Savings Groups and the Dynamics of Inclusion

Date: December 11, 2018
Time: 9:00 – 10:00 am (EDT)

SPEAKERS

Ben Allen, *Technical Advisor for Microfinance Research,* Catholic Relief Services
Angela Kohama, *Inclusive Livelihood Policy Officer,* Humanity & Inclusion
Joel Cox, *Director of Operations,* Seed Effect

QUESTIONS

Q: Is there any information on the relative success of PSP promoters (CRS) vs. trained volunteers in every village (SfC)?

Ben Allen: No. But the PSP model's success is supported by a body of research coming out of the 4-year, 4-country Mastercard Foundation-funded Expanding Financial Inclusion in Africa (EFI) project, as well as its predecessor, the Gates Foundation-funded SILC Innovations. PSP success in EFI is discussed in two published studies, 'Pricing and Payments in the Private Service Provider (PSP) Model' and 'Depth of Poverty Outreach: Evidence from the EFI Savings Group Project,' both available here. Further evidence in support of the PSP model is available in the case study, 'A Sustainable Approach to Community-Based Savings in Rwanda: The Private Service Provider Model,' available here.

CARE implements a similar fee-for-service model, called Village Agents. A study of VAs in Access Africa is here.

It should be noted that while these studies support the feasibility and sustainability of the PSP (or VA) model, they do not provide evidence *against* volunteer or other SG sustainability and replication models.

Q: Are the refugees benefiting from cash-based transfers?

Joel Cox: Seed Effect is not utilizing cash-based transfers or contributing to group savings in any way. We do know there are cash transfer programs going on in the refugee settlements so it is possible there are members in our groups who have received this kind of assistance. But it would be at the individual level, not the group as a whole.

Q: Ben, do you think savings groups should be regulated by a regulator?

Ben Allen: Absolutely not. While some regulators may be motivated by genuine concerns regarding the safety of members' assets, and act accordingly, it is likely that others will seek to extract rents from SGs' savings – tax them. Regulation may also be accompanied by new criteria for membership, or externally imposed rules of operation that do not align with members' preferences.

This is not to say that regulation is never useful: In insecure environments, SGs may choose to work with mobile money, or open group savings accounts, so as to avoid the dangers of cash. But in these scenarios, the pertinent regulation is of mobile operators or banks, not of groups themselves.

Q: Is there any information on how SGs have evolved over cycles once they are on their own or if these modifications lead to more or less inclusion?

Ben Allen: There is some, but few cross-country post-project studies exist. Datu (2013) studied post-project replication of SGs in Uganda (here), and Oxfam America published a report in 2012 of post-project sustainability of CARE, Oxfam, and Pact SGs in Cambodia, including questions of membership (here).

Q: Are you using the Community Agents? If yes, how does it work?

Joel Cox: Seed Effect does use Community Agents or Village Agents or Village Volunteers. When we initially start a new location, Field Officers (Seed Effect employees) start the initial round of groups. After 6-8 months, each Field Officer selects 5-7 people from their groups to be trained as Community Agents / Village Volunteers. Those individuals are then trained by Seed Effect and certified to start groups of their own. Once the Field Officer groups graduate from their first cycle, the Field Officers transition from forming groups themselves to supervising the Community Agents / Village Volunteers and their work.

Resource Links

Savings Groups and the Dynamics of Inclusion

https://www.mangotree.org/Resource/State-of-Practice-Savings-Groups-and-the-Dynamics-of-Inclusion

Savings Groups and the Dynamics of Inclusion – Main Findings

https://www.mangotree.org/Resource/State-of-Practice-Savings-Groups-and-the-Dynamics-of-Inclusion-Main-Findings