



# The experience of SILC in Guatemala

RESULTS FROM A MULTI-PROJECT SURVEY OF SAVINGS AND INTERNAL LENDING  
COMMUNITY MEMBERS

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# Abbreviations

CRS	Catholic Relief Services
MC	Mercy Corps
ROS	Return on Savings
SILC	Savings and Internal Lending Community
YSLA	Youth Savings and Lending Association

# Introduction

This study examines the views of members of CRS' Savings and Internal Lending Communities (SILC) and Mercy Corps' Youth Savings and Lending Associations (YSLA) – hereafter referred to collectively as SILCs – in Guatemala, regarding their experiences in their groups, the use and usefulness of the financial services that their SILCs provide, the non-financial benefits they receive, their willingness to pay field agents fees for support to them and their groups, and their desire to remain in their SILC for future cycles.

The views of SILC members were collected in a survey administered in 2018 to a random sample of SILC members associated with four projects: CRS' Café Verde (Green Coffee), Jóvenes Constructores (Youth Builders), and Segamil; and Mercy Corps' AgriJoven (Agro-Youth).

- **Café Verde**, an agriculture project active from 2014 to 2016, helped 765 smallholder coffee-farming families (about 3,366 people) by renovating old coffee plants susceptible to coffee leaf rust. The project complemented its coffee intervention with SILC to enable coffee producers to save and manage their investments, renovate their coffee plants infected with leaf rust, and engage in practices to improve the soil. The SILC cycles in the project were aligned with coffee farmers' planting cycles, and at the time of study, 46 SILCs with 519 members had graduated from their first cycle.
- **Jóvenes Constructores**, implemented in the departments of Quetzaltenango (referred to here as Jóvenes Quetzaltenango, or JQ) and San Juan (referred to as Jóvenes San Juan, or JSJ) from 2016 to 2018, worked with three implementing partners to train youths in SILC. At the time of study, 40 SILCs with 881 members had graduated from their first cycle.
- **Food Security focused on the First 1,000 Days** (*Segamil* in its Spanish acronym), started in 2012 and closed in 2017, worked to reduce chronic malnutrition and improve food security in 263 communities in San Marcos and Totonicapán, two regions in the Guatemalan highlands most vulnerable to food insecurity. Among its interventions, the project trained SILCs, and at the time of study, 387 SILCs, with 6,168 members, had graduated from their first cycle.
- Finally, **Mercy Corps' AgriJoven (MC AgriJoven)**, financed by Feed the Future partnering for Innovation, incentivizes youths in the western Guatemalan highlands to become newly involved in agriculture, through visits from experts, presentations of agricultural innovation examples using demonstration plots, and YSLAs. At the time of study, 65 project YSLAs, with 1,060 members, had graduated from their first cycle.
- This study presents analyses from the SILC survey carried out with samples of SILC members from each of these projects. The study first reviews the survey and sampling methodology. It then presents and discusses the empirical findings, including the respondents' motivations for joining SILC, their views of SILC membership benefits and drawbacks, members' behavior regarding saving, borrowing, and spending end-of-cycle share-outs, and finally members' plans to remain in or leave their SILC group, as well as their willingness to pay fee-for-service agents for support. The study concludes with key lessons learned from the analysis.

# Methods and sampling

In 2018, to complete its learning agenda, the staff of Segamil developed a comprehensive survey of its SILC members' experiences. The project staff worked with Mercy Corps to administer the survey not only to Segamil beneficiaries, but to those of Café Verde, Jóvenes Constructores, and AgriJoven, as well. The survey covered four themes:

- Members' experience in SILC, including motivations for joining, benefits, and drawbacks;
- SILC financial services, including savings, borrowing, and share-outs;
- Non-financial services, including learning and social activities; and
- SILC sustainability, including groups' and members' support needs, and willingness to pay for technical assistance.

To select respondents from all four projects, the researchers selected representative probability samples of SILCs and members from each project, from a sampling frame of SILCs that had completed at least one full cycle; aiming for a 95% confidence level and 5% margin of error. They sought to select 4% of SILC members from 40% of each project's groups included in the sampling frame. The sampling frame and strategy are detailed in Table 1.

Table 1 Sampling strategy and sample

	SEGAMIL	MERCY CORPS AGRIJOVEN	JÓVENES CONSTRUCTORES	CAFÉ VERDE
Total SILCs in sampling frame	387	65	40	46
SILCs sampled	160	39	16	18
<b><i>SILCs included in study</i></b>	<b><i>145</i></b>	<b><i>45</i></b>	<b><i>12</i></b>	<b><i>10</i></b>
Total participants in sampling frame	6,168	1,060	881	519
Participants sampled	320	45	38	22
<b><i>Participants interviewed in study</i></b>	<b><i>317</i></b>	<b><i>45</i></b>	<b><i>29</i></b>	<b><i>20</i></b>

The participants sampled were to have completed at least one SILC cycle, in order to survey those who had enough experience with SILC methodology to comment on it, and were more likely to have taken loans and received at least one share-out. The researchers first selected SILCs that had completed at least one full cycle and expressed willingness to participate in the study; and then randomly selected members within each group, to interview.

While the sampling strategy aimed to interview 425 SILC members distributed across 233 SILC groups, 411 members of 212 groups were interviewed. Of these, 317 members were associated with Segamil, and Segamil accounted for 145 SILCs. MC AgriJoven accounted for 45 participants and 45 SILCs, Jóvenes Constructores for 29 and 12, and Café Verde for 20 and 10.



# Empirical analysis

## 3A. RESPONDENT DEMOGRAPHICS AND TIME IN SILC

The survey respondents comprised 298 women and 54 men (as well as 59 respondents who did not provide their gender to enumerators). Overall, the respondents had been SILC members from 0.2 to 5.8 years, with the median respondent<sup>1</sup> having been a SILC member for 2.1 years. Sixty-three (15%) of respondents had been in SILC for less than one year, 141 (34%) for 1-2 years, 110 (27%) for 2 to 3 years, 56 (14%) for 3 to 4 years, and 41 (10%) for more than four years.

For the Café Verde and Jóvenes Constructores projects, most respondents had been in SILC for less than one year, and for Mercy Corps, 1-2 years. In contrast, for Segamil, 132 (70%) of its project's respondents had been in SILC for 1-3 years, and 84 (26%) for more than three years. Table 2 below separates time in SILC into year categories and shows the distribution of respondents by project. Most members of the Jóvenes Constructores project – in Quetzaltenango and San Juan – had been in SILC for less than one year when they were interviewed, while over half of the Mercy Corps AgriJoven members, and most Segamil members, had been in SILC between one and three years. Only Café Verde and Segamil had members who had been in SILC for more than three years.

Table 2 Respondents' length of time in SILC, by project

PROJECT	<1 YEAR	>1-2 YEARS	>2-3 YEARS	>3-4 YEARS	>4 YEARS
Café Verde	4	2	1	9	4
Jóvenes Constructores	28	0	1	0	0
MC AgriJoven	20	22	3	0	0
Segamil	11	117	105	47	37
<i>TOTAL</i>	<i>63</i>	<i>141</i>	<i>110</i>	<i>56</i>	<i>41</i>

SILC membership is embedded in family ties: Of the 411 respondents, 140 had at least one family member in SILC, as well – 72 had exactly one family member in SILC, and at least one respondent had nine family members in SILC. An overlapping 31 had a spouse in SILC, 110 a sibling, 96 an offspring, and 11 a grandparent.

## 3B. MOTIVATIONS FOR JOINING SILC, AND PRINCIPAL BENEFITS AND DRAWBACKS

Motivations for joining SILC centered around members' ability to save and borrow money, and learn new things. Each respondent was asked for their top three motivations for joining their SILC, and Table 3 below shows the top three motivations listed for each rank. Saving money dominates mentions for all three ranks, followed by access to loans, and learning. Finally, several respondents valued the social aspects of SILC membership, listing participation among their motivations for joining SILC.

<sup>1</sup> While the mean (or average) of a distribution sums the values for all respondents, and divides the sum by the number of respondents; the median captures the value of the 50<sup>th</sup>-percentile respondent. The median is less sensitive to outliers than the mean.

Table 3 Ranked motivations for joining SILC, by top three listed in each rank

<b>TOP 3 MOTIVATIONS LISTED IN EACH RANK</b>			
<b>Rank</b>	<b>Most mentions</b>	<b>Second-most mentions</b>	<b>Third-most mentions</b>
1 <sup>st</sup> motivation	Saving money (n=218)	Learning (n=36)	Loans (n=25)
2 <sup>nd</sup> motivation	Saving money (n=91)	Loans (n=68)	Learning (n=35)
3 <sup>rd</sup> motivation	Saving money (n=93)	Loans (n=63)	Participation in group (n=27)

Saving money dominated mentions of the principal benefits of SILC membership, as well. Fully 203 respondents listed savings opportunities as the principal benefit of SILC membership, followed by 71 who mentioned low-interest loans, and 57 who mentioned SILC’s aid in preparing them for emergencies. Table 4 below shows the distribution of responses across the top five mentions and all projects.

Beyond the financial benefits of accessing useful lump sums through borrowing and share-outs, when asked what they enjoyed most about SILC, respondents identified several non-financial benefits from membership. While 133 respondents said “saving” and 52 said “accessing loans,” sharing ideas (n=68), trainings (n=50), learning from others (n=46), gaining new friends (n=27), and helping neighbors (n=20) emerged aspects of SILC membership that members greatly enjoyed.<sup>2</sup>

Table 4 Principal benefits to SILC membership

	<b>SAVINGS OPPORTUNITIES</b>	<b>EMERGENCIES</b>	<b>LOW-INTEREST LOANS</b>	<b>SPACE TO CO-EXIST</b>	<b>NEW LEARNING AND EXPERIENCE</b>
Café Verde	13	1	3	1	1
Jóvenes Constructores	15	6	1	1	5
Mercy Corps AgriJoven	23	1	16	0	5
Segamil	152	49	51	22	43
<b>TOTAL</b>	<b>203</b>	<b>57</b>	<b>71</b>	<b>24</b>	<b>54</b>

The principal drawbacks to SILC membership, meanwhile, were lack of money and time, followed by restrictive group norms, loan delinquency, lack of loans for some members, short loan repayment schedules, and conflicts. Table 5, below, shows the number of mentions of drawbacks, disaggregated by type and project.

<sup>2</sup> Nevertheless, financial concerns dominated respondents’ reflections on what they had learned from SILC membership: when asked what learning from SILC they valued most, fully 209 mentioned learning to save, 30 mentioned financial management, and 15 mentioned setting financial goals.

Table 5 Principal drawbacks of SILC membership

	LACK OF MONEY	RESTRICTIVE NORMS	LACK OF LOANS	LOAN DELINQUENCY	SMALL LOANS	SHORT REPAYMENT SCHEDULES	CONFLICTS	LACK OF TIME
Café Verde	6	0	0	1	0	0	0	9
Jóvenes Constructores	15	2	0	5	0	0	2	3
Mercy	17	3	0	1	3	2	1	17
Segamil	142	30	28	36	16	19	8	31
<i>TOTAL</i>	<i>180</i>	<i>35</i>	<i>28</i>	<i>43</i>	<i>19</i>	<i>21</i>	<i>11</i>	<i>60</i>

### 3C. FINANCIAL SERVICES

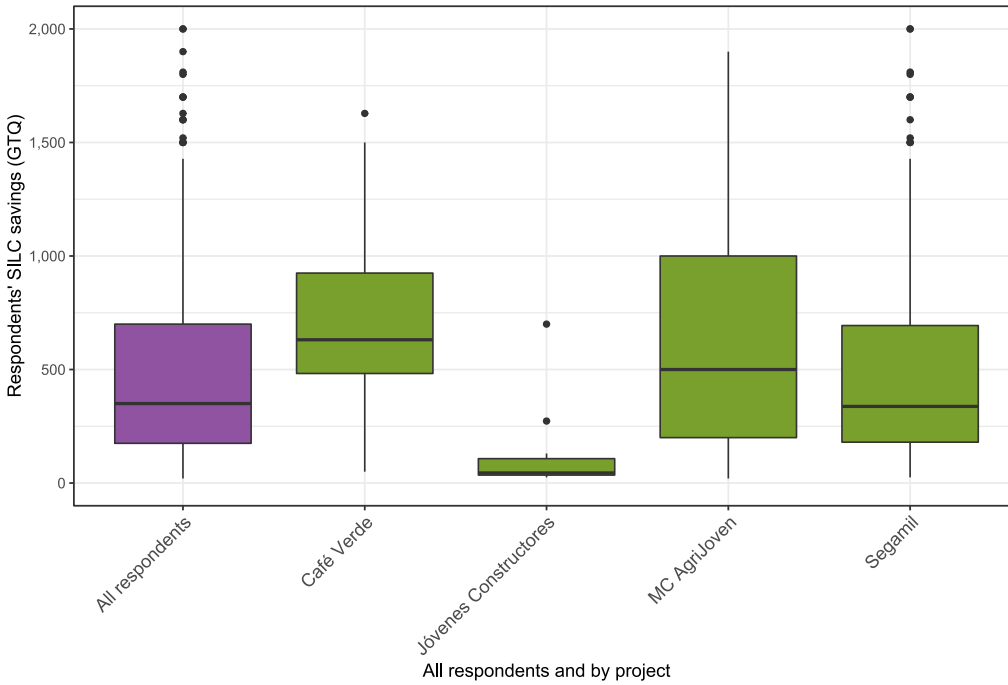
#### 3.C.I. SILC SAVINGS

Across the SILC members in the study, savings varied from GTQ 20 to 9,000 (~ USD 2.63 – USD 1,183), with a mean of GTQ 621.70 (~ USD 82) and median of GTQ 350 (~ USD 46).<sup>3</sup> Figure 1 below shows the distribution of SILC savings in GTQ for all respondents who provided data (n=395), and disaggregates savings by project.<sup>4</sup> While savings varied considerably across respondents, most were concentrated between GTQ 175 (~ USD 23) and GTQ 700 (~ USD 92). As the figure shows, the 75th percentile observations across all respondents and projects hover below GTQ 1,000 (~ USD 131), and Segamil – which contributed more respondents to the study than all other projects combined – accounts for most of the high-saving outliers.

<sup>3</sup> GTQ and USD are the foreign exchange abbreviations for the Guatemalan quetzal and U.S. dollar, respectively. The conversion rate is calculated as the average of the rate on 1 July 2018 (GTQ 1 = USD 0.13193) and 31 August 2018 (GTQ 1 = USD 0.13098), which is GTQ 1 = USD 0.131455.

<sup>4</sup> Boxplots show the distribution of data with a categorical input variable (here, project), and a continuous outcome variable (here, SILC savings). In a boxplot, the distance from the lower to upper bounds of the box represents the inter-quartile range (IQR), or 1<sup>st</sup> to the 3<sup>rd</sup> quartile (25<sup>th</sup> to 75<sup>th</sup> percentile observations). The horizontal line within the box is the median observation. The vertical lines (“whiskers”) encompass the observations from the near-edge percentile to + or - 1.5\*IQR: The lower whisker’s length is defined by 1<sup>st</sup> quartile – 1.5\*IQR, while the upper’s is 3<sup>rd</sup> quartile + 1.5\*IQR. Dots represent outliers.

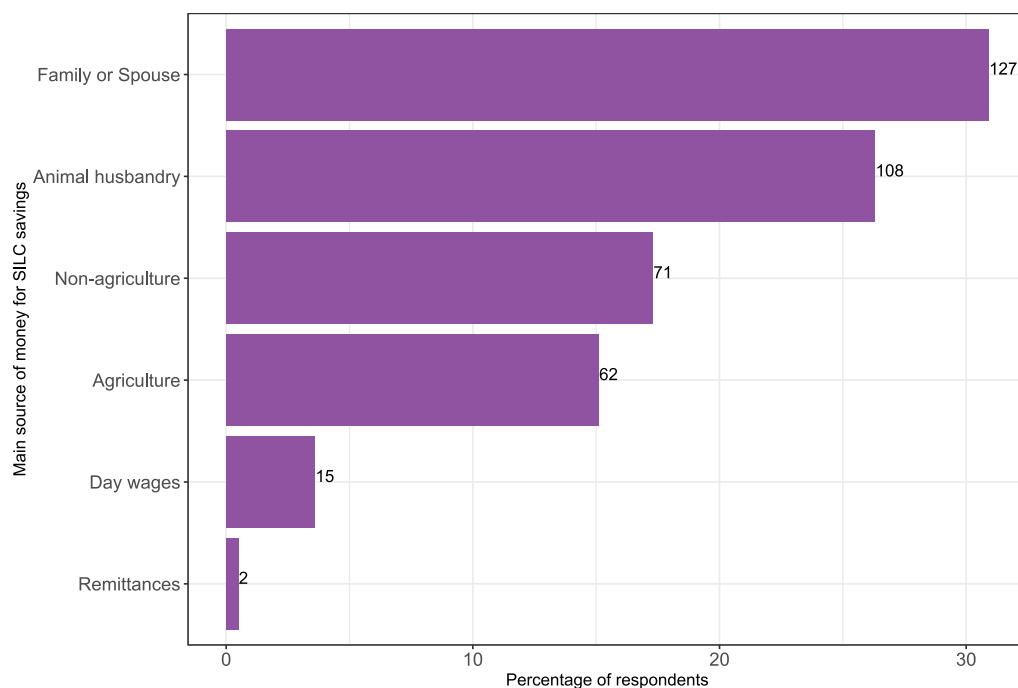
Figure 1 SILC savings<sup>5</sup>



Respondents reported various principal sources of money for SILC savings. The most common source was the respondent's family or spouse (n=127, 33.4%), followed by animal husbandry (n=108, 28.4%; all but two of whom were associated with the Segamil project), non-agricultural sources (n=71, 18.7%), then agriculture (n=62, 16.3%). Finally, day wages (*jornales*) and remittances were mentioned by a combined 17 (4.5%) respondents. Figure 2 shows the number and share of respondents reporting each source as their main SILC savings source, for the six main sources.

<sup>5</sup> While the maximum SILC savings was GTQ 9,000, for visibility, the visible vertical range of the boxplot is [GTQ 0, GTQ 2,000]. The outlier savings amounts in the range (GTQ 2,000, GTQ 9,000], most of which were saved by Segamil participants, are not shown in the figure.

Figure 2 Main sources of money for SILC savings



SILC savings across cycles followed expected patterns: up to a certain point, most SILC members save more during latter cycles than they do during earlier cycles. Of the 346 respondents who had been a SILC member for at least one year, 291 (84.1%) saved more during their current cycle than during the previous. The pattern holds both for those with more experience in SILC and with less: Of those respondents with between one- and two-years' experience in SILC, 117 (83%) saved more than the previous cycle, while 23 (16.3%) did not. Of those with more than two years' experience in SILC, the trend was even more pronounced: 174 (84%) saved more, while only 32 (15.5%) did not. Of those with more than three years in SILC, 76 (78.4%) saved more, and 21 (21.6%) did not. In short, even SILC members who had saved for multiple cycles already, found ways to increase their savings compared to the previous cycle. And while the shares of those with more than one year in SILC were heavily influenced by the large number of respondents associated with Segamil, the pattern of saving more in a later cycle than in the previous one holds across projects, save for Café Verde (Table 6).

Table 6 Savings patterns by project, for respondents with more than 1 year in SILC

PROJECT	SAVED MORE THAN IN PREVIOUS CYCLE	DID NOT SAVE MORE THAN IN PREVIOUS CYCLE
Café Verde	8	8
Jóvenes Constructores	1	0
MC AgriJoven	16	8
Segamil	266	39
<b>TOTAL</b>	<b>291</b>	<b>55</b>

When asked why they saved more during the current cycle than they had during the previous one, respondents highlighted the importance of saving money (n=132, 45.4%), the earnings they saw from SILC share-outs (n=57, 19.6%), financial goals (n=20, 6.9%), their personal interest in saving (n=11, 3.8%), and SILC’s role in helping them save for emergencies (n=10, 3.4%). Among those who did not save more during the current cycle than they had during the previous one, answers centered around lack of money to save due, for example, to lack of a job, or all money invested in assets, training costs, medical bills and school fees, and unexpected expenses.<sup>6</sup>

### 3.C.II BORROWING

About 216 (53%) respondents had borrowed money from their SILC. Across projects, the majority of respondents in MC AgriJoven (n=36, 80%) and Segamil (n=170, 53.6%) had borrowed from SILC, while borrowers in Jóvenes Constructores (n=2, 6.9%) and Café Verde (n=8, 40%) were outnumbered by those who had not borrowed. Among those who borrowed money, half had borrowed three times or fewer. The two borrowers in Jóvenes Constructores had taken one and two loans, respectively, while the modal number of loans per member in Café Verde and Segamil was 2 (in Segamil, 45 respondents had taken two loans apiece, while another 44 had taken just one each, and 27 had taken three). MC AgriJoven’s modal number of loans was 1, as well, with eight respondents taking one loan apiece. But seven more MC AgriJoven respondents had taken three loans apiece, five others four apiece, and five had taken six apiece.<sup>7</sup>

Loan sizes varied, as well. The maximum loan size was GTQ 6,000 (~ USD 789), but loans overall clustered along the lower end of the spectrum, with medians across projects concentrated around GTQ 300 (~ USD 39), and 75<sup>th</sup> percentile values ranging from GTQ 350 to 1,000 (~ USD 46-131).

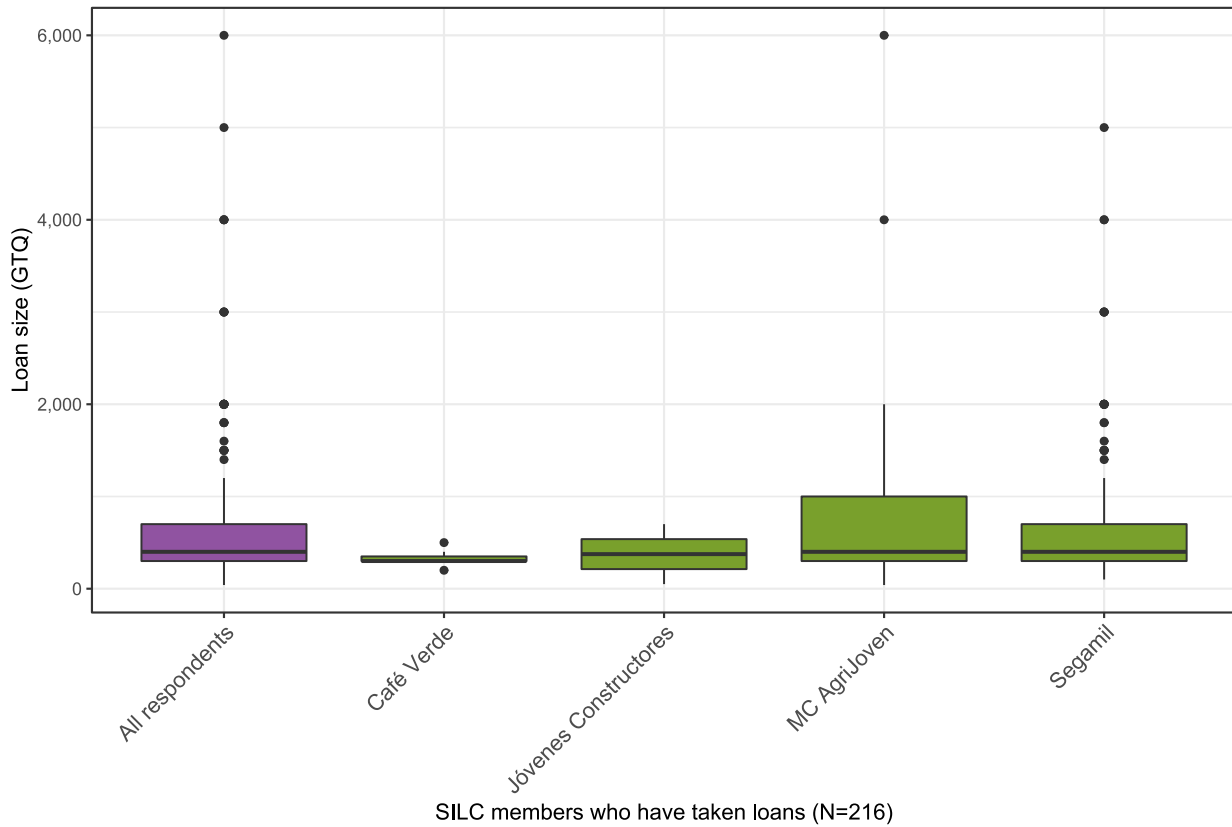
Table 7 Loan sizes (GTQ)

PROJECT	MINIMUM	1ST QUARTILE	MEDIAN	MEAN	3RD QUARTILE	MAXIMUM
Café Verde	200	300	300	328.57	350	500
Jóvenes Constructores	50	212.5	375	375.00	537.5	700
MC AgriJoven	40	300	400	843.43	1,000	6,000
Segamil	100	300	400	664.07	700	5,000
<i>OVERALL</i>	<i>40</i>	<i>300</i>	<i>400</i>	<i>679.80</i>	<i>700</i>	<i>6,000</i>

<sup>6</sup> Answers to the questions about why or why not save more this cycle than the last, were generally short and vague. Analysis of members’ return on SILC savings (ROS) at share-out indicates that respondents’ decisions regarding whether to save more in the current cycle than the previous were unassociated with their ROS.

<sup>7</sup> In addition to SILC loans, 29 (7%) of respondents had taken at least one loan from a non-SILC source. Among these were 6 men and 21 women. Non-SILC loans ranged from GTQ 100 (~USD 13.15) to GTQ 35,000 (~ USD 4,601), with the median loan being GTQ 2,000 (~USD 263) – higher maximum and median loan sizes than those distributed by the SILCs included in the study. Eleven of the non-SILC loans were taken from cooperatives, eight from money lenders (*prestamistas*), three from communal banks, three from family, and one each from a microfinance institution, store, bank, and ROSCA (*chuchubal*).

Figure 3 Loan sizes (GTQ), all respondents and disaggregated by project (subset of respondents who took loans)



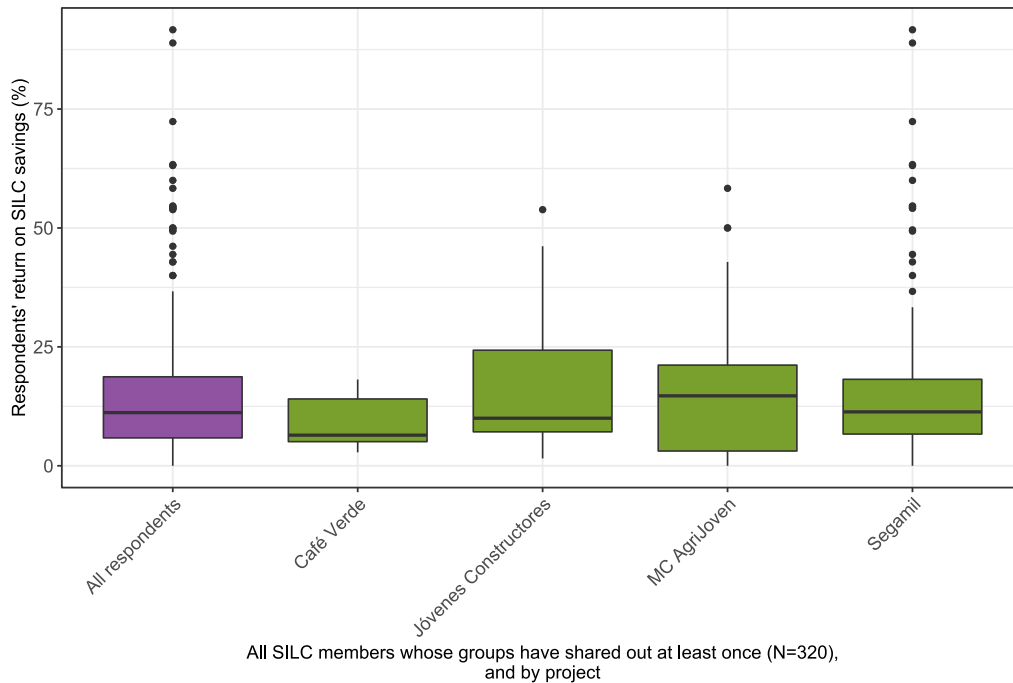
Most SILC loans were used for income generation or productive consumption. Eighty-four of the 216 SILC loans were spent on income generation: 64 (76.2%) were invested in animal husbandry, 18 (21.4%) in business supplies, and 2 (2.4%) in agricultural production. Of 59 loans spent on productive consumption, 29 (49.2%) were spent on home repairs, 16 (27.1%) on medicine or medical treatment, 8 (13.6%) on food, and 6 (10.2%) to repay debts.

### 3.C.III RETURN ON SILC SAVINGS FROM SHARE-OUT

Respondents' returns on their SILC savings were mostly positive, indicating generally that the SILCs included in the study had shared out more money to their members than those members had contributed in savings. Overall, among the 394 respondents who reported earnings from SILC, the lowest ROS was 1%, the highest 91.7%, and the median 11.7%. But minima, maxima, and median values varied considerably across projects: Segamil captured the overall range and median – from 1% to 91.7%, and 11.7% median – while the minimum ROS for the subset of Jóvenes Constructores on the urban periphery of Xela (Quetzaltenango) was as high as 8.6% and the maximum only 30%.

Figure 4 below shows the distribution of SILC ROS for all respondents in the study, and disaggregates ROS distributions by project. The 25th percentile ranged from 3.1% (MC AgriJoven) to 6.7% (Segamil), and the 75th percentile from 14.1% (Café Verde) to 24.3% (Jóvenes Constructores). Finally, the maximum ROS ranged from 18.1% (Café Verde) to 91.7% (Segamil). MC AgriJoven and Segamil had minima of 0, but no respondent in any project lost money at share-out. Statistically, ROS did not differ significantly across projects, but Café Verde's distribution presents a lower maximum and median than the other projects, perhaps indicating lower returns in coffee than are possible in other forms of agriculture (MC AgriJoven), animal husbandry (Segamil) or in employment on the urban peripheries of Xela and Guatemala City (Jóvenes Constructores).

Figure 4 Return on SILC savings, all respondents and disaggregated by project



As with SILC loans, respondents' share-out earnings were used both for income generation and productive consumption. Regarding income generation, 102 (26%) respondents used their share-out money for animal husbandry, 71 (18%) for agricultural production, and 39 (10%) to acquire business inputs. Regarding domestic consumption, 65 (16%) used their share-out money for education expenses, 35 (9%) for food, 28 (7%) for home repairs, and 20 (5%) for medicine. Other share-out uses included debt repayment, celebrations, transport, and funerals.

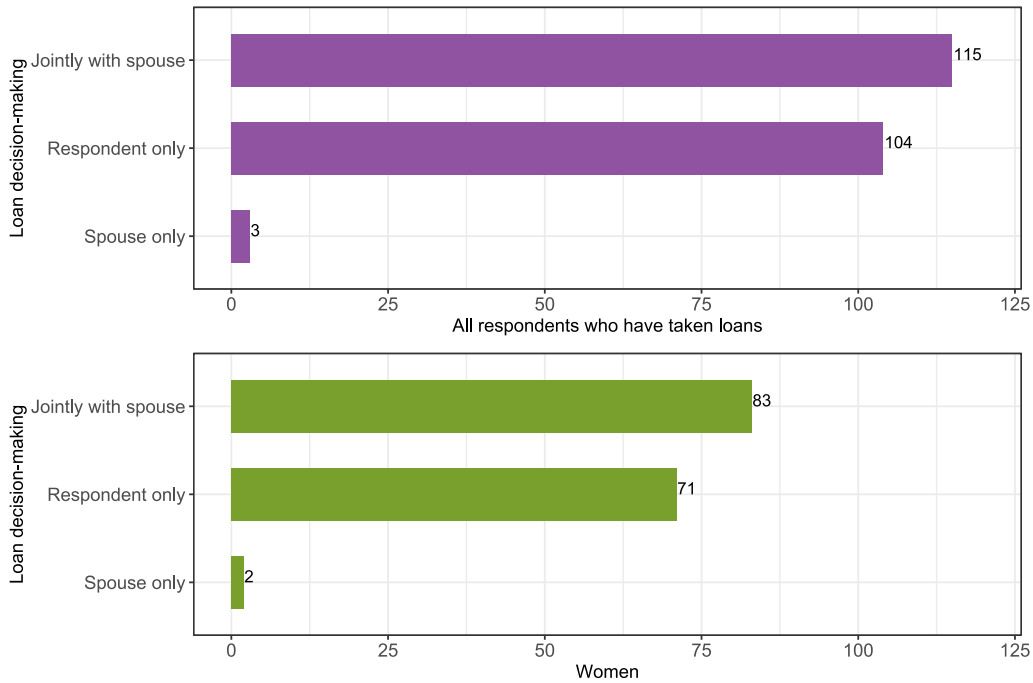
### 3D. SILC FINANCIAL DECISIONMAKING

Most decisions regarding use of SILC loans and share-outs are made by those members who take loans or receive share-outs, or jointly by members and their spouses. Of those respondents who had taken loans, 115 (52%) had decided how to spend the money jointly with their spouse, while another 104 (47%) had decided on their own. Spouses made unilateral decisions for only three respondents. The pattern holds when only women are examined: 83 (53%) women made loan spending decisions jointly with their spouses, 71 (46%) alone, and spouses made unilateral decisions for only two women (Figure 5).<sup>8</sup>

<sup>8</sup> Unfortunately, the survey tool did not ask for respondents' marital status, so it is unclear how many women belong to female-headed households.

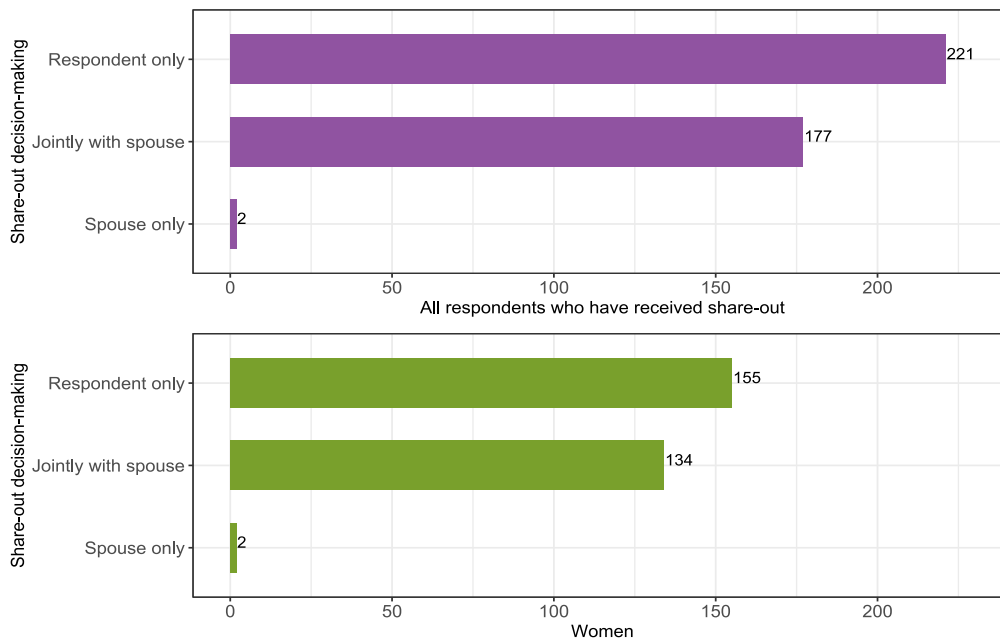


Figure 5 Loan decision-making



In contrast to loan spending decisions, more SILC share-out spending decisions are made by the members themselves, than jointly with spouses. Among the 400 respondents who had received share-outs at the time of study, 221 (55%) had made unilateral decisions on how to spend the money, and 177 (44%) had made the decisions jointly with their spouses. Similarly, 155 (53%) women made unilateral share-out spending decisions, and 134 (46%) made those decisions jointly with their spouses (Figure 6).

Figure 6 Share-out decision-making



### 3E. SUSTAINABILITY OF SILC AND POTENTIAL FOR SUCCESS OF PSP MODEL

#### 3E.I RESPONDENTS' CONTINUATION IN SILC

Most of the SILC members interviewed in Guatemala stated that they would continue in SILC. Overall, 380 (92.5%) respondents said they would continue – comprising a majority in each project included in the study – while only 30 (7.3%) said they would not. Even those who themselves did not want to continue in SILC, wanted their family and friends to join SILCs: 406 wanted their family and friends to join SILCs, while only four did not.<sup>9</sup>

Table 8 Will continue in SILC, by project

Project	WILL STAY IN SILC	
	Yes	No
Café Verde	19	1
Jóvenes Constructores	18	11
MC AgriJoven	42	3
Segamil	301	15
<b>Total</b>	<b>380</b>	<b>30</b>

Respondents' willingness to continue in SILC after the associated project concludes is associated ( $p < 0.001$ ) with whether respondents have taken loans from their groups (Table 9), and whether or not they are members of another group. Of those who said they would stay in SILC, 211 had taken at least one loan, while 169 had not. Of the minority who said they would not stay in SILC, 25 had *not* taken a loan, while only four had. This association, shown in Table 9, indicates that usage of the SILC services matters, and that those who use those services are more likely to stay in SILC than those who do not, because the former are more likely to understand the benefits of membership than the latter.

<sup>9</sup> One respondent did not answer this question.

Table 9 Desire to stay in SILC, by whether or not respondent has taken a loan

SILC loan taken	WILL STAY IN SILC	
	Yes	No
Yes	211	4
No	169	25
<i>Chi-squared</i> <sup>10</sup>	17.184, df=1, p=0.00003393	

Those who said they would stay in SILC, gave reasons related to membership’s ability to help them save (n=196) and earn (n=64) money,<sup>11</sup> as well as saving for emergencies (n=23) and non-financial benefits, such as sharing ideas among group members, learning new things, and planning and setting goals (n=28). Among those who said that they would not continue in SILC, reasons split between lack of money to save (n=10) and lack of technical support or support from family (n=9). One respondent said that it was difficult to continue with technical support, and another that they were having difficulties with their family: “My son doesn’t receive food [handouts] anymore, and my husband doesn’t give me time to come to the meeting.” A third complained that “most SILC members are only there for food [handouts].”

Those who desire to continue in SILC want to do so for the foreseeable future: Of the 380 respondents who expressed desire to continue in SILC, 86 (23%) wanted to remain in their group for another 1-2 cycles, 115 (30%) for 3-5 cycles, 1 (0.26%) for six, and 174 (46%) for six or more cycles.<sup>12</sup> However, irrespective of how long members want to remain in SILC, most thought that their SILC needed technical support from an institution to continue functioning after the closure of their project: Of those who wanted to continue in SILC, 264 (69.5%) expressed a need for external institutional support, while 97 (25.5%) did not. The most commonly mentioned support needs pertained to refreshers in and enforcement of the SILC methodology (n=73), management of projects (n=45), business ideas (n=53), financial education (n=32), accounting (n=30), conflict resolution (n=22), and linking groups to other entities (n=20).<sup>13</sup>

Beyond remaining in SILC, most respondents (n=314, 82.6%) thought that more SILCs could be formed in their communities, though opinion was split among the 29 (7.6%) who said they would not continue in SILC: Of these, 16 (55.2%) thought that more SILCs could be formed in their community, while 14 (48.3%) did not.<sup>14</sup> In the full sample, reasons given by those 314 respondents who thought that more SILCs could be formed included the importance of promoting savings (n=132, 42%) and having more savings groups (n=49, 15.6%). Reasons given by the 66 respondents who did not think that more SILCs could be formed, included lack of money to save due to lack of employment, lack of interest in saving or no common area in the community to gather for SILC meetings, distrust among SILC members, and some community members’ propensity to participate only if SILC is accompanied by other benefits, such as handouts.

<sup>10</sup> The chi-squared hypothesis test, tests the null hypothesis that there is no relationship between two categorical variables. Standard thresholds of statistical significance, from more lenient to more stringent, are  $p < 0.05$ ,  $p < 0.01$ , and  $p < 0.001$ . In Table 9,  $p = 0.00003393 < 0.001$ , so the null hypothesis that there is no relationship between having taken a SILC loan, and a SILC member’s desire to stay in SILC, can be rejected at the most stringent,  $p < 0.001$  threshold.

<sup>11</sup> Thirty-three of these respondents mentioned *both* saving and earning money.

<sup>12</sup> These figures add to 376 respondents. Four respondents did not answer the question.

<sup>13</sup> Respondents could mention more than one support need, so there is overlap.

<sup>14</sup> Among those who would continue in SILC, 297 thought more SILCs could be formed in their community, while 83 did not.

### 3E.II POTENTIAL FOR THE PSP MODEL IN GUATEMALA

Respondents' opinions regarding their willingness to pay for technical assistance split, with 212 (52%) saying they would be willing to pay, and 196 (48%) saying they would not.<sup>15</sup> Of those willing to pay, 203 desired to remain in SILC, while six did not. When asked how much they would pay, most (n=133) expressed willingness to pay GTQ 5-20 (~ USD 0.66-2.63), while 79 were willing to pay more than that.

Table 10 Amounts respondents would pay a PSP monthly

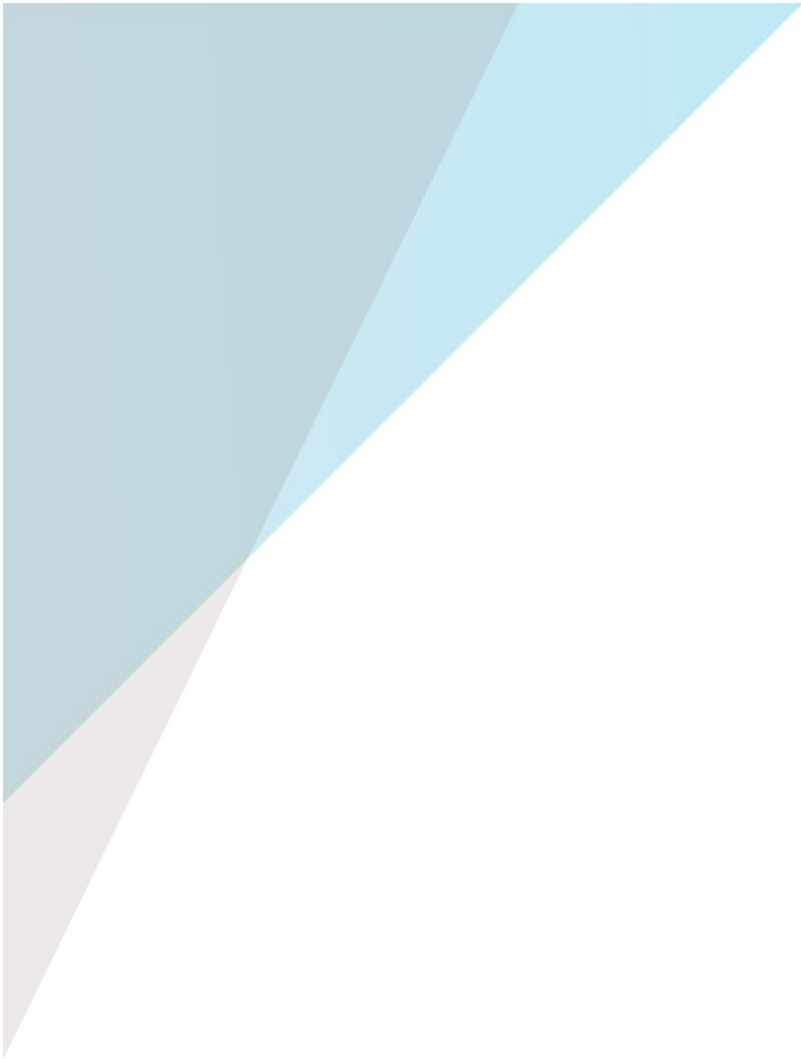
<b>AMOUNT WILLING TO PAY</b>	<b>ALL RESPONDENTS</b>	<b>N WHO SAID THEY WOULD STAY IN SILC</b>	<b>N WHO SAID THEY WOULD NOT STAY IN SILC</b>
GTQ 5-20 (~ USD 0.66-2.63)	133	128	4
GTQ 21-30 (~ USD 2.74-3.94)	43	41	2
Q30 or more (~ USD 3.94 or more)	36	34	2
<i>Total</i>	<i>212</i>	<i>203</i>	<i>6</i>

<sup>15</sup> Three of the 411 respondents did not answer this question.

# Key lessons

The study presented in this report built on a one-shot survey of 411 SILC members in Guatemala, of whom 317 (77%) were associated with the Segamil project. Results presented in the empirical analysis are therefore heavily affected by Segamil's beneficiaries, and caution must be exercised in generalizing the results to a broader population of SILC members in Guatemala. Nevertheless, the foregoing analysis suggests six key lessons to inform future SILC initiatives.

- *1. SILC members joined their groups to save and borrow money, but see other benefits to membership.* In addition to the financial benefits of SILC, many members valued sharing ideas, participating in trainings, and making new friends. While the financial activities bring members together, the social aspects of SILC contribute to the value that members perceive from their membership.
- *2. Return on savings is positive and savings tend to increase over cycles.* The median ROS was 11.7%, and the maximum reached 91.7%. Fully 291 respondents in the study saved more money during the current SILC cycle than they had during the previous, while only 55 did not.
- *3. Most SILC loans and share-out earnings are invested in income-generating activities and productive consumption.* Most SILC members invested their loans and share-out proceeds in IGA activities, including animal husbandry, agriculture, and purchase of business supplies; or in productive consumption, including education expenses, home repairs, food, and medicine or medical treatment.
- *4. Most SILC members decide alone or jointly with their spouses how to use loan and share-out money.* For both loans and share-outs, clear majorities of respondents, including women, decided alone or jointly with their spouses how to spend SILC money. Regarding women, however, further research is needed to understand how respondents interpreted “jointly,” and whether final decisions were really taken by the women SILC members, and not their spouses.
- *5. Most SILC members want to continue in SILC.* SILC members valued the savings and lending services provided by their groups, as well as the social benefits of group membership. Fully 46% of those who said they wanted to remain in SILC, wanted to remain for at least another six cycles. To some extent, desire to remain in SILC was associated with need and direct experience of the benefits of membership, particularly whether or not the members had taken loans.
- *6. More research and experience are needed to determine the potential for implementing the CRS PSP model successfully in Guatemala.* While 212 respondents expressed willingness to pay for the type of support that SILC PSPs provide, 63% were willing to pay only up to GTQ 20 (~ USD 2.63) per month for such support, and only 17% were willing to pay GTQ 30 (~ USD 3.94) or more. There is some question of whether the lower end of the price range would suffice to induce local social entrepreneurs to train and certify as PSPs – and whether, once they have experienced PSP support, more SILC members would be willing to pay higher prices than the preferences they expressed in this survey.



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