

# Refugees Can't Join Savings Groups...or Can They?

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## Presenters

**Sarah Ward**, *The SEEP Network*

**Mélina Djre**, *UNHCR*

## Guest Speakers

**Anna Ferracuti**, *UNCDF*

**Marion Kimani**, *FSD Africa*

**Richard Reynolds**, *VisionFund International*

**Shatha Elfayez**, *Save the Children International*

**Kuria Wanjau**, *FSD Africa*

**Sonya Salanti**, *The SEEP Network*

**Kingsly Atemnkeng**, *Danish Refugee Council*

**Alexi Bernagros**, *Trickle Up*

## QUESTIONS

**Q: Did the group speak at all about the role these groups can / do / might play BEYOND financial access? Anything on raising women's voices? Combating GBV? Enabling / leading to collective action (economic, political, social)? Which are all things we see in other contexts.**

**Alexi Bernagros:** Trickle Up and partners have found many of the positive effects of traditional savings groups (and challenges!) hold true with refugees, including around building self-reliance and confidence of women, though I am not aware of studies that have looked at this question specifically, to date.

**Anna Ferracuti:** SGs are gender inclusive (or just inclusive) by design but not being aware of the gender dynamics (or others, including ethnical conflict) may accommodate if not exacerbate the divide. Last summer, I conducted an internal gender assessment using a [SEEP framework](#) to define women's empowerment. Surprisingly or not, the empowerment domain that showed significant positive impact was Self-Confidence. This has led to a rethinking of our approach towards being gender transformative. Taking economic (it's tricky to talk about political action for refugees), groups decide spontaneously to do business together as a group and therefore adapt the constitution to allow for productive investments; [example](#) from Tanzania.

Social actions are intrinsic. SGs often create a social fund for emergencies, including health emergencies and wedding/burial ceremonies; the group gives the money to whoever is in need but also supports in

other ways: they go visit at the hospital, help the family, etc. For women, SG meetings as probably the only social occasion.

For refugees, I've seen that their group is the most trusted support and protection system.

**Q: In Tip 1 you mentioned that best practices still apply and one of the best practices we have all heard about is not generally linking savings group members to grants or finance until their second savings cycle (except for graduation programs). Do you think this still applies for refugees who tend to be very vulnerable?**

**Alexi Bernagros:** In Trickle Up's experience, this still tends to be a best practice - even when implementing savings groups through the Graduation Approach. Generally we suggest completing at least one cycle before linking to financial services providers, though have found that often refugees are completing more than one cycle before being ready to link. Of course there are often additional regulatory restrictions to being able to make those linkages to FSPs as well that must often be addressed or worked around as well.

**Anna Ferracuti:** It depends. After formation, there is an important phase that doesn't have a precise duration: strengthening. It is about observing the strengths and weaknesses of each group, giving tailored support and based on maturity and needs, make the linkages. To note, one should ensure that financial literacy is there before connecting. And this is particularly important when looking at digital financial services.

Among other things, our financial literacy trainings teach SG members to recognize that different financial instruments and institutions may be more or less appropriate for a given future expenditure or investment. That each option comes with benefits, risks and responsibilities. Also in the digital world.

**Q: Did you have some experience in digitalization, e.g. usage of e-wallet?**

**Alexi Bernagros:** I can share from information about a pilot underway with Making Cents where refugees are banking, employment and credit history which helps them have better access to formal financial services. Not an e-wallet per se, but a promising innovation:  
<https://www.makingcents.com/hawiyati-english>

**Anna Ferracuti:** In Tanzania, this isn't possible with refugee. And it's even more true now that biometric registration is required in Tanzania (simcards become inactive if registration is not performed at MNO outlets). From my observation of other projects, one should be careful about not accommodating or exacerbating certain divides, for instance: digital divide, gender divide, intergenerational divide, power distribution in savings groups. Moreover, one should be aware of the regulatory space and the reliability of the given tool, e.g. it has happened that e-wallets were hacked, how is the consumer protection? Besides, one should invest in financial and digital literacy, and the combination of the same into digital-finance literacy.

The big advantages of digitization in savings groups are that meetings are faster, easier, more transparent, and (why not) more fun! Digitization also generates and stores data that can be used to access other services, or to connect. The benefits are there, but the underlying socio-economic dynamic cannot be disregarded.

**Q: To what extent do you see the legal status of the refugees as it varies in each country impacting the engagement of refugees in financial inclusion? I see Savings Groups as a critical model to support Reintegration of Refugees where they've lived for a long period**

**Alexi Bernagros:** This is one of the reasons that Trickle Up and partners rely as heavily as we do on savings groups as a way to help access financial inclusion when access to formal FSPs may not be feasible. Many of our partners have also used savings groups as an entry point to start advocating with the government and FSPs to help refugees better access these resources.

**Anna Ferracuti:** Dramatically. Tanzania is not a CRRF signatory and the encampment regulation is very restrictive so the only available solution for financial inclusion was savings groups (refugee only). Which are working great! UNCDF isn't a direct implementer but we believe that savings groups are critical as a platform for and to complement humanitarian and development activities. Savings groups help refugees build and rebuild their lives! And members can learn and practice in a safe and supporting environment, which means that marginalized members are pulled forward by others in the group.

**Q: How have practitioners dealt with the funding durations of 'emergency donors' which tend to be 12 months max?**

**Anna Ferracuti:** in Tanzania, our refugee work is part of a joint programme (Kigoma Joint Programme); funding is limited but gets renewed (often late). This and bureaucracy may put the project on hold, but savings groups are self-sustainable once they have the kits and the training. Starting again after a while does not disrupt their operations. But. It's critical to do monitoring (ex: spot-checks) and tailored strengthening, as well as health assessments and other evaluations once a year. At UNCDF, we're not direct implementers but we do direct monitoring and evaluations. Then, when you're ready to start again, you can continue with monitoring, strengthening, evaluating.

**Richard Reynolds:** We as a group talked about this a lot since the challenge is that we need to be thinking longer term but the funding is shorter term. The advise we suggested was for NGOs to be thinking beyond their project and viewing their contribution to the SG as part of the work and not the whole.

**Q: One more question, specifically for IDP savings groups operating in conflict-affected countries. In my experience, we were establishing savings groups in a peaceful but highly conflict-affected country and there was very high inflation in the country. So, while members were excited about savings groups, we wondered about the costs vs. benefits of cash savings. Have you looked at possibilities for groups in high-inflation environments?**

**Anna Ferracuti:** I would at cases like Zimbabwe ([example](#) from a quick internet search). I presume that the chosen model would have to adapt size, term/frequency in response to the inflation (e.g. shorter cycles). In terms of cost-benefit, a few considerations: savings is way of accumulating small amounts of money that can be accessed for a future need. As the economic hardships press on the income levels, the poor (notably women) find savings as a way of disciplining themselves to save for lean seasons and hide the money from family and neighbors, who could borrow/teal it if in the house. Moreover, the need for credit tend to increase (I've observed) as the income levels fail to meet the daily household needs.

**Q: How secure are the cash being kept in the shelters in the refugee set-up?**

**Alexi Bernagros:** This is something that Trickle Up is just beginning to explore, but we have heard of DRC working with savings groups in this context in Jordan, where the savings boxes are stored in a local CBO.

**Kuria:** As with any community, the safety of the cash box remains a big challenge even for refugees. In Uganda, we heard cases of groups losing huge amounts of money around share out time. While a solution is yet to be found given that even banking services do not exist in some of these settlements, it is worthwhile to start thinking of digital solutions to get rid of cash. While there are solutions that have been tested in non-refugee contexts, it's time to start thinking how those that have worked elsewhere can be introduced to refugee contexts. However, a point of caution as mobile and digital literacy is often lower in refugee contexts so more time is required.

**Anna Ferracuti:** Tanzania is not a CRRF signatory and the encampment regulation is very restrictive so the only available solution for financial inclusion was savings groups (refugee only). Considering the (low) security levels in the camps, you may observe that there's much more money circulating in the form of outstanding loans than in the savings box. SGs are much less liquid and people borrow more, which is a risk. But the SG is trusted so the chance of a member running away with borrowed money is practically inexistent compared to the real risk of someone stealing the box at night (mobile money is banned).

**Q: Anything at all on gender basically, which doesn't come out in the tips.**

**Anna Ferracuti:** SGs are gender inclusive by design but not being aware of the gender dynamics (or others, including ethnical conflict) may accommodate if not exacerbate the divide. Last summer, I conducted an internal gender assessment using a [SEEP framework](#) to define women's empowerment. There was no significant difference between refugees and host communities.

But the general tip that I would add is to consider the different roles that society and development/humanitarian actors give them, and how this impact their life. We tend to say/impose that women are the head of the households, but at home or in their community the reality tends to be different. Ex1: during food-distribution (etc) days in Tanzania, women are very much involved as heads of the household, so they are the main responsible for the collection. This should be considered as time use and maybe a burden. In the camps, you may see women carrying non-food items on their heads, with a child on her back and another following. Ex2: "you may be the head of the household for UNHCR, but you live under my roof", reported a refugee lady.

**Alexi Bernagros:** Some tips that we have found from our work with refugees and in Uganda:

- Schedule meetings in a gender-sensitive manner given households' other responsibilities, factoring productive, reproductive, and domestic duties of men, women, boys, and girls. Specifically, ensure engagement with participants on selected days is not excessively long.
- Incorporate key gender messages on GBV, joint-decision making, access to and control of resources, and the changing roles and need to share HH roles and responsibilities.
- Institute buddy systems through VSLA groups for social support among women, including follow up and monitoring each other's participation or individual challenges that constrain their participation in the Activity.
- Ensure VSLA/financial literacy training materials and curricula are gender-sensitive and responsive, and the methodology is suitable for participants' level of education.

**Q: Thanks for this webinar and the impressive work. Would you have examples/documentation on creating Savings Groups in the Middle East and particularly Jordan? You mentioned that SGs are not one size fit all, are there are any specific challenges to implementing in the region? thanks!**

**Alexi Bernagros:** CARE and DRC have been doing work with Savings Groups in Jordan.

**Q: What are your findings and tips in terms of delivering VSLA digitization for efficiency and effectiveness?**

**Kuria Wanjau:** This is still very nascent and hope the experiences will be shared in due course.

**Alexi Bernagros:** There are also some digitalization tools that are more focused on managing the savings group, so group vs individual. While not refugee-focused, Trickle Up has been involved with <https://www.shgdigital.org/> to help manage Self-Help Groups in India.

**Richard Reynolds:** This is not digitization for the savings group, but we used a simple ODK tool to collect the loan and client information when VFUganda lent to SGs. This allowed for fast and efficient processing of the loan and didn't require the field officer to be constantly going to the branch office which was far away.

**Q: How do the SG that do not get interest on loans break even considering the effect of negative fluctuation in the value of currency/money?**

**Melina Djre:** Some SGs of Islamic faith prefer to use "service charge" rather than interest rates to align with Shariah principles. However, the service charge still allows them to remunerate and incentivize savings and is redistributed to members at the time of share-out. Now, we also have the case of a program required to remove interest rates from SGs loans as this would have been perceived as income, subject to income tax. In this specific case, the SGs' funds did not accrue any profit, but members still completed their first cycle and are now starting their second. They valued the opportunity to save and borrow in a context where they had no other way to do so.

**Q: To what extent do these saving groups require continued external facilitation terminating as soon as the external facilitation ends? Vs continuing for at least two years after all facilitation ends?**

**Anna Ferracuti:** Each group matures differently. When monitoring and strengthening are thorough in the first cycle, groups in mid second cycle require much less support. Savings groups self-manage following their constitution. Once you help members write their constitutions, elect leaders, do the required savings groups operations transparently and according to their rules, the external intervention should only be around measuring, mentoring (help line and correction mechanism) and adding services, linking up. In the second cycle, one can advise how to adapt the constitution to enhance operations or a side/group productive investment, and offer guidance throughout the process. But this can be done autonomously and/or through sensitized community leaders or trained village agents.

**Q: How can we approach savings groups in host communities where refugees are restricted from economic opportunities i.e. working or selling for reimbursement.**

**Anna Ferracuti:** I'm not sure I understand the comment. But, based on my experience, refugees find their own way though informal channels. In Tanzania, I have to explain why savings groups make sense for refugees (in my opinion, even more sense than for the host community) because "there are no

livelihood” (cit). This statement is incorrect. Refugees are very resourceful and in certain contexts, have very little to lose.

**Q: What is the best time for refugee to start savings groups, immediately after arrival, emergency or protracted?**

**Anna Ferracuti:** There’s no recipe. One important point is that groups should be formed and joined/expanded voluntarily, without forcing people in. Then, joining groups at different times will serve different purposes: orientation and early integration, support/enhancement of humanitarian and development aid (protection, basic need, info sharing and training), and integration in the wider economy and creation and diversification of income activities. Connecting early is ideal but the problem is that single databases around arrivals and emergencies do not always communicate, whilst EFFICIENT coordination would enable this. And it requires more time, and grassroots efforts. In other words, it’s easier to form groups in protracted situations because potential members are easily identifiable, are known by the zone leaders and are already integrated and economically active.

We have found that savings should be started as soon as possible for people to begin to get into the habit of savings.

**Q: I'm curious to know your views regarding Youth savings groups in refugee settings?**

**Anna Ferracuti:** from the last progress report: “it was challenging to form a youth-only SG due to irregular IGA [income generating activities] and lack of trust among themselves. Youth are called "bachelor" in the camp. This issue has been raised as a precaution by youth themselves, incentive workers, community leaders and other age groups during sensitization. Remedies: [engaging] youth from other livelihood activities like grants, vocational training.” Implementing partner. Another partner that is active in host communities, told me that once you base the savings group on some income activity (agriculture, small business), youth are better performers because they are gratified from saving even small amounts, and this gratification of being able to put aside some money reinforces their saving and investment practices. Adults are less easily satisfied/convinced. Another insight I got is that some youth may prefer mixed groups with adults because of trust issues and to learn from others.

I wouldn’t see any difference between engaging youth among refugees and host communities, *ceteris paribus*.

**Q: Any lessons on refugees joining existing savings and credit cooperative (sacco's) or refugees owned registered sacco's**

**Melina Djre:** I am not aware of any research on the topic but there are a number of experiences worth exploring for lessons. One is MOBAN SACCO, a refugee-owned SACCO established in 2013 in Nakivale Refugee Settlement (Uganda).

More recently, mature refugee SGs (5-7 years of operation) graduated to SACCOs in Kakuma camp and Kalobeyei settlement (Kenya). They were registered as SACCOs with the support of the Lutheran World Foundation (LWF), one of UNHCR’s implementing partners. It may be a bit early to draw lessons, but LWF could be well positioned to share about the process and capacity building required for these SGs.

**Q: Do the groups need seed capital from the project or they rely entirely on the savings for giving credit to members?**

**Anna Ferracuti:** The group is self-sustainable and UNCDF does not top-up. However, as the capital need increases for group members, as the group matures, it may seek credit from a financial institution; the group would internally lend the savings fund and the loan according to normal operations, and be mutually responsible for the financial institution's loan. This practice is profit-making for the group because the same decides the internal interest rate and conditions.

Graduation programmes (among others) involve some asset financing, which is based on the achievement of certain goals and completion of trainings.

**Alexi Bernagros:** In Trickle Up's experience, groups rely entirely on the savings for giving credit to members, though we do implement the Graduation Approach, so once individual asset transfers have been disbursed and IGAs started, we do often see an uptick in loan size. Most groups opt to allow participants to take out a loan worth up to three times the amount that they have saved.

**Richard Reynolds:** I would strongly advise against giving seed capital for credit. Our experience is that it makes it much harder to lend to SG who have had some kind of donation since there is a tendency to view all outside organisations the same.

**Melina Djre:** Savings groups mobilize their own savings which are then lent to members. Now seed capital for members individual's businesses or a group business can be separate components of a livelihood intervention, not channeled through the SG.

**Q: Does it matter in which part of the world you work with refugees? Is there a difference between working with refugees and IDPs?**

**Melina Djre:** The list could be long, but to name a few, there are SGs in Burkina Faso, Cameroon, Kenya, Niger, Rwanda, South Sudan, Tajikistan, Tanzania, Uganda... in camps, urban, settlements or urban areas.

**Q: In terms of linkages with formal FSPs, what was your feedback from FSPs as to why they would or would not link with the SGs?**

**Richard Reynolds:** Fear of the unknown, bias to refugees and risk averse are key issues and also at least in our experience is that the revenue return is not high. FSPs are keen on cash transfer work, but less keen on linking with financial institutions. Picking FSPs more committed to the poor is where there is more chance of success.

**Q: I would like to know how many years or months a SG could attain its maturity**

**Richard Reynolds:** In our work which is when we look to offer financial services to a SG they have undertaken 2 cycles which in our view is when an SG is mature.

**Anna Ferracuti:** it's a case by case matter, which you determine during the monitoring and strengthening (case by case strengthening). After one cycle a group may already be mature, or not. Cycle duration also varies (9 months or 12 months in our groups). After initial 7 weeks, we do intensive strengthening for 12 weeks (monitoring) and development for additional 12 weeks.

**Q: Do the members of the PLG believe these insights are applicable to other migrants, particularly undocumented migrants?**

**Anna Ferracuti:** Yes. I work with refugees with no legal IDs. As long as there is trust, and possibly similar socio-economic profiles, savings groups are a safe and supportive environment, and they are informal.

**Q: It takes approximately how many times for refugees to be able to start savings and loans activities giving the priority needs for them to satisfy food or wash or shelter needs and or the fear of insecurity? So is there an ideal timing or moment to start saving activities for refugees or displaced people?**

**Anna Ferracuti:** We consider 7 weeks of stabilization (no drop-out). In our refugee groups because of safety concerns, members start giving loans after 3 meetings as a way to secure the money, by not leaving it in the box. Savings groups can help meet the basic and priority needs by giving people choice through better financial capacity. If someone is completely dependent on WFP/UNHCR food distribution, this person is not going to choose what to eat every day for years even; and (s)he may not even count on three meals/day. Thanks to savings groups, members are able to diversify their diet and improve their health.

**Q: There is a lot of resistance from the target population who could openly say 'we have no money to save.' I would like to learn from the panelist what could be the idea approach to such sentiment? Secondly, I would need to learn the best practices that could guarantee sustainability of savings groups in refugee operations?**

**Alexi Bernagros:** Again, the idea is to get in the habit of savings as soon as participants are able to, even if it is just a very small amount. This helps to create a mindset that when any small money is available it can go to savings that people have access to at a later time, thus building self-resilience.

**Anna Ferracuti:** Responding to the sustainability question, savings groups are self-sustainable if you design them keeping resilience and self-reliance in mind. Strengthening through village agents/incentive workers (from the target population) after the 7<sup>th</sup> meeting is key to correct for inefficiencies or distortions, and ensure transparency. Training of trainers is key.

Poor people can save, and if refugees can save and make profits in Tanzania, refugees in more enabling contexts can even better! With financial education, we try to demystify the belief that one has to save big amounts. Refugees and Tanzanians living with less than \$1/day (\$5 week) save weekly up to 5 shares that can cost as little as 20 cents each, up to \$1 each. The group decides the share size, which should be affordable for everyone. You can find tips for our savings groups [here](#).

We have demand for savings groups especially in refugee camps. People are reached by word of mouth as they see how their neighbours or other poor people benefit from participating. Sometimes, members belong to different savings groups!

