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Knowledge for a
Better
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Promoting Female Leadership in Village Savings and Loans Associations

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Introduction

Globally, women remain noticeably underrepresented in leadership roles across political, economic, and social spheres. The disparity is even starker in developing regions such as Sub-Saharan Africa and South Asia, where traditional gender norms remain deeply rooted. How to promote women in leadership roles in these regions, therefore, is an important policy question for advancing gender equality.

Community-based organizations can serve as a practical entry point for women to seek leadership positions. Village Savings and Loans Associations (VSLAs), which are widespread in Sub-Saharan Africa with substantial female membership, hold considerable potential for developing local-level female leadership. In a randomized controlled trial (RCT) in Uganda, researchers evaluated the impact of interventions aimed at encouraging women to take up and succeed in leadership roles in VSLAs. In this Evidence and Insights, we discuss the key findings from the study.

Significant Gender Gap in Leadership in Ugandan VSLAs

VSLAs are widespread in Uganda—about half of Ugandan adults have savings with VSLAs, which are the most preferred source of credit for 50% of women and 31% of men (Financial Sector Deepening Uganda [FSDU], 2024). VSLAs support their participants—typically underserved by formal financial institutions—in investing, managing shocks more effectively, and becoming socially empowered (Bjorvatn & Tungodden, 2023; Karlan et al., 2017). Most VSLAs have 20–50 members, managed by a



committee of 5–7 members, including a chairperson, secretary, treasurer, and other positions, who serve for a one-year cycle. The committee, in consultation with members, makes business and administrative decisions, such as approving loans, setting lending rates, and determining meeting frequency. The committee also safeguards funds (in a lockbox), disburses profit (share-out), and manages accounts. In Ugandan mixed-gender VSLAs, only about 50% of chairperson positions are held by women, even though women make up 80% of the members (Franco et al., 2021). A qualitative exploration reveals that doubts about women’s effectiveness as leaders are a major obstacle preventing them from assuming the role of chairperson. Another obstacle could be “male capture,” where existing male leaders build relationships with members, bolstering their chances of re-election, even with unsatisfactory performance, perpetuating gender imbalance in leadership.

Study Sample and the Interventions

For the study, researchers partnered with several agencies that run VSLA programs, including AVSI Foundation, BRAC Uganda, Care International Uganda, Village Enterprise (VE) Uganda, and Microfinance Support Centre Ltd (MSC). The partners helped identify 400 VSLAs based on two criteria: mixed-gender membership and male leadership. Additionally, the research team identified 135 more groups using the same criteria, resulting in a total sample of 535 VSLAs covering all geographic regions in Uganda—Central, Western, Eastern, and Northern.

Since elections of VSLA chairpersons are held at the beginning of a new cycle, which occurs at different times of the year in different VSLAs, the intervention was delivered on a rolling basis. The main intervention was to “nudge” VSLA members to change the chairperson before the election. The nudge was framed as an opportunity to bring a new perspective to managing VSLAs and to allow others to develop leadership skills. It was delivered as a scripted message

¹The scripted text used for the nudge intervention read “...in order for someone else from your group to be able to bring in their views and develop their leadership skills, we are requesting that you consider (s)electing a different [man/woman] to be the chairperson for the next cycle...”

1–2 weeks before the share-out, which is the day the cycle closes and the election for a new cycle takes place.

A fourth of the sample (132 VSLAs) was assigned to the control group, which did not receive any nudge. Of the remaining groups, members in 131 VSLAs were nudged with a suggestion to select a new male chairperson. The rest of the VSLAs were nudged to choose a female chairperson.¹ Finally, about half of those nudged about female leadership were also offered mentoring opportunities. Specifically, in these randomly selected VSLAs, if a woman was elected chairperson, she would be connected to a mentor—another experienced, current or former female chairperson from a VSLA not part of the study. The mentor was expected to act as a role model for the new female leader, helping her build confidence and advising her on effective management and decision-making. Information about the mentoring opportunity was not shared before the election to mitigate selection bias and manage expectations.

Thus, the study consisted of the following experimental groups:

- Control Group (C): 132 VSLAs that received no nudge;
- New Male (T1): 131 VSLAs nudged to select a new male chairperson;
- New Female (T2): 138 VSLAs nudged to select a new female chairperson only; and
- New Female + Role Model (T3): 134 VSLAs nudged to select a female chairperson and offered mentoring from a role model.

Comparing T2 and T3 with the control group allowed the researchers to measure the impact of the nudge on choosing female chairpersons. By holding the experience level of the chairpersons constant, comparing the New Male (T1) treatment arm with the New Female (T2) arm allowed for measuring the effects of female leadership on the VSLAs. Finally,

comparing T3 with T2 enabled researchers to test whether matching female chairpersons with female mentors had any additional impact on women's leadership performance.

Surveys and Data

Baseline and follow-up surveys were conducted at three levels: (a) the VSLA level, (b) the entire membership, and (c) a sample of individual VSLA members. The VSLA-level survey collected administrative and financial records maintained by the VSLAs. For the entire membership, data were collected on the full roster of members, including their sex, roles in the group, and the amount borrowed from the VSLA. In the member-level survey, data were collected from a sample of 8–10 members per VSLA—first the chairperson, then two members that the chairperson mentioned as having leadership potential, two other committee members, and 4–6 general members.

The baseline was conducted between March and April 2022, involving 535 VSLAs with a total of 17,285 members. The member-level survey involved a sample of 4,812 members, 64% of whom were female. The experimental groups (C, T1, T2, and T3) were found to be similar, both in terms of VSLA and individual characteristics and attitudes about female leadership of committee and general members, indicating successful randomization.

The follow-up survey was conducted two years later, between March and April 2024. By that time, another loan cycle had begun, and a new round of elections had been held after the experimental round. Ten of the sampled VSLAs had been dissolved prior to the follow-up data collection. Data were collected from the remaining VSLAs. A member-level follow-up survey was implemented with 82% of the baseline sample. The new chairpersons elected in the experimental and subsequent rounds were added to the follow-up survey.

Key Findings

The nudge (“Would you consider electing a new female as the chairperson?”) had a large and statistically significant impact on female leadership in VSLAs. In the treatment cycle—the cycle that started immediately after the delivery of the nudge—women were 11 percentage points more likely to be the chairperson of the VSLAs in the “New Female” treatment groups—a 150% increase from the control group average of 6.9%. Remarkably, the effect persisted in the cycle following the experimental cycle, with a 13 percentage point increase in the likelihood of female leadership.

Next, the researchers examined the member-level outcomes of the interventions. While the nudges had no impact on the likelihood of borrowing any positive amount, members of the VSLAs in the “New Female” treatments took out significantly larger loans than those in the control group. The increase was larger for women (around 80% greater than the control mean) than for men (around 60%). Thus, female leadership appears to create greater access to loans for all members, especially female members.

VSLAs lend a significant amount to non-members. The researchers found that in all the experimental

groups, about half of the total loan amount was given to non-members. In the control group, the remaining amount was equally distributed between male and female members, despite the fact that VSLAs have more female members. The findings suggest that the female nudge led to more equitable loan allocations by increasing loans given to female members compared to their male counterparts.

Female leadership also appears to improve the incentive to continue participation. At endline, a quarter of the control group members had dropped out of the VSLAs; the dropout rate was about 20%

lower in the treatment groups that received the nudge to elect a female chairperson.

To further investigate the outcomes on loans, the researchers assessed whether the better outcomes seen for loans came at the expense of financial sustainability, for example, by increasing exposure to riskier clients. This does not seem to be the case. VSLAs in the New Female treatments received larger savings than the control group VSLAs, though the differences were not statistically significant. In monetary terms, average savings in the control group VSLAs were 4.6 million UGX, and savings were 700 thousand and one million greater in T2 and T3, respectively. This suggests that the larger loan amounts in these treatment groups were at least partially financed by greater savings. Larger loans may also come with a greater risk of default. However, the researchers found no evidence for this in their data on loan write-offs. In the experimental cycle, the “New Female” treatments had a lower write-off rate, though the difference disappeared by the next savings and loan cycle.

When comparing T2 and T3, the researchers did not find any significant additional impact of the mentoring opportunities beyond the “female nudge” on any of the outcomes.

Overall, the empirical findings indicate that female leadership in VSLAs improved gender equity and increased loan amounts for individual members without negatively affecting financial sustainability. However, survey data show that this did not lead to greater satisfaction with the chairperson. Nevertheless, the lack of significant differences across treatments in satisfaction with the chairperson suggests that, contrary to the general belief that women may not be seen as effective as men in the role of chairpersons, members do not perceive female leaders differently from their male counterparts after experiencing women’s leadership. It could also be argued that women leaders are held to higher standards; given that the VSLAs performed better—at least in terms of loan amounts—they should be seen as better leaders than men. Further analysis of the data will investigate this in greater depth.



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Conclusion

VSLAs are vital for advancing the financial inclusion of marginalized people, especially women, by offering them access to savings and credit in communities where such opportunities might be limited. However, despite VSLA guidelines and training emphasizing the importance of women's representation in leadership, a systematic bias persists against women holding the chairperson position.

This study highlights the potential of VSLAs to serve as a platform for enhancing women's leadership, which in turn contributes to more equitable access to loans for female members. A straightforward yet

impactful intervention—encouraging the selection of a female chairperson at the start of a new loan cycle—can be seamlessly integrated into the practices of agencies that support the formation of new VSLAs. This approach not only addresses gender biases but also leverages the unique strengths women bring to leadership roles within these groups. Beyond its specific policy implications, this research underscores the broader potential for promoting women's leadership in community-based groups and the benefits that such leadership can bring.

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