the VS&L groups and control groups to establish where they were falling during the baseline.

Figure 4 compares the profiles of the general households in the baseline, participants of the VS&L and the control groups during the baseline and their status during impact assessment.

Figure 4: Wealth Categories of different groups

![Figure 4: Wealth Categories of different groups](attachment:image)

The impact assessment shows that the poor categories have reduced to only 5% among the VS&L groups a reduction of more than 67%. Similarly the moderate category has grown to reach 62% of the groups while better off has also gained to reach 33% of the VS&L groups in the survey. This is an indication of mobility from the very poor and poor categories to the upper categories of moderate and better off for the VS&L groups. On the contrary, all the control groups remained in the poor category both at baseline and during this impact assessment.
Based on the illustration above we can infer that the Village Savings and Loans program has helped to alleviate poverty and improve the welfare of the members particularly women who are the majority in the VS&L groups. This impact assessment looked at the general overall group characteristics and the assets of the majority of the members. A subject of further investigation would be to go into details of differentiation between the individual group members within each group to see what factors made others (majority) move while others stagnated. Of interest to note is that only one group of the VS&L program stagnated at remained in the same category of poor during baseline and current.

4.1.2 Food security

VS&L savings and loans assist participants in achieving household food security (in terms of purchases of maize as well as farm inputs). The survey found that VS&L participants have more food than non-participants because they augment their farm produce with income from other economic activities. The data shows that the majority VS&L participants’ food reserves lasts for approximately eight months on the average before they are depleted. On the other hand, the control group or non-participants’ food stocks averaged five months before depletion. On average VS&L participants food stocks last three months longer than non-participants.

Figure 5: Food stock for VS&L and Control groups

On average VS&L participants also reported that they normally eat 3 meals per day for eight months as opposed to five months of three meals a day for control groups which correlates well with their food stocks.
4.2 Economic Activities

4.2.1 Income Generating Activities

The baseline survey showed that people were involved in running over 20 different kinds of IGAs. For the current VS&L groups interviewed this list has grown to over thirty (see Annex 2 List of Economic Activities) different kinds of economic activities.

The first five most popular or selected IGAs (in order of frequency) during the baseline included Making and selling of mats and other crafts, Selling of firewood, selling of fruits and other vegetables, Beer and gin Brewing and Selling fish. Currently the most frequently mentioned business activities outside farming include making and selling fritters, doing seasonal businesses like Sale of fruits, vegetables and tomatoes, beer brewing, selling livestock, selling of fish and knitting in that order. From this list we noted that firewood and making of mats have dropped out because the forestry department now discourages deforestation. Although statistically insignificant it is worthwhile to note that VS&L groups are engaged in other activities such as tearooms that provide potential for employment of others.

The impact assessment confirmed that the most popular IGAs as identified above, are still those that are associated with low capital requirements. On the other hand for the control group, the major focus is on agricultural produce except beer brewing.

These findings confirm that the VS&L has contributed to expanding the menu of economic activities that its members are engaged in.

Figure 6: Top five IGAs identified by participants
4.2.2 Dependence on piecework (Ganyu)

Piecework or (Ganyu as commonly known) is regarded as the lowest means of making a livelihood in the village. Those who are involved in piecework on a regular basis have very little land or none at all and have no other viable economic activities. The employer or the provider of piecework normally determines the rate at which the piecework is paid and the employee is a price taker.

We analyzed the data in terms of piecework ganyu to see whether participants of VS&L rely on ganyu as a means of livelihood. We asked both the VS&L groups and the control group to recall their level of involvement in piecework (ganyu) during the time of the baseline and now. Both groups indicated that they relied on piecework as the major source of income other than farming and sale of farm produce during the baseline. The data shows that during the baseline 53% of the VS&L groups recalled that they were doing ganyu on a regular basis as a source of income while 60% of the control groups were also doing ganyu on a regular basis. The situation has changed drastically for the VS&L groups that have indicated significant improvement while the control groups have more or less remained the same. Currently the data shows that only 12% of the VS&L groups are involved in ganyu on a regular basis whereas 58% of the control groups are still involved in piecework ganyu most of the time, (Figure 7 below.) Moreover 62% of all the VS&L groups in the sample indicated that they are no longer involved in ganyu at all. This is an indication that VS&L loans are assisting participants to be less dependent on piecework.

Figure 7: Dependence on piecework for livelihood

![Pie chart showing dependence on piecework for livelihood](chart.png)
4.2.3 Non Involvement in off farm Economic Activities

Using the non-involvement in economic activities as a proxy indicator for low or non productivity (other than on farm), the impact assessment sought to find out what proportion of the VS&L members and the control group were not involved in any off farm economic activities. This indicator highlights the degree of idleness (if not fully engagement on the farm or on piecework\(^2\)).

The data analysed shows that of all the VS&L group members represented in the sample, only 11% are not engaged in any off-farm economic activities. (Meaning 89% are engaged in IGAs) In comparison to the control group the data shows that 49% of the people interviewed are not engaged in any off farm economic activities as shown in Fig 8 below. We can therefore draw a conclusion that the VS&L is helping its members engage in economic activities that are beneficial to their households.

Figure 8: People not in any economic activities

![Bar chart showing 11% of VS&L group members not in economic activity compared to 49% of control group members.]

Figure 8 above shows that the VS&L members are productively engaged in IGAs in addition to farming activities.

\(^2\) Piecework and on farm engagements discussed elsewhere.
4.2.4 Sources of Capital for IGAs

During the baseline it was found that most of the IGAs are supported by capital originating from own savings by the households. Using recall for the VSL groups we found that savings were coming mainly from sale of farm produce and piece work. Next to this capital source were the natural resources like firewood and mats. This shows a high reliance on natural resources and individual household productivity to raise any income apart from farm-based sources. External financial support from Microfinance institutions like FINCA only accounted in about 8% of the IGA cases. Other sources include sale of livestock and beer brewing.

The impact assessments found that the most common source of capital for the members of the VSL groups is the VSL itself. This was followed by sale of farm produce. Piece work and business profits tied at very low frequency (1). Fig9 below

**Figure 9: Most common sources of capital for VSL groups**

![Bar chart showing sources of capital](image)

From the figure above we noted that extraction activities like firewood is no longer a viable option for capital for the VSL groups. Therefore it did not feature in the responses of current sources of capital. This is because the forestry department is discouraging cutting of trees and other extraction activities for making mats.

For the majority of VSL participants the only hope for loans is VSL. This means that if VSL activities were to wind up most of the people would go without a reliable capital source.
4.3 **Asset accumulation and Wealth creation**

4.3.1 **Savings**

During the baseline it was found that there was a declining trend for savings for all groups during previous three years due to drought and hunger situation in the country. Members of the VSL groups as well as control groups recalled that they had depleted most of their cash savings as at the time of baseline. The VSL groups have reversed this trend and their savings has been growing for the last two years. For the 21 groups in the sample there was an average of Kw 37,215 per group in liquid savings representing an average individual savings of Kw 2,448. When the VSL groups started savings, for most of the groups the individual saved within the range of MK 20-200 per month. During this survey the savings per month is in within the range of Mk 80-400 per month. (An increase from an average savings of Kw 52 per individual per month during the baseline to an average of MK 93 per individual per month during the impact assessment – almost double as illustrated in Fig 10 below)

![Figure 10: Average monthly Savings by VS&L members](image)

**4.3.2 Bicycle and Radio Ownership and acquisitions**

For the majority of the households in the village bicycles and radios are most valuable assets. The bicycles are used as a means of transport and the radios used to keep in touch with news and entertainment. These two assets are also sources of prestige as ownership indicates the capability of a household. The two form part of the assets identified during the baseline to be tracked as indicators of household well-being.
Figure 11 below shows that VS&L participants have increased their acquisition of bicycles and radios from the time of the baseline while the control groups have shown a declining trend in the ownership and or acquisition of the two assets. As at baseline 45% and 33% of VS&L groups respectively indicated they owned bicycles. During the impact assessment the ownership had increased to 51% among VS&L members while for the control group there was a decline to 21%. The same trend was observed with Radios where for the VS&L ownership increased from 55% to 70% while for the control group there was a slight decline from 45% to 43%. to that a majority of VSL participants own bicycles (51%) as compared to 21% of control groups.

**Figure 11: Ownership of Bicycles and Radios**

![Graph showing ownership of bicycles and radios](chart.png)

### 4.3.3 Ownership of permanent houses and household furniture

In terms of permanent housing 28% of VS&L participants own Burnt Brick houses as compared to 24% of control groups despite the fact that the control group has a higher proportion of men in the sample. However, more control group members, (17% and 12%) as compared to (14% and 9%) owned corrugated Iron sheets and cemented floors respectively. This may be explained by the proportionately higher number of men who attended the control group discussions or the fact that the VS&L benefits have not significantly impacted on heavy investments such as permanent housing. A good minority own wooden chairs (33%) as compared to 19% of the control groups and 34% own tables as compared to 21% of control groups. Figure 12 below shows the ownership of burnt brick housing, and household furniture. Figure 12 below shows the ownership of permanent housing according to the materials used in construction.
Figure 12: Ownership of permanent housing

Figure 13: Ownership of Tables and Chairs

The figure above shows that for VS&L groups the percentage that own chairs and tables increased by 8% and 7% respectively from baseline to current status as compared to percentage increase of 2% and zero respectively for control groups. This shows that the VS&L groups have more resources at their disposal than the control groups and therefore are able to maintain or acquire new assets for their household use. Respondents of the VS&L also indicated a higher percentage increase in Blankets (23% from 72% to 95%) compared to 4% of control group (from 86% to 90%).
4.3.3 Ownership of Livestock

A popular form of savings in the rural areas is in livestock. Livestock serves both as food or can easily be sold for cash. Figure 13 below shows the ownership of livestock for both the VS&L groups and control groups during baseline and during the impact assessment.

The most common and popular livestock is chickens. At baseline 70% of the VS&L groups and 57% of the control groups had chickens. During the impact assessment the percentage owning chickens among VS&L groups has risen by 8% to reach 78% while that of control groups has declined to 50%.

The percentage owning goats has more or less remained stable with a slight increase of 2% for both groups. On the other hand for Pigs the VS&L groups have maintained the percentage of members keeping pigs at 18% while the control groups have significantly depleted their stock and therefore almost 66% of those who had pigs before no longer have them, a decline from 21% owners at baseline to only 7% now at impact assessment.

This trend clearly shows that the control groups are depleting their assets to cope with stress and shocks while VS&L groups have alternative mechanisms and sources of income to cope.
CHAPTER 5: SOCIO ECONOMIC AND GENDER RELATED WELL BEING OF VS&L PARTICIPANTS

5.1. Targeting of services to Women.

While in the initial design the services of VS&L were not deliberately targeted to women, experience during the pilot phase found that men groups and mixed groups did not perform well. Traditionally men do not work well in groups and therefore most of their groups were soon disbanded when they discovered that there was no external injection of financial resources coming into the groups. For women this was a natural evolution building on their traditional group support of one another. In this phase the formation of VS&L groups and the delivery of its services are deliberately targeted at female members. For this reason, of VS&L’s program records show that the majority of members are females. This impact assessment survey confirmed VS&L’s program information and found that a large majority of the participants (99%) were females.

5.2. Perception of well being

VS&L participants believe that the program has enhanced their capacity to be self-reliant a goal that many of them mentioned as the reason for joining the program. They mentioned that previously they relied on their husbands or piecework as a means of earning a livelihood. This dependency on either the piecework supplier or husband eroded their self-confidence, as they had to beg most of the time. It was very clear that most women disliked having to depend on someone else and therefore loose control of their lives. With the VS&L they have developed personal savings within the groups, they borrow to conduct Income Generating Activities (IGAs) and use their profits to buy food, clothing and other assets.

The VS&L members believe they have more personal confidence, they dress better, they have better houses, more household goods and access more land now than they did before joining VS&L’s savings program. They gave examples like; now most of them have between 5 to 25 chitenjes while previously they had only one to three.

The majority of the VS&L group members indicated that at some point or the other they visit a clinic or hospital where they have to pay for medical services. This was out of choice as they also mentioned the availability of free government hospitals. In all the VS&L groups no one indicated that they do not attend any medical facilities yet in the control groups there are people who mentioned that they do no attend any medical facilities.

The VS&L members were very proud to say that they have replaced most of their clay cooking pots with sefulias (metal/ aluminium pots) and that they have replaced most of their plastic plates and cups with metal ones. This indicates that they were reaching a
level where they are substituting what they perceive as inferior goods with superior goods. Such comments however were very rare with the control groups.

5.3 **Perception on the need for education**

Both VS&L members as well as the control groups indicated that they incur expenditure related to sending their children to school such as buying school uniforms or books. Since Primary Education is free in Malawi they do not have to pay any school fees until the children get secondary Schools.

An interesting revelation however is that both groups have children of school going age who are not attending school. The main reason given for this is lack of interest on the part of the child. The parents did not seem to bother to persuade these children to attend School. Others indicated, “There are no employment opportunities any way and therefore why go to School?” This is a rather worrying trend as most of the parents are also illiterate or semi illiterate.

CARE may need to look at incorporating awareness for the need for education in its programs or at least aware of the need to improve literacy level within the villages.

5.4 **Intra-household issues**

We tried to establish the level of intra household decision making for the VS&L members as well as the control groups. The VS&L members indicated that they are actively participating and contributing to the decision-making processes within their households. This is because they are also contributing to the economic well being of the households. Some of the specific examples given include sharing the decisions on what crops to plant in a given season and on what land should such crops be planted. Other examples included dissuading the husband from selling the bicycle during the hunger season because it was the means they used to transport her goods to the market. One member built her own house with the profits from her economic activity supported by VS&L and this led to her husband who had left her to come back (see case study).

On the contrary in some of the control groups, women indicated that the men make all major household decisions and women are not involved. It was also not surprising that such comments came from those who indicated that they were not involved in any economic activities.

5.6 **Leadership Community project participation**

We tried to establish the relationship between the perceived self-confidence and economic independence to participation in community activities and projects. In almost all the VS&L groups there were a number of women who were officials of other community based activities. Some of the most prominent community activities were participation in the funeral committees, health committees within the village, water management committees, Village development committees and other activities supported
by other agencies. In most cases the treasurers of such committees were women from the VS&L groups and a number had occupied those positions for the last two to three years. This contrasted sharply with villages where there is no VS&L. The women in these villages rarely mentioned any leadership positions other than ordinary committee members.

**CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS**

**6.1 Conclusions**

**Demographic characteristics of the VS&L participants.**

- The impact assessment has confirmed that the majority of VS&L participants are females of middle age and generally have high number of dependants.

- The literacy level is low among VS&L participants. This finding has direct implication on their view toward sending their children to school.

**Livelihood Improvement**

- The Village Savings and Loans program has helped to alleviate poverty and improve the welfare of the members particularly women who are the majority in the VS&L groups.

- VS&L participants have more food than non-participants because they augment their farm produce with income from other economic activities. On average VS&L participants food stocks last three months longer than non-participants.

**Economic Activities**

- The number of economic activities that members were engaged in during the baseline has increased and the magnitude of others has also increased. However, members have divested away from certain economic activities that require larger capital.

- The VS&L is helping members engage in economic activities that are beneficial to their households.

**Asset Accumulation**

- Savings have gone up among VS&L participants. The average savings per individual member has increased from Kw 52 during the baseline to MK 93 per month during the impact assessment – almost double.
- VS&L participants are wealthier than non-participants. A majority of them own bicycles and radios as compared to control groups. A good minority also own Burnt Brick houses as compared to control groups.

### 6.2 Recommendations

We noted that not much activity has taken place on the marketing side of the program. This may be due to the generalist approach to programming that has led the field staff being overstretched. We recommend that as the participants get involved into more complex economic activities the marketing challenge will soon be felt and therefore the program should prepare for this support in the future.

Many groups have expressed the need to continue with savings without sharing all their savings. This will pose different challenges that are not clear at the moment. Given that the financial services provision is a highly specialized area it requires specialized skills. CARE needs to consider specialized officers in the field to run the program and keep its credibility.

We have noted the high illiteracy levels among the participants. We recommend that as the funds grow specialized training should continue to be emphasized to ensure that the funds are well managed.

Many groups commented that the level of savings accumulation is too slow to cope with their needs for loans. Some have even expressed interest to be linked to other external sources of loans. CARE needs to conduct a thorough study on what options are available out there and compare this with the needs of the VS&L participants. CARE should even consider in house loan fund where it is clear that no external solutions are viable.
7. CASE STUDIES

7.1 Case Study 1 – A member of the VS&L group

NAME: Malita Kankuwe, Group: Chikondi VS&L

Malita Kankuwe was born 50 years ago and lives in Chikudzulire Village in TA Kalolo. She has two children both males who are currently married, from her first husband who died some fifteen years ago. She remarried in a polygamous home with a husband who has other two wives making her the third wife. She lives with four dependants, two of who are her grandchildren left behind by her late son who died of Tuberculosis ten years ago. Malita had to pay for medical expenses for her son before he passed away at St. Gabriel Mission Hospital.

Before joining the Village Savings and Loan group (Chikondi), Malita took two loans from FINCA, which is one of the international Micro finance institutions (MFI). Her first loan was of MK3000 and the second one of MK7200. She used the money as capital for her beer brewing business, fish and rice selling businesses. However she stopped borrowing from FINCA because she lost part of here savings through the group guarantee mechanism where group members would be held liable for all loans given to its members. In the event of a default, FINCA would deduct savings from all members to offset the loan in default. This did not augur well with her as it eroded her savings. She also did not like the weekly loan repayment schedule.

When CARE conducted awareness about Village Savings and Loans program in May 2003, Malita was among the people who were willing to try this activity. She joined Chikondi VS&L group and after few months of saving, she got a loan of K200 from the group, which she invested into her beer brewing business, the second time she got K300, then K700 and K1000 from the group at an interest of 30% per month.

Malita’s group shared its savings in December 2003 after 8 months of existence and she got over K2000 in cash, which she used for a bag of fertilizer and food. During the second sharing in December 2004, Malita got over K5000 and she used the money to buy fertilizer, clothes, and maize from ADMARC. She feels very proud to belong to a VS&L group and she is a role model. She counsels her friends against rushing into external loans without careful consideration of the terms offered by the lending institution. She said such loans might end up putting one in more problems than before. She relates her experience where she lost part of her savings due to untrustworthy group members who did not pay their loans.

Malita separated from the husband before she joined the group but through her participation in VS&L program she bought household utensils and two chickens. Later on she constructed her own house well thatched with grass and also managed to fix a standard door with a lock and key. The husband has since come back and joined her in her house.
Her vision is to buy livestock such as goats; pigs, which to her are like savings, which helps one when she/he is in problems and can, sell. She also wants to buy and ox-cart to be used to ferry manure because currently she carries manure on her head and she also wants to build a good house with burnt bricks.

7.2 Case Study 2 - Specialist Facilitator

NAME: Thomas Lusiano - Specialist Facilitator

Historical Background

Thomas Lusiano a self-starter and well motivated VS&L facilitator was born in 1967 and attended his primary education in the village after which he proceeded to form one in the local secondary school. Unfortunately he had to drop out months then his father passed away and had to drop out. He is married with 5 children; 4 girls and 1 boy all are attending village chokotsulila primary school near the village.

He was invited for a meeting that was held in the school for awareness about the VS&L. He and other men then formed a VS&L group of 11 members in May 2003 within the village. The group saved for 8 months, shared all their money and disbanded when the men realized there were no external funds coming. When group disbanded other members went to the estates to look for work. Lusiano remained in the village and decided to join a VS&L women group of 19 members in January 2004 increasing the number to 20. He was the only man in the group and joined as an ordinary member. They had saved Kw 22,000 at that time.

He borrowed K2000 from the group in February 2005 and started a tearoom business in the nearby trading center. Using this capital he realized K5000 and the he paid back K2600 to the group remaining with a profit Kw2400. He has ploughed back the money into the business and his capital base now is approximately 15000 from the accumulated profits. His wife is also involved in the business when he is away training other groups. His vision is to continue and have a grocery shop in a place large trading center called namitondo and move away from the village. This will be more central for his role as a facilitator. He still intends to maintain membership in Chikondi group and serve other groups in the area as well.

Facilitator’s Role.

Mr Lusiano served the group well as a member and facilitated training for group members on the VS&L methodology. When the group realized his potential they recommended him to be selected into the Village Development Committee (VDC) as a facilitator. He was selected in Sep 2004 and his expectation was to serve the women groups and form more VSLs. He attended the CARE organized training of facilitators at MEDI Mpondela for one week in the September 2004. The training covered the following topics: Formation of clubs and Group dynamics.
Achievements

He has formed 37 VS&L clubs of which only one is a men’s group with 11 members. The groups have members ranging from 11(men) to 22 and saving between Kw 20 per week to 50Kw per week. The club with the highest savings has Kw 53000 while the lowest and the newest has Kw5000. He has managed to replicate the program into other Districts (Nchinchi) in TA Makwere that are not currently covered by CARE. He has formed 3 groups in that area.

Challenges for a Facilitator

- Mobility – Thomas moves almost 16 kms from home and comes back very late when he makes his rounds to the groups.
- Some villagers are hesitant at the inception of the program and he has to spend more time to convince them.
- The facilitators need some form of identification to enable him have authenticity e.g with CARE program.

7.3 Case Study 3 – A VSL Group

Compiled by: Ezra Anyango and Jozzey Maulan
Name of Group: KASO VS&L. Village: Mkwatamwendo
GVH: Gwilize TA: Kabudula

Introduction

KASO VS&L was started on June 23, 2003 and it has a total of 17 female members 14 of who attended the group discussions. All the group members are from Mkwatamwendo Village in Traditional Authority Kabudula, Lilongwe district.

The majority of the members in the group are young adults falling between the ages of 26 to 40 years. Only three women are middle aged and above 40 years. Most of the members have at least attended some Primary School education with only one member who has no formal education at all.

All the women in the group are married and live with their husbands and other dependants. Ten of them have 3-5 dependants each and the other four have more than five dependants whom they take care of. This shows a high level of dependency on the households.

Reasons for joining the groups

Most members said they joined the VS&L to save in a group so that they can assist their husbands procure basic household necessities. Many of them indicated that they used to depend on piecework for their livelihood. They found the idea of Savings and Loans
group empowering and they wanted to try it out so that they could be able to run their own economic activities. With the income from the economic activities they would assist their husbands. Some also said they had many family problems that required finances and so they decided to try this program to see if can assist them tackle the problems.

Their livelihood has improved and they no longer rely of piecework any more and they are actively and economically supporting their husbands. One woman commented, “Usual quarrels in the families is a thing of the past”.

At inception their regular savings was pegged at Kw 5 per week (Kw20 pm). This has now been changed and increased to K10 per week in order to increase their total savings so that more people can borrow from the group fund. Currently an individual member can borrow up to K2000 in order to boost her economic activity.

Economic Activities and Assets

Before the group was formed only two members were engaged in economic activities of selling fritters and their main source of capital was piecework. With the formation of the VS&L group and the subsequent borrowing of members from their fund the number engaged in economic activities has increased to twelve. The range of economic activities they are currently engaged in has increased ranging from selling sugarcane, beer brewing, hawker, hardware, firewood and selling agricultural produce from their farm activities.

The challenge they are already facing is the limited fund in the group’s kitty from which members are borrowing. Some members aspire for larger enterprises with the potential for higher returns for their households and are constrained by the current borrowing ceiling of Kw 2000. The members indicated that the loans they get from the group are not enough to run big enterprises like hardware. They wished there was a financial institution to lend them more money so that they can expand their businesses and go for more challenging economic ventures. However they said that no member had taken a loan before joining the group and therefore they do not know the terms of those other financial institutions. They mentioned that linkage to an external financial institution should be when a group is strong and has its rules and regulations that members adhere to. Individual members must be able to save, borrow and pay back with ease. They should also be attending meetings regularly.

They mentioned that other members of their families are contributing to the running of their businesses. Some husbands help them ferry sugarcane to the market or carry fritters to the market for them. In this respect they share the decision making on what to do with the profits from the business. However they mentioned that they are still the main drivers of the business.

The economic activities have led to increased accumulation of assets for members of the group. Members say that they used to have plastic plates but now they can afford and have metal plates, other assets include TVs sewing machines, push trays for keeping plates. They decided to buy these assets to improve their social status within their
communities and store value in these assets. Almost all the members have cash savings mainly from their economic activities. On the other hand the stock of livestock such as pigs and chickens has declined due to diseases like new castle for chickens that can wipe out a whole stock very quickly and pose a threat for major asset loss. The group was emphatic that their substitution of livestock to other forms of assets has not affected their livelihood. At any rate they have cash savings as well as other productive and durable assets such as sewing machines.

Perception on Sharing of group Savings and Coping strategies

With regard to sharing the total savings after a fixed period of time e.g. 8 months, the group felt that this would undermine their economic activities. They contend that a group with limited resources would not get any meaningful amount of money if it was shared too quickly hence they would only end up buying petty things. As far as they are concerned the sharing should be determined by the amount a group has in savings and the need for sharing. The group prefers to continue with savings indefinitely and only share a portion of their savings during the farming season when they require fertilizer or during hunger season to buy food. Fertilizer was singled out as an important input required by all the households.

The group members indicated that during the hunger season between November and March they reduce the number of meals to two per day as a coping strategy. The group felt that their current income streams are not yet sufficient to meet all their basic needs and therefore they have to prioritize their needs.

Social empowerment and Gender issues

The group feels that the economic activities they are engaged in has enhanced their social status and given them bargaining power within their communities and households. At community level members are participating in various development committees such as forestry committee, nursery Schools, Church committees and they even occupy strategic leadership positions such as Chairperson and Secretary. They mentioned that their group is a good role model in the village and many of their friends are interested in joining the group or starting similar groups.

VS&L can help mitigate the effects of HIV/AIDS by providing for the orphans in the village through their economic activities and supporting members who are infected by the virus.

At household level members recounted how they are now able to participate in the decision making within the families. The members now actively contribute to such issues like selling of household properties. One member gave an example that she managed to persuade the husband not to sell the pushbike that they were using for her business by reasoning with him. In addition they said that they are contributing toward the family planning issues in their families.
7.4 Case Study 4 – A VSL Group

Compiled by: Ezra Anyango Name of Group: Takodwera.
District: Lilongwe T.A.: Kabudula
GVH: Chiwoko Village: Chiwoko

Introduction

The group started with a total membership of 7 women and no men in 2003 and has since grown to 15 members. Among the initial members, 4 women are within the range of 26-40 years and the other three fall between the category of 41-60. All the seven were and are still married women living with their husbands. Two of the members have between 1-2 dependants and the rest have none. Contrary to the other group, this one has a low dependency ratio. The majority of the members only attended primary education.

Reasons for joining the groups

The women decided to join the Village Savings and Loans (VS&L) group for the following reasons:

- To raise money for use in their homes through contributions
- To raise capital for their small businesses through loans
- To develop a spirit of thrift amongst its members

During the baseline most members were falling within the poor category in the wealth ranking but now (2 years later) they are falling within the moderate category.

At inception their regular savings was pegged at Kw20 per month. With the good performance of their businesses this has now been increased to Kw50 per month in order to increase their total savings so that more people can borrow from the group fund. Borrowing is up to Kw 5000 per individual.

Economic Activities and Asset accumulation

Before they formed the VS&L group only two members were engaged in economic activities namely selling local brew (Kachasu) and the other selling maize and ground nuts. With the savings and the subsequent loans from the VS&L almost all the members are now engaged in economic activities namely brewing beer, selling farm produce, (g. nuts, cassava, potatoes and Maize), Selling sweet beer i.e (Carsberg and Chibuku), baking cakes, (Zitumbwa) selling vegetables ie tomatoes and thobwa and selling livestock such as goats and chicken. The list of economic activities they are engaged in has increased and continues to grow.

Following are some of the challenges they are encountering with their current level of savings and income: The money is not enough for members to engage into lager economic activities and high competition in the market for some of the commodities they are selling.

Comment [EA1]: When was the group started?
Before the group was formed the main sources of capital were farm produce and piece work or (Ganyu as locally known). Currently more then 50% of their income is derived from the economic activities they are engaged in although a small proportion still comes from farm produce.

Before the VS&L the members had few assets that put them in the category of poor under wealth ranking exercise. Following is the list of assets the members said they had before: plastic plates, and cups, mats that were not in good condition, few had blankets that were not good enough, pounding mortars, not enough chitenge (Cloth) and very few chickens.

After joining the VS&L the members have been engaged in economic activities that led to increased income that they have used to buy and accumulated the following assets: good mats, metal plates and enough for their families, enough good quality cooking pots and buckets, hoes and other farm implements, two or more blankets, tables and chairs, sheep, goats and pigs, chicken and ducks, radios and bicycles, good clothing and 4-12 Chitenges per woman for changing, and now they eat well (three meals most of the year)

These assets represent consumption, (Food etc) productive (bicycle etc) and wealth storage like livestock.

The group members indicated that the livelihood they would like to enjoy and the economic activities they are engaged in dictated the choice of assets they bought. In addition to the assets the group has liquid savings of K 33,000 of which 500 is kept in their account and the rest is with the members in loans. These savings have come from their economic activities, piecework and sometimes assisted by their husbands.

**Perception on Sharing of group Savings and Coping strategies**

The group is of the opinion that sharing the whole savings after a fixed duration would have a negative impact on the VS&L because it can cause the group to disintegrate easily. They instead prefer to distribute part of the savings for members to buy inputs such as fertilizer and leave the rest rotating as loans with the members for economic activities. The members are using part of their profits to take care of family needs such as medical bills, to take care of their sick relatives and to pay school fees for their children. Two members are paying K3500 for their children in boarding schools (2 in primary and one in secondary).

Most of the members are supported by their economic activities and they are able to afford three meals a day despite the poor yield this year due to drought. Their food stock is therefore increasing because they can afford to augment their stock by purchasing more from their business profits. In most cases members would have food for only 8 months in a year due to rainfall problems. Although their incomes have improved they are still challenged by some of their needs. Some of them with larger families are not able to afford to buy balanced diet for the whole family for the whole year.
Social empowerment and Gender issues

Many women have held and some are still holding leadership positions in their communities. 4 have been Chairpersons, 2 Secretaries and others treasurers. These positions are held in VS&L, Funeral Activity Management, and Forestry and Church services. They contributed to the village funeral committee the idea of buying plates and a drum to be used during funerals.

Women contribute to the intra household decisions for example they discuss with their husbands what crops to be planted and where. Both husband and wife are involved in the business and they support each other leading to joint decision on what to do with profits from the business.
8. LIST OF ANNEXES

Annex 1. Livelihood categories
Annex 2. List of Economic Activities
Annex 3. VS&L Evaluation TOR
Annex 4. Focus Group Discussion Guide
Annex 5. List of groups interviewed