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Impact of savings groups on the lives of the poor
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Abstract: Savings-led microfinance programs operate in poor rural communities in developing countries to establish groups that save and then lend out the accumulated savings to each other. Nonprofit organizations train villagers to create and lead these groups. In a clustered randomized evaluation spanning three African countries (Ghana, Malawi, and Uganda), we find that the promotion of these community-based microfinance groups leads to an improvement in household business outcomes and women's empowerment. However, we do not find evidence of impacts on average consumption or other livelihoods.

Significance: We conducted a large randomized evaluation of a widespread microfinance program across three countries. This evaluation provides important evidence on the impact of a popular development intervention on the lives of low-income households in rural communities by looking at its effects on usage of financial services, microenterprise activity, income, female empowerment, consumption, and the ability to cope with shocks.

Author contributions: D.K., B.S., B.T., and C.U. designed the study; D.K., B.S., B.T., and C.U. analyzed the data; D.K., B.S., and C.U. wrote the paper. The authors declare no conflict of interest.

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