STATE OF PRACTICE

State of Practice: Savings Groups and the Dynamics of Inclusion

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This state of practice report was developed by the SEEP Network in partnership with Financial Sector Deepening Africa (FSDA) and Catholic Relief Services (CRS).

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Acknowledgements

Fernando Andre (Aga Khan Development Network), Silvia Armas (Catholic Relief Services), Jeffrey Ashe (University of New Hampshire), Gabrielle Athmer (Independent Consultant), Marc Bavois (Catholic Relief Services), Kathleen Colson (BOMA Project), Joel Cox (Seed Effect), Ariel Elyah (Aga Khan Development Network), Julio Espinoza (Oxfam America), Michael Ferguson (FHI 360), Megan Gash (Independent Consultant), Mabel Guevara (Catholic Relief Services), Deb Ingersoll (World Vision International), Will Kendall (HOPE International), Angela Kohama (Humanity & Inclusion), Lisa Laumann (FHI 360), Hermel Mendoza (Misión Scalabriniana), John Meyer (CARE International), Whitney Moret (FHI 360), Emily Mugisha (World Relief), Dan Norell (World Vision International), Courtney O'Connell (World Relief), David Panetta (SEEP Network), Andreas Peham (Independent Consultant), Christian Pennotti (CARE International), Nicki Post (Mercy Corps), Paul Rippey (FSDA), John Schiller (Plan International), Hubert Seifert (CBM), Tom Shaw (Catholic Relief Services) and Karen Vandergaag (CARE International).

About SEEP

SEEP is a global learning network. We support strategies that create new and better opportunities for vulnerable populations, especially women and the rural poor, to participate in markets and improve their quality of life.

Founded in 1985, SEEP was a pioneer in the micro-credit movement and helped build the foundation of the financial inclusion efforts of today. In the last three decades, our members have continued to serve as a testing ground for innovative strategies that promote inclusion, develop competitive markets, and enhance the livelihood potential of the world's poor.

SEEP's 120 member organizations are active in more than 170 countries worldwide. They work together and with other stakeholders to mobilize knowledge and foster innovation, creating opportunities for meaningful collaboration and, above all, for scaling impact.

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COVER IMAGE: SEED EFFECT

About FSD Africa

FSD Africa is a non-profit company which aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in SSA and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by UK Aid from the UK Government.

Through access to finance initiatives, it seeks to build financial inclusion. Through capital market development, it looks to promote economic growth and increase investment. As a regional programme, it seeks to encourage collaboration, knowledge transfer and market-building activities – especially in fragile states. FSD Africa also provides support to the FSD Network.

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About Catholic Relief Services

Catholic Relief Services (CRS) carries out the commitment of the Bishops of the United States to assist the poor and vulnerable overseas. Founded in 1943, CRS is one of the world's largest private voluntary organizations, supporting international relief and development work in more than 100 countries and territories around the world, with offices in 64 countries.

For more information about CRS, visit www.crs.org or www.crsespanol.org.

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Acronyms

AIDS	Acquired Immunodeficiency Syndrome
AIM Youth	Advancing Integrated Microfinance for Youth
AKF	Aga Khan Foundation
ARC	American Refugee Committee
ART	Anti-Retroviral Therapy
ASAP	A Self-Help Assistance Project
ASPIRES	Accelerating Strategies for Practical Innovation and Research in Economic Strengthening
BEST	Bien Et ak Sante Timoun
BoC	Banking on Change
CGAP	Consultative Group to Assist the Poor
CHAMP	Community Health and AIDS Mitigation Project
CRS	Catholic Relief Services
DRC	Democratic Republic of Congo
EFI	Expanding Financial Inclusion in Africa
ENSURE	Enhancing Nutrition, Stepping Up Resilience and Enterprise
ESFAM	Economic Strengthening to Keep and Reintegrate Children in Families
FARE	Family Resilience
FDP	Forcibly Displaced People
FSDA	Financial Sector Deepening Africa
FSP	Financial Service Provider
GoR	Government of Rwanda
GRAD	Graduation with Resilience to Achieve Sustainable Development
HES	Household Economic Strengthening
HI	Humanity & Inclusion
HIV	Human Immunodeficiency Virus
IDP	Internally Displaced People
IGA	Income-Generating Activity
ILO	International Labor Organization
IPA	Innovations for Poverty Action
IPV	Intimate-Partner Violence
MIS	Management Information System
MPI	Multidimensional Poverty Index
MRHP	Mwanza Rural Housing Programme
MSC	Misión Scalabriniana
NGO	Non-Governmental Organization
OVC	Orphans and Vulnerable Children
PABHA	Person Affected by HIV/AIDS
PCC	Community Care Program
PEPFAR	President's Emergency Plan for AIDS Relief
PLHIV	Person Living with HIV
PPI	Poverty Probability Index
PRA	Participatory Rural Appraisal
PSNP	Productive Safety Net Program
PSP	Private Service Provider
PTT	Poverty Targeting Tool
PWR	Participatory Wealth Ranking
RCT	Randomized Control Trial
REAP	Rural Entrepreneur Access Project
S4YE	Solutions for Youth Employment Coalition
SAFI	Sustainable Access to Financial Services for Investment
SAFIRE	Southern Alliance for Indigenous Resources
SCIP-Zambezia	Strengthening Communities through Integrated Programming in Zambezia
SDG	Sustainable Development Goal
SfC	Saving for Change
SFL	Savings for Life
SG	Savings Group
SHG	Self-Help Group
SHIREE	Stimulating Household Improvements Resulting in Economic Empowerment
SIGA	SILC Group Association
SILC	Savings and Internal Lending Community
SNV	Netherlands Development Organization
SOLI	Standard of Living Indicator
UNHCR	United Nations High Commissioner for Refugees
VSLA	Village Savings and Loan Association
WALA	Wellness and Agriculture for Life Advancement
WEP	Women's Economic Program
WHO	World Health Organization
WR	World Relief
WVI	World Vision International
YMF	Youth Microfinance Programme
YSG	Youth Savings Group
YVA	Youth Village Agent

Executive Summary

Introduction

This state of practice report provides a comprehensive overview of the inclusion of vulnerable populations in Savings Groups (SGs). Over the past 25 years, development organizations have mobilized more than 700,000 SGs in marginalized communities across 75 countries worldwide. Recent evidence, however, shows mixed results as to the effectiveness of SG programs in targeting and reaching the most vulnerable populations.

Building on an extensive desk review, as well as key informant interviews with diverse sector stakeholders, this report provides a conceptual framework for inclusion in the context of SGs, and an empirical analysis of the dynamics of inclusion with respect to specific parameters of vulnerability or exclusion. The parameters of vulnerability or target populations examined in this report are poverty, age, disability, gender, HIV status, smallholder farmers, and forcibly displaced people.

Lessons learned

Poverty

1. Savings Groups reach the poor and ultra-poor to various extents. The appropriateness and effectiveness of targeting strategies depends on project objectives and resources;
2. Inclusive saturation, in which areas of high financial exclusion are saturated with SGs, can reach the poorest of communities over time;
3. Given proper training, appropriate fee structures and time, community-based trainers can reach the poorest members just as well as paid project staff;
4. Consumption support and supplemental skills trainings provide incentives and means for ultra-poor households to participate in and benefit from SGs; and
5. Recent experience indicates that flexible attendance, savings, and lending policies can encourage SG participation by ultra-poor members.

Age

1. Youth leader participation in project design and outreach can increase project ownership by youth and improve the mobilization of young men and women;
2. The effective mobilization and retention of youth requires engagement of family, caregivers, and social networks;
3. Youth Savings Groups (YSG) should be sensitive to the schedules of young men and women, meeting at times and places convenient to them;
4. More homogenous YSGs are composed of members that generally share similar goals and are more likely to have a common vision, compared to more heterogeneous groups;
5. There are mentoring advantages to combining adults and youths in the same groups, or in pairing adults with YSGs; and
6. The promotion of YSGs outside schools is more inclusive of out-of-school youth and may improve group sustainability, but in-school YSGs can better integrate the associated skills building into the school curricula.

People with disabilities

1. Savings Groups can empower people with disabilities, and reduce the suffering caused by stigmatization;
2. Savings Groups are appropriate economic strengthening interventions for people with disabilities, increasing their income, saving, consumption, wellbeing, and happiness;
3. Few SG programs systematically target people with disabilities, leading to their underrepresentation in SGs;
4. For disability inclusiveness, SG programs should leverage local organizations of people with disabilities, participatory methods, and sensitive questionnaires, to identify and reach people with disabilities;
5. No concrete conclusions can be drawn about the advantages of forming mixed or disability-only SGs, but disability-inclusive development organizations recommend including people with disabilities in mainstream SGs; and
6. To empower people with disabilities, development organizations can form groups led by people with disabilities, and later advise groups on whether to extend membership to trusted community members without disabilities.

Women's financial inclusion and gendered outcomes

1. While women are generally early adopters of SGs, male participation increases over time through demonstration effects;
2. Women-only SGs should be permitted to decide whether and when to extend membership to men;
3. Savings Groups combined with gender dialogue discussions that involve male partners are more effective at empowering women members, compared to group membership alone;

4. Benefits of gender dialogue include improvements in men's attitudes toward their female partners' SG membership, reductions in IPV, and participation in and provision of more domestic support; and
5. Further research is required to generalize the conditions under which SGs contribute to women's empowerment.

People living with or affected by HIV

1. Reaching sensitive target groups through partnerships with health clinics, clubs, or associations, is more efficient and less invasive than individual targeting;
2. Community outreach to promote inclusive SGs can reduce the stigmatization of people living with or affected by HIV; and
3. Savings Groups for populations living with or affected by HIV should be combined with HIV sensitization and education, financial education, and other relevant life skills and business trainings – for the community at large.

Smallholder farmers

1. Extreme income seasonality and covariant risks are barriers to community-based microfinance in farming communities;
2. Savings Groups composed of smallholder farmers can be leveraged for the delivery of agricultural and other extension services; and
3. In cash-poor rural economies, development organizations can support smallholder SGs by facilitating relationships with financial service providers and the private sector.

Forcibly displaced people

1. Many FDP already have experience with informal savings and lending, and therefore embrace SGs when offered the opportunity to participate.
2. Due to the high mobility of FDP, SG cycle lengths should be reviewed and adapted as appropriate;
3. Because some FDP repatriate or move on with little warning, a practice share-out meeting, and some form of SG methodology highlights sheet or booklet placed in the cash box, can help groups manage unplanned departures; and
4. Appropriate cash-safety adaptations are advisable in low-security settings, such as refugee camps and border towns.

Conclusion

Savings Groups contribute to financial inclusion by serving excluded market segments in countries and regions characterized by low formal financial sector participation. This state of practice report explores the dynamics of inclusion within SGs, with regards to various parameters of vulnerability and target populations including poverty, age, disability, people living or affected by HIV, gender, smallholder farmers, and forcibly displaced people. The report identifies the main barriers of inclusion and effective strategies, practices and tools to increase the outreach of SGs and improve outcomes for vulnerable populations.

Geographical targeting, inclusive saturation, and community outreach have been each shown to be the most effective approaches to expand access to SGs by the most vulnerable community members. Stand-alone SG projects can appeal to a wide range of community members, but for particularly vulnerable populations to participate in and benefit from SGs additional inputs may be required – such as access to health services and counseling, or training in life skills or improved agricultural methods. And more flexible savings policies and loan terms, and the elimination of minimum savings requirements and penalties, better accommodate the more irregular income of vulnerable populations, as well as their increased vulnerability to economic and non-economic shocks.

SEED EFFECT

1 Introduction

Savings Groups (SGs) provide access to basic financial services in underserved markets. The community-managed model requires minimal infrastructure and no long-term investment, and reaches poorer and more vulnerable populations than formal financial service providers (FSPs).

Over the past 25 years, development organizations have mobilized about 700,000 SGs in marginalized communities across 75 countries (VSL Associates 2016) and a recent systematic review of the evidence concludes that SGs have a positive impact on household savings, access to credit, asset accumulation, consumption, business investment and social capital (Gash 2017). Savings Groups are an effective and efficient strategy that contributes to financial inclusion, household economic strengthening (HES), and other development objectives.

What are Savings Groups?

A Savings Group is comprised of 15-25 self-selected individuals who save together and take small loans from those savings. Savings Groups provide members the opportunity to save frequently in small amounts, and access to credit on flexible terms and a basic form of insurance. They are owned, managed and operated by their members; and are, by design, financially and institutionally sustainable. Most SGs continue to operate independently after a 9-12-month training period.

The community-based microfinance model – pioneered in Africa in the 1990s and now promoted by hundreds of international and local NGOs across 75 countries – provides access to basic financial services in underserved communities. It is estimated that there are at least 700,000 active SGs worldwide, comprised of 14 million members. On average, each SG manages total assets of about $1,200, representing an important safety-net that supports low-income households to meet consumption, investment and emergency needs.

Savings Groups also represent a powerful social and economic platform for the delivery of a broad range of interventions in the areas of economic empowerment, health, education, nutrition and food security, and gender equality.

Recent evidence, however, suggests mixed results of SG programs in targeting and reaching more vulnerable populations,[1] and no attempt has been made to date to summarize the global outreach of SGs with respect to specific populations or target groups. Building on an extensive desk review, as well as key informant interviews with diverse sector stakeholders, this state of practice report provides a comprehensive overview of SGs and the dynamics of inclusion, and describes effective and promising strategies, approaches and tools to improve the outreach and outcomes of SGs among marginalized populations. The report identifies lessons and good practices – including smart targeting and outreach strategies, and straightforward adaptations to project design and SG methodology – that enable SG interventions to better reach and serve the world's most vulnerable people, and provide them with the knowledge and skills they need to live the lives they have reason to value (Sen 1999).[2]

The report provides a conceptual framework for inclusion in the context of SGs (Section 2), and an empirical analysis of the dynamics of inclusion with respect to poverty level, age, disability, gender, HIV status, smallholder farmers, and forcibly displaced people (Section 3). The report concludes with a discussion of challenges and strategies to promote long-run, post-project inclusion of vulnerable populations (Section 4).

2 Definitions and conceptual framework

This section defines Savings Groups and inclusion; develops a conceptual framework for inclusion of vulnerable populations in SGs; and examines the relationship between the inclusiveness of SGs, and financial inclusion and broader development goals.

2.1 Basic concepts

Savings Groups

Savings Groups are entities of (usually) 15-25 people who meet on a regular basis to save money in a common fund – often stored in a locked box – from which loans are issued to group members. At the end of each operating cycle – which usually lasts 9-12 months – the savings, accumulated interest, and fees are shared out among group members. After share-out, group members may decide to initiate a new operating cycle, or dissolve the group (Gash and Odell 2013). Many groups also implement a social fund, from which grants (or interest-free loans) are provided to members as needed to cover emergency expenses. Savings Group methodologies differ marginally across development actors, but generally include these basic principles.

Inclusion

The report examines both the ***state*** of inclusion – the extent to which specific populations participate in and benefit SGs – as well as the ***process*** of inclusion – the set of policies, approaches and tools to effectively reach and serve these populations.

2.2 The contribution of Savings Groups to financial inclusion and broader development goals

Financial inclusion

Savings Groups contribute to financial inclusion through the direct delivery of basic financial services in excluded market segments and as a pathway to formal financial inclusion. They require minimal infrastructure and operate in marginalized and remote communities where formal financial services may not be viable. Furthermore, SGs meet the demand of poorer and more vulnerable populations for small, flexible and frequent transactions. Each group sets its own financial parameters – including weekly savings requirements and loan interest rates – which need not be based on cash flow requirements or business plans typically required by formal financial

[1] Gash and Odell's (2013) review of seven RCTs finds that 34-81% of SG participants are below the US$1.25/day poverty line, and that "SG members tend to be relatively wealthier and more socially and financially active than non-members."
[2] For informative discussions of the capability approach to development, see Crocker (2008) and Robeyns (2016).

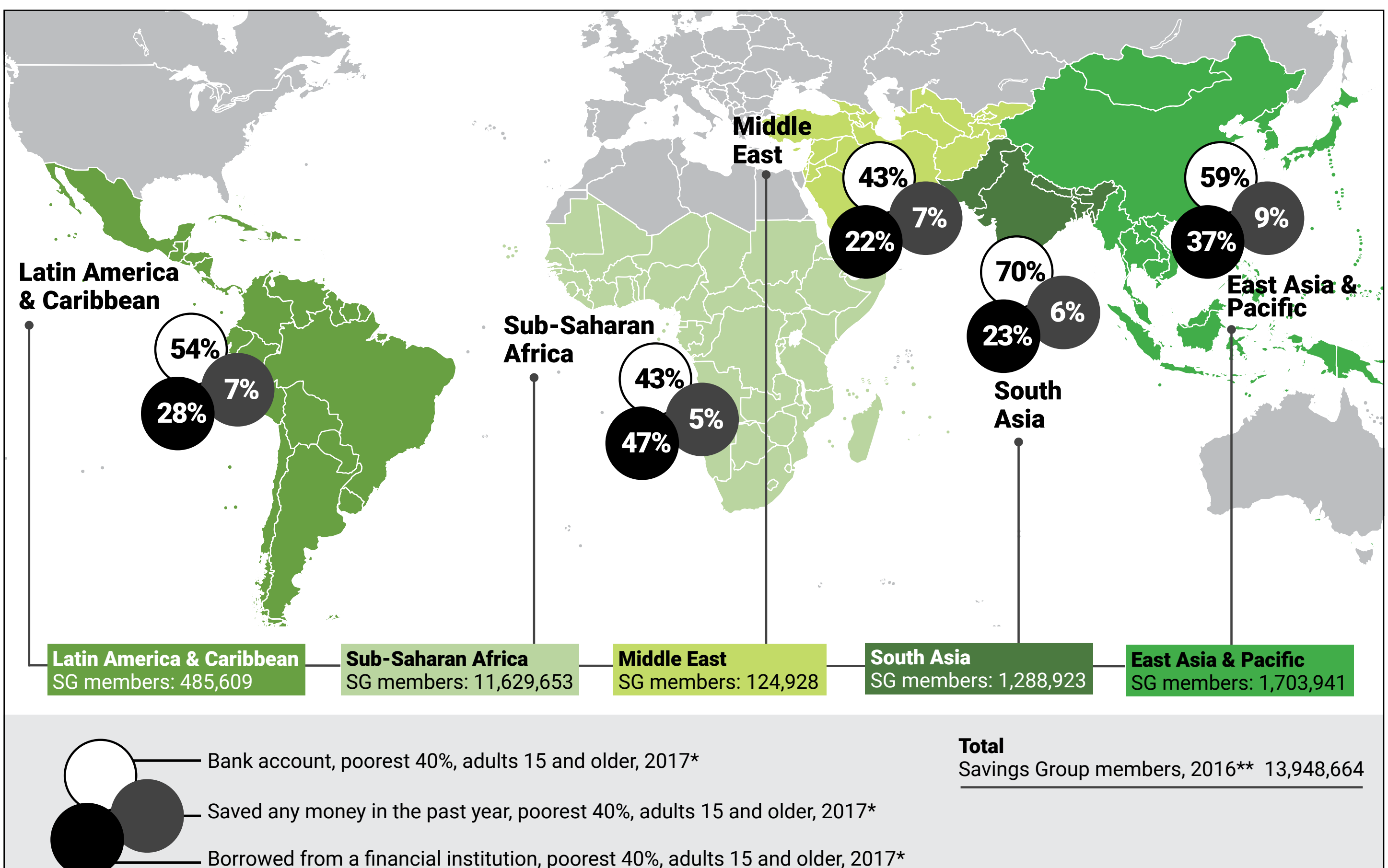
MERCY CORPS

service providers. And SGs are, by design, financially and institutionally sustainable: once the members have been trained in the methodology, groups generally continue to operate independently, without any need for external facilitators.

Savings Groups contribute to financial inclusion by serving excluded market segments in countries and regions characterized by low formal financial sector participation (Figure 1).

In addition to the direct delivery of basic financial services, SGs improve the financial capabilities of members and represent a pathway to formal financial inclusion. *The State of Linkage Report* (Allan, Ahern, and Wilson 2016), the first global mapping of relationships between SGs and financial institutions, identified 95 formal FSPs that offered financial services to SGs across 27 countries. These FSPs, which include banks and credit and savings cooperatives, provide SGs and their members with products that range from mobile wallets to branch-based savings accounts. With their money secured in formal accounts, the authors found that SG members save 40-100 percent more than they otherwise would, take larger loans from their groups, and double their profits. Many members also open individual accounts, having gained experience and confidence from the management of their group account. With continuing SG growth and proper incentives for FSPs, Allan, Ahern, and Wilson (2016) argue that SGs could eventually connect over two billion

Figure 1: Formal financial sector participation and Savings Group membership, by region



Sources: *Global Findex (2018), **VSL Associates (2016).

unbanked people, with $116 billion saved per year, to formal savings and borrowing opportunities – benefiting both SGs and financial sector development.

Broader development goals

Savings Groups mobilize financial and technical resources that contribute to multiple development goals, including the following five Sustainable Development Goals (SDG):

- **Goal 1: No poverty.** Savings Groups contribute to asset accumulation and increased business investment which, in turn, increase members' income-generating abilities and thus help them exit from poverty.
- **Goal 2: Zero hunger.** Savings Groups contribute to consumption smoothing, enabling member households to stabilize food consumption during periods of low or no income.
- **Goal 3: Good health and well-being.** Savings Groups enable increased investments in health and can contribute to positive health-seeking behaviors; groups can be leveraged as platforms for trainings on health and nutrition, health microinsurance, and food and nutrition aid.
- **Goal 5: Gender equality.** Savings Groups contribute to women's empowerment through increased self-confidence, social capital and financial capabilities. Complementary gender dialogues can improve women's status in the household and their relationships with their male partners, caregivers, and other male family members.
- **Goal 8: Decent work and economic growth.** When combined with livelihoods programming, SGs can serve as forums for vocational, business, financial, and marketing skills trainings to help members invest in their own IGAs or qualify for employment opportunities.

By providing members a safe and sustainable platform for accumulating savings and gaining access to credit, and serving as a setting for knowledge and skills trainings and other interventions, SGs are an efficient and effective means of helping vulnerable populations help themselves. Savings Groups, by reaching the most vulnerable, can thereby play a central role in achieving the above SDGs.

2.3 Savings Groups and the parameters of inclusion

Vulnerability is a multi-dimensional concept that expresses a person's or community's risk of exclusion, stigmatization, or falling below minimally acceptable standards of living. The concept, therefore, encompasses diverse populations and parameters of vulnerability. This report examines seven parameters of vulnerability and target groups:

1. **Poverty:** Poverty is a broad category that encompasses various measures, including community members' position relative to national or international poverty lines, daily income, and/or consumption. Extreme poverty is characterized by extremely low and irregular income, and heightened vulnerability to economic and non-economic shocks.
2. **Age:** Young men and women are, on average, more financially excluded than adults, and have smaller, more irregular incomes.
3. **People with disabilities:** An umbrella term that encompasses people living with impairments, activity limitations, and participation restrictions. People with disabilities in many settings face barriers to accessing health and rehabilitation services, and additional constraints to financial inclusion, employment and income-generating opportunities.
4. **Women's financial inclusion:** About 80 percent of SG members worldwide are women, and many SG interventions target women exclusively due to the persistent gender gap in access to formal financial services.
5. **People living with or affected by HIV:** These populations, which include caregivers of orphans and vulnerable children (OVC), often face stigma and discrimination, which prevent them from securing decent work.
6. **Smallholder farmers:** Farmers who own small plots of land on which they grow subsistence crops (and perhaps one or two cash crops) and rely exclusively, or almost exclusively, on family labor. Due to extreme income seasonality, and vulnerability to economic and climatic shocks, smallholder farmers are underserved by financial institutions.
7. **Forcibly displaced people:** Forcibly displaced people (FDP) include ***refugees*** (forcibly displaced across national borders), ***internally displaced people*** (forcibly displaced within the borders of their own countries) and ***migrants*** (who move to new towns, cities, or countries to seek better livelihoods than those available in their home communities). Many FDP are financially excluded because of their high mobility and lack of legal residence in their host communities.

The empirical discussions in the next section, and the tools, approaches and strategies highlighted within them, illustrate the central roles that targeting and outreach, project design and implementation, and SG methodology play in the inclusion of vulnerable populations in SGs.

3 Empirical analysis

3.1 Poverty

Savings Groups contribute to poverty alleviation. Several studies show that SGs positively affect members' savings and access to credit, and that SGs help members – including poorer members – to increase the quantity and value of their asset holdings (Gash 2017), and smooth household consumption over time to help them better manage periods in which they have little or no income (Gash 2013; Noggle 2017). The opportunity to smooth household consumption alone can make the difference for poor families between resilience and collapse during hard times, and was the most common observed outcome of SGs among studies reviewed by Gash (2013). Savings Groups also cultivate financial management skills, and can provide a foundation for members to access formal financial services (Gillingham 2012). Finally, a few studies suggest that SGs can reduce poverty and increase income, as members use loans or dividends to invest in income-generating activities (Gash 2013, 2017).

Reaching very poor communities and households is an explicit objective of most SG initiatives. Questions remain, however, about the outreach of SGs to poor households, and how interventions can be structured for improved poverty outreach. The appropriateness of a poverty targeting strategy depends on institutional objectives: if the goal is to reach poor households without excluding those who are better off, then geographic targeting of poor areas may suffice. But if the goal is to target ***only*** the poorest, to the exclusion of the better-off, then comprehensive individual targeting and supplementary inducements are required. Regardless of targeting and outreach strategies, poor SG members benefit from: consumption support, to have money or assets to save and invest; complementary training, to acquire and improve skills; and flexible SG policies, to help poorer members commit to their group and achieve their savings goals during periods in which they have highly irregular incomes.

Research suggests that SG members tend to be less poor than the overall population in the area. A study of SG outreach in Cambodia showed that SGs attract more "medium-income" than poor or very poor individuals (Johnson and Storchi 2013), while an analysis of groups in Kenya prompted Rippey and FSD Kenya (2015) to conclude that "SGs are reaching the middle class of the poor.... SG members are somewhat better educated, more likely to have a phone, more likely to run a business, and more likely to use formal financial services than the [non-member] population of the study area."[3]

[3] "However," the authors continue, "the study could not determine to what extent the relatively high standing of members is due to selection, or to improvement in status that comes from being in an SG, since there is no baseline information on these variables" (Rippey and FSD Kenya 2015).

Gash and Odell (2013) record similarly regressive project outreach in their review of SG-related randomized control trials (RCTs), but find that poverty outreach does increase over time: "SG members tend to be relatively wealthier and more socially and financially active than non-members, although overall the programs reach the very poor. Marginalized (or less socially integrated) women join later."

Poverty outreach in SG programs – measured as the share of SG members whose daily income was at or below the International Poverty Line[4] – varied from 34 percent to 81 percent across studies reviewed by Gash and Odell (2013). The variation suggests that SGs ***can*** and ***do*** reach the very poor, though Gash and Odell caution that "depth of outreach likely depends on geographic targeting," meaning that, in general, projects implemented in poorer areas are more likely to include poorer households. Wherever SG projects are implemented, the poorest households face several barriers to participation, including self-exclusion and omission by community members or project promoters. These barriers can be overcome through intentional or targeted recruitment strategies, a pro-poor strategic project design, and flexible group policies and regulations.

Poverty inclusion – *Barriers*

Development organizations face multiple challenges to reaching and persuading the poorest community members to participate in SGs. Barriers to participation include self-exclusion, and explicit or implicit exclusion by target communities and development organizations. First, the ultra-poor may self-exclude because they lack money to save – or believe they do – and do not see themselves as similar enough to those who are already members, to be willing to join. Lack of money and prior bad experiences with microfinance institutions (MFIs) may make ultra-poor community members debt averse (Rippey, n.d.). Irregular income and frequent financial shocks make it difficult for poor and ultra-poor community members to abide by strict meeting attendance rules, minimum savings amounts, and lending policies of SGs. Many must migrate seasonally to find work to supplement income, removing them from their home communities for extended time periods. Income irregularity and job searches render committing to SGs, which promote regular – weekly or monthly – saving, difficult. Without financial aid or consumption support, income-generating opportunities, or flexible attendance, saving, and lending policies; ultra-poor community members are at risk of self-excluding or withdrawing from SGs.

In fact, even when SG projects conduct explicit, targeted outreach to the poorest, they may be met by initial resistance. Some ultra-poor community members may not have businesses, or consider themselves capable of running businesses – and so do not respond to some IGA-related benefits of SG membership advertised by development field staff (Rippey, n.d.). Many others earn so little that they are simply not accustomed to saving. "Savings Groups were a difficult sell at the beginning [of our project]," explains Michael Ferguson, ASPIRES Director at FHI 360. "Local [community-based organizations] went in and immediately started sensitizing whole communities [about SGs]. The phrase that kept coming up was the 'culture of savings' they wanted to instill, but that didn't

CARE INTERNATIONAL

Definitions – poor and ultra-poor

The *poor* are defined as those whose daily income is at or below the International Poverty Line. The ***ultra-poor*** comprise the households at or below the 50th percentile of households below the International Poverty Line. Ultra-poor people or households often have very limited physical, human, and financial assets and social networks on which to draw to mobilize household and community resources or external assistance.

An alternative definition of ultra-poor focuses primarily on the relationship between income and calorie consumption: "a group of people who eat below 80% of their energy requirements despite spending at least 80% of income on food" (Lipton 1986). Meanwhile, the Oxford Poverty and Human Development Institute uses the Multidimensional Poverty Index (MPI) to define the ultra-poor as those whose deprivation level is 60% or higher (Reed et al. 2017).

[4] The International Poverty Line is determined by the World Bank. From 2008 to September 2015, the line was set at USD$1.25 per day. In 2015, the World Bank updated the line to USD$1.90 per day (2011 prices).

necessarily exist there before. A lot of participants I talked to said that didn't make sense: how can you save when you have 2,000 shillings a week (about 70 cents)?"[5]

Ultra-poor community members who want to join SGs may be dismissed or ignored by project implementers and community members, who believe they are too poor to join and benefit from SGs – often for the same reasons cited above: perceived lack of income and inability to abide by SG policies and that SGs with poorer members perform worse because they take longer to accumulate savings than SGs with better-off members.[6] Savings Group interventions may, explicitly or implicitly, dismiss poorer community members by targeting more economically active households (as their members often have better networks and safety nets that enable them to take greater risks – so are easiest to persuade to join a group), by failing to identify poorer community members, failing to encourage the poorest to attend community information meetings, or through inappropriate messaging, community meeting spaces and times. Program implementation plans can also reduce poverty outreach by moving field staff to new project areas prematurely rather than investing more time and resources in existing areas to deepen poverty outreach. Nevertheless, ample experience demonstrates that improved poverty outreach can be achieved through appropriate targeting strategies, pro-poor project designs, and flexible group policies.

Poverty inclusion – *Enablers*

Proven enablers of participation by the poorest in SGs include 1) targeting and outreach strategies to reach and mobilize ultra-poor households; 2) pro-poor project designs to induce ultra-poor community members to join SGs, and to support them once they have joined; and 3) flexible group policies to enable the poor to participate actively.

The successful inclusion of the ultra-poor in SGs can be accomplished without a targeted outreach strategy, but doing so requires time and patience, as well as tolerance for inclusion of members who are less poor. ***Rapid*** or ***exclusive*** recruitment of the ultra-poor, in contrast, requires implementing organizations to set specific targeting strategies, encourage SGs formed to adopt savings ***targets,*** rather than minimum amounts, to induce ultra-poor community members to join SGs in project coverage areas; and incorporate pro-poor elements into project designs. This section reviews targeting, project designs, and group policies that affect the poverty inclusiveness SGs.

THE BOMA PROJECT

❶ Targeting and outreach

There are three broad types of targeting: 1) ***geographic targeting,*** in which poorer areas are identified and SGs created within them; 2) ***group targeting,*** in which pre-established clienteles are leveraged for SG promotion; and 3) ***individual targeting,*** in which individuals or households are identified and encouraged to create or join groups.

Geographic targeting

There are circumstances in which geographic targeting is desirable, with group formation based on the principle of self-selection. Geographic targeting of poor or financially excluded areas yields a high probability of reaching some poor households, and the approach is less expensive than individual targeting. Nevertheless, geographic targeting alone does not guarantee the inclusion of poorer community members, and poverty outreach can require additional efforts, including proper training of field agents, and consumption support. And in the instance of group formation by market actors (such as fee-for-service community-based trainers), pricing strategies must align trainer incentives with the willingness and ability of poorer community members to pay.

CASE STUDY 1:

Inclusive saturation using fee-for-service extension agents – Expanding Financial Inclusion in Africa, Catholic Relief Services

CRS' Expanding Financial Inclusion in Africa (EFI) project reached over half a million members in four years by employing an *inclusive saturation* strategy, based on geographic targeting. The project trained and certified private trainers (rereferred to, by Catholic Relief Services, as Private Service Providers or PSPs) to conduct outreach among the poorest community members, and train and monitor SGs.

[5] Some evidence supports communities' and SG promoters' caution that bringing ultra-poor community members into SGs may delay the capitalization of new groups, because ultra-poor members save and borrow less than other community members, and are net borrowers. But the evidence that ultra-poor members have a negative impact on group performance is weak: In Uganda, Burlando and Canidio (2017) randomly assigned ultra-poor participants to SGs to create two levels of ultra-poor-member density across groups – ½ (sparse) and ¾ (dense). They found that greater density of ultra-poor participants in SGs is associated with lower total savings and cumulative loans at the mid-point of the first operating cycle. But the difference evaporated by end of the first cycle. The authors conclude that group performance is not related to the prevalence of ultra-poor members, and "performance metrics (cumulative savings, loans disbursed, return on savings, and default rates) [were] similar in both [ultra-poor-sparse and -dense] groups."

BY 2017, GROUPS IN LIMITED MARKET VILLAGES HAD ON AVERAGE A GREATER SHARE OF MEMBERS IN THE POORER HALF OF THEIR VILLAGE'S INCOME DISTRIBUTION THAN GROUPS IN NON-LIMITED MARKET VILLAGES – **72 PERCENT COMPARED TO 63 PERCENT** (Stuart 2017).

EFI's ***inclusive saturation*** strategy comprised creating as many groups as possible in areas of Burkina Faso, Senegal, Uganda, and Zambia characterized by high financial exclusion, without excluding better-off community members. In each country, SG creation and training were carried out by PSPs, who charged groups fees for services rendered, and were expected to continue to work in their coverage areas beyond the project period.[7]

To test the poverty outreach of PSPs, local partner organizations in Burkina Faso and Senegal experimented with geographically-limited markets, "which required PSPs to saturate their home village with [savings] groups before expanding their activities to other villages" in their coverage areas (Stuart 2017). In contrast, PSPs not participating in the limited-market experiment could establish SGs anywhere they pleased in their coverage areas – whether in their home village or adjacent villages. By 2017, groups in limited market villages had on average a greater share of members in the poorer half of their village's income distribution than groups in non-limited market villages – 72 percent compared to 63 percent. In both cases, most PSPs deepened their poverty outreach over time – increasing the share of poor members as they trained more groups. The results indicate that, as PSPs gain experience and saturate their markets with SGs composed of better-off residents, they can and will move down-market and mobilize poorer members (Stuart 2017) – and group formation by market actors does not threaten the achievement of poverty outreach goals.

A second embedded experiment varied the PSP fee structure, to identify the structure that would prove both affordable to poorer members and attractive to PSPs – enabling the former to benefit from PSPs' services while incentivizing the latter to dedicate their time to group mobilization and training. The experiment included some PSPs that charged ***flat fees*** and others that charged ***proportional fees*** – in relation to their SGs' minimum savings requirements. Proportional pricing was found to work best for both parties, as PSPs that charged proportional fees were equally dedicated to training and supporting wealthier groups – whose members paid more – and poorer groups – whose members paid less (PSPs who charged flat fees showed a greater tendency to move up-market).

Group and individual targeting

Geographic targeting and inclusive saturation can reach poorer community members, but does not guarantee their participation. If project objectives include reaching a minimum number or percentage of the poorest households in a coverage area, a second outreach option is to conduct comprehensive, group targeting using local partners' pre-established clienteles or contextually-appropriate vulnerability assessments. The approach can improve targeting accuracy for projects whose goals are to reach mostly, or exclusively, poorer or more vulnerable households, by utilizing local, contextual knowledge. Where lists of ultra-poor community members are available, they may be used to identify and invite those households to informational meetings, and to craft tailored appeals, including presentations and marketing sessions. Pre-established clienteles and vulnerability assessments also serve as starting points for in-depth, participatory targeting methods.

The identification of existing clienteles and assessment tools provided by local partners or governments can efficiently improve the poverty outreach of SG initiatives, by building on local partners' knowledge and skills. The approach, however, risks excluding some poorer residents, as not all qualifying ultra-poor residents in coverage areas register with local institutions or respond to household assessments. In such cases, or in cases in which targeted populations are not included in any partner clientele list, development organizations must expend resources and effort in individual targeting. Individual targeting may employ national or local census data or proxy means tests, or specialized vulnerability assessment tools, such as the *Poverty Probability Index* (PPI).[8]

The existing clienteles of local partners and government, in combination with vulnerability assessment tools, are good starting points for identifying the poorest households in project areas; and the effectiveness of these approaches is augmented through community consultation methods and triangulation.

[7] The PSP model is implemented widely across CRS' global programming. There are currently over 3,400 active PSPs in 47 countries in which CRS has promoted SGs.
[8] For more information on the PPI, see https://www.povertyindex.org/.

CARE INTERNATIONAL'S GRAD AND LIVELIHOODS FOR RESILIENCE **ARE REQUIRED TO USE THE GOVERNMENT BENEFICIARY LISTS AS OUR STARTING POINT** AND WORK WITH LOCAL GOVERNMENT TO SELECT HOUSEHOLDS (Meyer 2018).

CASE STUDY 2:

Multi-step poverty targeting starting with government assessment or list – Sustainable Access to Financial Services for Investment (SAFI) and Graduation with Resilience to Achieve Sustainable Development (GRAD), CARE International

CARE's Sustainable Access to Financial Services for Investment (SAFI) project, implemented in Rwanda from 2009 to 2012, carried out multi-step outreach that started with geographical targeting of districts, then leveraged a government assessment to identify the poorest sectors in those districts, and finally implemented a Participatory Wealth Ranking (PWR) to identify potential project participants (Gillingham 2012).

Using the Government of Rwanda's (GoR) National Poverty Assessment, CARE identified 15 districts for SAFI implementation, and then targeted the poorest 86 sectors. CARE and local partners then consulted with district leaders to identify the cells and villages with the highest concentrations of poor people. Finally, in each village, CARE and partners carried out community consultations, and employed Participatory Wealth Ranking (PWR) to identify potential SAFI participants from the poorest three of the GoR's six household socio-economic categories (Gillingham 2012).

The effectiveness of SAFI's poverty targeting was confirmed by a 2010 study that found that 89 percent of SG members were either poor or very poor per the GoR classification, versus 83 percent in the general population (Centre for Independent Research 2010).

While SAFI combined geographical targeting with a national assessment, the poverty targeting of CARE's Graduation with Resilience to Achieve Sustainable Development in Ethiopia (GRAD) and its follow-on project, Livelihoods for Resilience, was based on the Government of Ethiopia's Productive Safety Net Program (PSNP) participant list.[9]

GRAD and Livelihoods for Resilience "are required to use the government beneficiary lists as our starting point and work with local government to select households," explains John Meyer, Chief of Party. Drawing on the PSNP list simplifies targeting and has helped the project move to scale quickly, without sacrificing targeting accuracy. Participation in SGs is voluntary, but members must be rural and food-insecure – the selection criteria for PSNP enrollment.[10]

CASE STUDY 3:

Adapting a government household vulnerability tool to project needs – FARE in Uganda

Development organizations can adapt the household lists or vulnerability assessments of local partners to meet their specific needs. In Uganda, Family Resilience (FARE) – funded by FHI 360 under the Accelerating Strategies for Practical Innovation and Research in Economic Strengthening (ASPIRES) project – aims to prevent family-child separation in at-risk families, and to reintegrate into family care children housed in centers for street children or government detention centers. To identify families at risk of separation, FARE adapted the Government of Uganda's household vulnerability assessment; and almost all members of SGs promoted by FARE are from families at risk of separation.[11]

The accuracy and community acceptance of individual targeting can be bolstered by participatory outreach methods, including *Participatory Rural Appraisals* (PRAs) and *Participatory Wealth Rankings* (PWRs). These methods are also accurate when used alone.

Participatory Rural Appraisal and Participatory Wealth Ranking

Participatory Rural Appraisals convene community members in a workshop facilitated by local experts, to incorporate the knowledge and opinions of community members in targeting and project design. Participatory Wealth Rankings seek to draw out local knowledge and criteria on which to judge poverty. The ranking is based on the subjective views of the people in a community, who generate their own criteria with which to rank poverty and wealth. The ranking involves a three-stage process: mapping, reference groups, and analysis. Household mapping takes place in a community meeting, in which residents also identify recognized segments in the community. Titles are given to households and written on cards, after which three or four reference groups are set up for each segment. The reference groups then meet separately and sort household cards into piles according to wealth, along a continuum of wealthy to poor. Triangulation of results and scoring is done to establish the cut-off score for groupings such as "poorest," "poor," and "non-poor."

[9] PSNP provides cash and food transfers to approximately 8 million food-insecure people in rural communities in Ethiopia, in exchange for public works.
[10] John Meyer, personal communication with the author, February 20, 2018.
[11] Interview with Michael Ferguson, Lisa Laumann, and Whitney Moret of FHI 360 (2018).

BEYOND IMPROVING TARGETING ACCURACY, **PARTICIPATORY METHODS HAVE BEEN SHOWN TO INCREASE COMMUNITY ACCEPTANCE** FOR PROJECTS THAT EXCLUSIVELY TARGET THE ULTRA-POOR (Karlan and Thuysbaert 2015).

The accuracy of participatory outreach methods depends on how well the tools are employed, but evaluations of the tools' performance are generally positive. In India, Banerjee et al. (2009) compare the targeting accuracy of PRA used alone, to a strategy that combines PRA and additional verification. The authors find that both PRA alone and PRA coupled with additional verification "identify a population which is measurably poorer in various respects, especially those which are more readily observed," than the administrative census employed by the Government of India in its assistance programs.[12] With verification, PRA and PWR have been shown to identify the ultra-poor accurately in project coverage areas (Hargreaves et al. 2007, Wealth 2014).

Beyond improving targeting accuracy, participatory methods have been shown to increase community acceptance for projects that exclusively target the ultra-poor. By involving community members in the targeting process, the transparency of participatory methods can increase community members' satisfaction with the distribution of program interventions and benefits, and thereby "ease the implementation of targeted programs that can otherwise be controversial processes" (Karlan and Thuysbaert 2015).[13]

CASE STUDY 4:

Leveraging PRA and verification to target participants and build community buy-in – Rural Entrepreneur Access Project, BOMA

BOMA's Rural Entrepreneur Access Project (REAP) in Kenya exclusively serves ultra-poor women, and effective targeting is central to the project's objectives. BOMA undertakes multi-step outreach, including PRA, to identify qualifying households.

Through PRAs, BOMA ranks households by income, based on community-generated criteria, and produces a pool of potential program beneficiaries. The pool is then reviewed by BOMA Location Committees – consisting of village leaders and REAP graduates from previous cohorts. Village mentors then verify household status by interviewing prospective REAP participants using a proprietary *Poverty Targeting Tool* (PTT). The PTT data is scored, and independent enumerators travel to BOMA villages to complete a *Standard of Living Indicator* (SOLI) to validate beneficiary lists. Participation is then offered to qualifying households (BOMA Project n.d.).

Program uptake among qualified community members is nearly 100 percent, and participatory targeting helps to build community interest and acceptance of the project. BOMA co-founder and CEO, Kathleen Colson, explains that community members and leaders consider the ultra-poor like "a sick relative, a drain on community resources because everybody is responsible for taking care of them, so it's an emotional and financial drain. So, by us targeting them and graduating them out of extreme poverty so they can feed and clothe themselves, it's a relief for the community who used to be responsible for caring for their most vulnerable. [REAP] shifts the responsibility from the community to us." Participatory Rural Appraisals help both potential beneficiaries and better-off community members to understand and accept the project's decision to exclusively target ultra-poor women.

[12] TKarlan and Thuysbaert (2015) caution, however, that the Indian government's administrative census "fared particularly poorly."
[13] Alatas et al. (2010), whose field experiment in Indonesia found that PWR was *less* accurate in identifying the poorest households than a competing proxy means test, recognize that "community-based methods are more correlated with how individual community members rank each other" than practitioner-defined poverty indices, so "the community-based methods [of targeting] result in higher satisfaction with beneficiary lists and the targeting process."

❷ Project design

The program literature suggests that the retention rate of poor SG members is high, because SGs provide needed access to basic financial services, as well as a network for mutual support. The final evaluation of CARE's SAFI program found 99 percent membership retention rates across SGs over the course of one cycle, and 76 percent over two years – and that retention rates were not significantly different for poorer members than for others (Gillingham 2012). Similarly, CRS records retention rates of 96-100 percent over a period of 2-3 years across the four countries of its EFI project (Catholic Relief Services 2017a). However, a recent risk assessment based on field studies in Burkina Faso, Madagascar, Rwanda and Tanzania (SEEP Network 2018) indicates that member turnover over time is significant, with 29 percent of groups losing at least five members over the past year.[14] And member exit is strongly associated with income poverty: 54 percent of departing members stated that their primary reason for leaving the group was their inability to save.

Strategic project designs and group policies can reduce the challenges the ultra-poor face to participate, remain and benefit from SGs. Multi-component projects offer various incentives and benefits to encourage participation and improve outcomes for the ultra-poor; graduation model programs, for instance, provide cash or asset transfers to SG members, which may be supplemented by mentoring, counseling and complementary training.[15] Conversely, the inclusion of SGs in multi-component projects can improve the impact of cash transfers and social protection interventions. While there is substantial evidence that graduation and other social protection programs reduce their beneficiaries' poverty, asset transfers and mentoring require significant financial resources and technical expertise to implement effectively.[16]

CASE STUDY 5:

Pro-poor project designs to mobilize ultra-poor households – ASPIRES, BOMA and CARE

Savings Groups are central components of many multi-component programs, and serve as platforms for community mobilization, complementary training and the delivery of asset transfers, among other roles that improve the poverty outreach of broader development programming.

Economic Strengthening to Keep and Reintegrate Children in Families – ASPIRES

ESFAM aims to prevent family-child separation in at-risk families in Uganda, and to assist family care reintegration for school-aged children from 12 childcare institutions, offered different suites of interventions to households falling into three different categories of vulnerability. All households received financial literacy and business skills training, as well as economic and social coaching at home; and the middle-category households were offered matched savings accounts at banks. But only the most and least vulnerable categories of households were explicitly offered SGs. These households were not required to join SGs but were encouraged to do so by project staff and partners, and ESFAM offers add-on trainings in SGs that include family strengthening and parenting training. Project staff believe that the suite of interventions helped to mobilize and retain SG participants; and that the poorest participants – from the most vulnerable category – benefited most from participation.[17]

By offering SGs as a core component of integrated programming – and by varying interventions for different categories of household vulnerability – ESFAM found that the poorest households join SGs at higher rates than better-off households, given an appropriate suite of support.

[14] Average SG membership numbers remained stable over the same period, however, indicating that those who are unable to save and depart the group may be replaced by those who are better-off and able to save.
[15] Graduation programs offer a suite of services, including cash or asset transfers, and financial interventions – and some graduation projects offer Savings Groups. For discussions of the graduation model, see Hashemi and de Montesquiou (2011), Montesquiou et al. (2014), and *Policy in Focus* Volume 14, Issue 2, which debates graduation and includes Soares and Orton (2017).
[16] Bandiera (n.d.) estimates that BRAC's graduation approach costs approximately $1,363 per person – but that it yields $7,360 in benefits – a benefit/cost ratio of 5.4.
[17] Interview with Michael Ferguson, Lisa Laumann, and Whitney Moret of FHI 360 (2018).

PROJECT STAFF BELIEVE THAT THE SUITE OF INTERVENTIONS HELPED TO MOBILIZE AND RETAIN SG PARTICIPANTS; **AND THAT THE POOREST PARTICIPANTS** – FROM THE MOST VULNERABLE CATEGORY – **BENEFITED MOST FROM PARTICIPATION** (Ferguson, Laumann and Moret 2018).

The BOMA Project

The BOMA Project's graduation model includes cash grants and business training and practice to help its participants start a business. The project sets up 3-women business groups, which draw up business plans. BOMA then provides a cash transfer of $200 to each business, as well as training in financial and gender-focused life skills, and human rights. After 5-6 months, qualifying businesses receive a second grant, of $100. Once the second cash transfer has been completed, BOMA organizes the women's businesses into SGs.

Each 3-woman business group is assigned to an SG, rather than self-selecting into one. Through assignment, four or five women-led businesses are joined into a single group, of 12-15 members.[18] The principal representation in the SG is the business, not each individual woman. Women take loans from the group primarily "to grow their business, followed by education and then medical expenses," says BOMA CEO Kathleen Colson. Having all three women in a group business join the same SG increases trust within the group.[19]

Graduation with Resilience to Achieve Sustainable Development, CARE

CARE's GRAD project in Ethiopia, which employs the Government of Ethiopia's PSNP list to identify and conduct outreach to households, implements an intensive, two-year SG intervention, in which the group serves as a platform for most project interventions, in the areas of nutrition, gender, microenterprise/IGA, financial literacy, climate change adaptation, agricultural training and market linkages (CARE, n.d.). "[SG] formation is embedded within this broader curriculum," explains Christian Pennotti, Director of Access Africa and Financial Inclusion at CARE.

John Meyer, GRAD Chief of Party, adds that "facilitators would use meetings to bring in a variety of resource persons, including agricultural dealers, government extension officers, role models, etc., for specific sessions."[20] By combining SGs with a suite of appropriate inputs, CARE delivered diverse services and technical training and support to over 62,000 households in the government social protection program (CARE, n.d.).

THE BOMA PROJECT

[18] Group sizes are smaller than prescribed by standard SG methodologies because BOMA works in areas with low population density, where it is not always feasible for a group to reach 15 members (Interview with Kathleen Colson of BOMA Project 2017).
[19] Interview with Megan Gash, Independent Consultant (2017). Because SGs are formed so late in each participant cohort's timeline – at the six-month mark – and serve as a platform for savings and business investment, REAP SGs do not share out during the life of the project. Per Colson, early community feedback induced BOMA Project to dispense with the share-out, as did questions of alignment between project timelines and seasonal expenses: "We introduce savings at the 6-month mark in our two-year program, and since savings was one of the primary goals towards which we designed the program, we didn't want to lose the viability of savings at the 18-month mark (one year after SG start) across our rolling cohort launches (which didn't necessarily align with key savings expenditures like school fees)" (Interview with Kathleen Colson of BOMA Project 2017). The BOMA Project will, nevertheless, test a share-out model over the next two years.
[20] Personal communication with the author, February 2018.

❸ Group policies

Evidence indicates that some SG policy adaptations, leading to more flexibility, attracts ultra-poor households to participate and remain in SGs. While established SG methodologies – such as Savings and Internal Lending Communities (SILC), Saving for Change (SfC), Savings for Life (SFL), and Village Saving and Loan Associations (VSLA) – ensure transparency, accountability, and coherence, aspects of them can be adapted as needed to attract poorer members.

Experience suggests that the most effective adaptations include reducing or eliminating minimum savings requirements and providing more flexible loan terms. Other flexible policy changes that experts believe contribute to poverty outreach are: the reduction or elimination of penalties for late loan repayment, as well as for missing meetings; and adoption of oral SG accounting methodologies that permit illiterate members to participate actively.[21] Minimum weekly savings requirements impose disproportionately greater burdens on the ultra-poor due to their lower and more irregular income. Income irregularity limits the ability of ultra-poor members to adhere to strict loan repayment schedules or higher interest rates, and flexible loan terms can improve loan repayment and member retention rates. And limited levels of literacy and numeracy can prevent ultra-poor members from understanding groups' records, which may discourage them from participating actively in their group.

Despite these constraints, ultra-poor members can save, and benefit from participation in SGs. A 2013 Grameen Foundation study of adapted Self-Help Groups (SHG) in Bihar, India, found that several factors influenced the savings behavior of ultra-poor members. First, once ultra-poor SG members began to trust that their group would help keep them from falling more deeply into poverty, they saved regularly, even if they could not save at or attend every weekly meeting. Researchers observed that migrating families in several SGs would deposit their savings for the subsequent months prior to departure, "a remarkable display of faith, when you consider that they were going away for nearly six months with all of their belongings" (Grameen Foundation 2013). Secondly, voluntary and flexible savings options helped alleviate the concerns of ultra-poor members regarding minimum savings requirements. Trust and flexible savings policies enabled ultra-poor members to participate in their SHG, and to set savings goals. The study concludes that flexible, voluntary savings products – or SG policies – serve the needs of ultra-poor people better than fixed, compulsory savings products (Grameen Foundation 2013).

CARE INTERNATIONAL

CASE STUDY 6:

Accommodating the needs of the poor by encouraging flexible SG policies – Oxfam America, Catholic Relief Services and CARE

Savings for Change, Oxfam America

Oxfam America's Savings for Change (SfC) program has reached 700,000 poor women across five countries since 2005 by encouraging SGs to choose their own savings policies. "We let them choose how much to save," says Oxfam America's MEL Advisor for Women's Economic Empowerment, Julio Espinoza. "We say, 'whatever you have is fine: if you only have 25 cents a month, save that.' What we promote is the very bottom line." Flexibility is key in SfC: SG members decide how much to save, how much to loan, who sits on the management committee, and whether and how to penalize non-attendance. "We make some recommendations," says Espinoza, "but they decide. After all, context matters a lot: what's good in one context, isn't in another."[22]

Expanding Financial Inclusion in Africa, Catholic Relief Services

In its Pro-Poor Package, EFI adopted a flexible approach to group policies: rather than promoting minimum weekly savings, trainers were taught to encourage their groups to set target savings amounts, which members might or might not reach each week. The project also urged the reduction or elimination of penalties for late loan repayments or non-attendance at meetings.[23]

[21] For a comprehensive discussion of how illiteracy and innumeracy affect financial inclusion, and a suite of tools to train SG members and others in oral calculations and recordkeeping, see My Oral Village (http://myoralvillage.org/). Oxfam America uses oral recordkeeping, as well, in low-literacy contexts such as Mali. There, it adapts traditional memorization techniques to the needs of group accounting (Interview with Julio Espinoza of Oxfam America 2018).
[22] Interview with Julio Espinoza of Oxfam America (2018).
[23] Source: Daouda Sonko, EFI Program Manager, Senegal. Personal communication with the author, April 2018.

"WHATEVER YOU HAVE IS FINE: **IF YOU ONLY HAVE 25 CENTS A MONTH, SAVE THAT.** WHAT WE PROMOTE IS THE VERY BOTTOM LINE" (Espinoza 2018).

Oreriha Project, CARE

In Mozambique, where SGs were found to have low loan fund utilization rates, CARE and its local partner Ophavela encouraged groups to consider the flexible withdrawal of savings during operating cycles. Among the groups that permitted withdrawals, members withdrew savings for emergencies, small consumption expenses, reimbursement of outstanding loans, and agriculture and business investment. Members found savings withdrawals advantageous compared to loans because the former did not create a liability, and thus represented less risk. On the other hand, the withdrawal of savings mid-cycle may decapitalize groups. Nevertheless, in instances of low fund utilization rates and excess liquidity, the withdrawal of savings mid-cycle can reduce risks for groups. In an evaluation of the initiative, Peham and Athmer (2018) found that the average savings per member was similar in SGs that allowed the flexible withdrawal of savings within operating cycles, compared to other groups.

KEY LESSONS

1. **Savings Groups reach the poor and ultra-poor to various extents. The appropriateness and effectiveness of targeting strategies depends on project objectives and resources;**
2. **Inclusive saturation, in which areas of high financial exclusion are saturated with SGs, can reach the poorest members of communities over time;**
3. **Given proper training, appropriate fee structures and time, community-based trainers can reach the poorest members just as well as paid project staff;**
4. **Consumption support and supplemental skills trainings provide incentives and means for ultra-poor households to participate in and benefit from SGs; and**
5. **Recent experience indicates that flexible attendance, savings, and lending policies can encourage SG participation by ultra-poor members.**

MERCY CORPS

3.2 Age

Globally, there are approximately 1.8 billion young people (adolescents and youth) between the ages of 15 and 24, and 90 percent live in less developed countries (Das Gupta et al. 2014). In most developing countries, young people represent more than 30 percent of the working-age population; and many of these countries face challenges in absorbing young men and women into the education system and eventually the labor market.

Ortiz and Cummins (2012) identify a ***youth bulge*** in developing countries, in which "the proportion of persons aged 15-24 in the population increases significantly compared to other age groups," and few of the 121 million adolescents who turn 16 years old each year can find jobs. Per the International Labor Organization (2018), 156 million young workers live in poverty, and 71 million youths are unemployed. The Solutions for Youth Employment Coalition (S4YE) estimates that "the global economy will need to find five million new jobs every month simply to keep pace with the one billion young people who will enter the job market over the next decade" (cited in Plan UK, Barclays, and CARE 2016).

Employed or unemployed, young people are disproportionately excluded from financial markets. In 2017, 72 percent of adults worldwide had an account at a financial institution, compared to only 56 percent of young people. In sub-Saharan Africa, youth financial exclusion is more severe: only 37 percent of young people had an account at a financial institution (Global Findex 2018).

Savings Groups are "an effective, scalable way to give young people access to the financial services and skills they need to support themselves" (Plan International, Barclays, and CARE 2016), including planning, saving, decision making, and other life skills. Despite the large, unmet potential demand for financial services by youth, the outreach of SGs to young men and women remains limited.

Young people's outcomes from SG participation are modest, but positive (Gash 2017). Research has found that Youth Savings Groups (YSGs) strengthen the savings and goal-setting habits and skills of boys, girls, and young men and women (CRS El Salvador 2017; Gash 2017); reduce their financial dependence on parents and family members and build their leadership skills (Nayar 2014); increase their social capital (Gash 2014, 2017; Mukankusi et al. 2009); help them to pay school fees (Cameron and Ananga 2013); and enable them to accumulate and manage assets (Markel and Panetta 2014).[24] In Mali, YSG members demonstrated significant improvements in financial knowledge and attitude indicators. Despite a

[24] Cameron and Ananga (2013) find mixed results regarding the relationship between SGs and educational outcomes: "savings groups may be quite diverse in their effects on education." Their research, carried out in Ghana, found that improvements in income and better ability to pay school fees on time "[resulted] in children being sent home from school more rarely." Regarding educational expenditures, while some groups prioritized loans for education, the authors could not conclude that SGs had any effect on educational expenditure. "The possibility arises that people give education as the reason for taking a loan, but the loan is simply displacing other funds, and any increase in expenditure is channeled elsewhere" (Cameron and Ananga 2013).

coup d'état that disrupted the national economy during the study period, some youth members "experienced increases in savings, improvements in attitudes toward financial matters, in financial knowledge and the ability to maintain these improvements (or steady levels) over time" (Gash and Gray 2014b). In West Africa, YSG members report increases in their authority over the use of their own income, and "many youths came to regard themselves as leaders and change agents by influencing decision-making within their households and by contributing to decisions at the community level" (Nayar 2014). Young men and women build social capital through YSGs, as they build understanding and trust with each other by working together on a regular basis (Gash 2014; Mukankusi et al. 2009). Youth Savings Groups build social capital "by promoting collaboration among self-selected young people on a structured and continuous basis" and, if YSGs are linked to additional networks or mentoring opportunities, they enable youths "to strengthen their local personal and commercial networks" (Markel and Panetta 2014). Markel and Panetta (2014) found that, like adult members, young SG members in rural Zambia used their savings, end-of-cycle share-outs, and loans to purchase business assets, such as poultry and other livestock, and household assets, such as roofing and housing materials, furniture, and electronic entertainment items.

Some evidence shows YSGs ease some constraints to youth entrepreneurship by helping youths accumulate assets, access finance, expand their social networks, and bolster their entrepreneurship skills (Markel and Panetta 2014). Where formal-sector jobs are available, YSGs can also serve as platforms for vocational training and linking youths to employers (Perzon et al. 2016). While YSGs can promote youth entrepreneurship and employability, context matters: in rural, low-opportunity environments, the income-generating effects of YSG membership are uncertain. Flynn and Sumberg (2018) argue that "there is a disjuncture between the claims that are made about the links between financial inclusion, entrepreneurship, and income generation on the one hand, and the experience of many savings group members on the other," due to limited self-employment options in the rural settings in which many YSGs operate. The authors argue that YSGs have been oversold as a means by which youths can generate self-employment income,[25] and that the benefits of YSGs should be understood more modestly as providing learning, behavior change, social capital, gradual asset accumulation, and steadying of cash flow "needed to operate and benefit from what are typically small-scale economic activities, [insufficient] to transform the livelihoods of young people in these environments." Nevertheless, YSGs mobilize savings and short-term credit for those who have no other means of accessing financial services, induce regular savings and gradual asset building, and serve as a platform for other development interventions – and represent an appropriate intervention for positive youth development.

Whether the benefits of membership for young people are modest or more extensive, the SG sector has only lately begun working deliberately to promote SGs among young people. No global data exists on youth outreach, but a 2013 SEEP survey of 103 organizations that promote SGs in 43 countries found that only "22% include youth- or child-focused groups and 38% report participation of youth in mainstream groups" (cited in Markel and Panetta 2014).[26] A 2015 study of young people's participation in SGs in Kenya, published found that the 18-25 year-old age group was significantly underrepresented (10.2 percent), given its share of the local population (28.3 percent) (Rippey and FSD Kenya 2015). With recent investments in youth-focused SG programming – including Freedom from Hunger's AIM Youth, Plan International's Youth Microfinance Program, and Plan and CARE's Banking on Change (BoC) coalition which, collectively, expanded youth membership in SGs by nearly 250,000 – SGs reach many more young people today than they did a decade ago.

Youth inclusion – *Barriers*

The main barrier to the effective participation of young people in SGs is low and irregular income. Youth – the transition from childhood to adolescence, and from adolescence to adulthood – is characterized by a tension for girls, boys, and young men and women, between their need to contribute to their households' wellbeing and their limited financial resources and opportunities (Gash and Gray 2014a).

There is a demonstrable demand for SGs by youth; but if they do not earn income from work, or receive money from their parents or families, then they struggle to adhere to standard savings and lending policies. Among YSG members in Tanzania and Uganda, "high levels of youth unemployment for both younger men and women meant that they were less likely to have capital to save" (Rodway, Nussey, and Harris 2016). Financial diaries data for rural Malian youth participating in SGs indicate that some young men and women "struggled to pay the weekly contribution or pay the loans on time, with more [youths] expressing concern about the weekly [savings] payment

[25] ILO analyses cast doubts on the efficacy of attempting to reduce youth poverty through self-employment, as self-employment serves better as a coping mechanism for individual and families, rather than a mechanism of upward social mobility. Burchell et al. (2015), in an ILO review of self-employment and entrepreneurship initiatives, argue that "it is not clear that the self-employment and entrepreneurship schemes that have been tried actually created new jobs, nor is it clear whether these jobs are of sufficient merit to be worth creating."
[26] Child-focused groups generally comprise members who are below 15 years of age.

MERCY CORPS

than about whether the loan was repaid" (Gash and Gray 2014a). Indeed, over the course of the financial diaries research, enumerators recorded that 40-60 percent of YSG members did not work outside the house. Others labored in agriculture and sold agricultural products, or did manual labor or domestic work. Some migrated seasonally or permanently to find work, making commitment to their YSG difficult.

Migration is the second greatest barrier to young people's participation in SGs, and is a consequence of the challenges of earning income in low-opportunity – often rural – settings. Because cities present youth with greater opportunities for income generation than rural areas, rural youth are more likely to migrate than their urban counterparts. Indeed, Gash and Gray (2014a) found higher rates of migration among YSG members in rural Mali than among urban youths, in part because some urban youths had already migrated (to the city from rural villages), and in part because income-generating opportunities – including carpentry, general repairs, construction, snack and drink sales, and trade apprenticeships – were greater in the city than in the countryside.

Markel and Panetta (2014) conclude that youth mobility makes YSG members difficult to mobilize and retain: "The higher mobility of youth, who migrate and marry, challenges the common vision of savings groups as permanent or long-lived institutions anchored in the community." But the authors remind practitioners that when young men and women, who have participated in an SG, migrate, they "[carry] the benefits of savings group participation with them" to their destinations, and "knowledge gained in terms of working with others and money management, and access to small amounts of capital via savings or loans, can help start them on their journey towards economic independence" in their destination communities.

Time and conflicting priorities are further barriers to youth participation in SGs. Young men and women have multiple priorities, including household responsibilities, child care, school, and leisure and entertainment. Conflicting priorities affect young men's willingness to join SGs differently from young women: Rodway, Nussey, and Harris (2016) explain that young women are more likely to join YSGs because they are seen as a female space. "Household chores were not seen in either [Ghana or Tanzania] as a barrier to recruitment of [young] women. In both countries, young men were seen on a continuum with older men, doing the same kinds of work, and therefore 'busy' and unlikely to join (or want to join) savings groups."

The reduced availability of young people is exacerbated by psychological biases that are more acute among youth than adults: ***availability bias,*** in which youth make financial decisions based on what they see others doing; ***status quo bias,*** in which youth prefer to do what they are comfortable doing, such as spending money; and ***hyperbolic discounting,*** in which youth prefer smaller rewards now – such as new clothing or entertainment – to larger rewards later (Ramirez and Fleischer-Proano 2013). Overcoming these biases requires SG interventions to be visible and attractive, such that youth can observe how groups work, and can envision themselves participating by observing their peers' performance and behavior. The disciplining effects of regular saving and accumulating assets in the context of self-selected groups of people who know each other, can help reduce the tendency of youth to discount the future, and instill sound financial management principles and practices.

How young people engage with YSGs also depends on their networks of family and peers, and their respective savings and income-generating activities. Whether adolescents or youths have sources of income, or depend on their parents for savings deposits, family and social networks affect their decision to join and engage with YSGs. Youths with supportive networks can more easily set money aside for savings deposits, while those without supportive networks are less likely to join, engage and invest in SGs. Flynn and Sumberg (2017) observe that "the savings group member essentially acts as a two-way door to a wider network of family and social relations, through which financial and other resources flow. The key point is that savings group members, and particularly younger members, do not engage with their groups as autonomous or isolated economic actors." To mobilize and effectively serve youth, projects must therefore engage with the family and peer networks of young men and women.

Youth inclusion – *Enablers*

Participation by youth in project design and implementation is central to successful targeting and outreach. John Schiller, former Global Savings Group Advisor with Plan International, argues that reaching youth is best achieved through "'PARTICIPATION' in capital letters. Making youths the actors and not the subjects. And the more you can do this and give them possibility and authority, the better it works [...] If [youths] are the prime movers, it can really take off."

Successful targeting and outreach strategies include working with existing youth organizations and leveraging them for peer-to-peer outreach; reaching out to parents and other adults who work with adolescents and young adults; and having patience, as youth tend to be slower than adults to embrace SGs. Successful initiatives involve youth beneficiaries in design, and provide them with timely, pertinent add-on trainings, as well as opportunities to become leaders in the project and in their communities. Finally, youth participants should define member selection criteria and the extent to which their groups should be homogenous – e.g. by age, gender, or life stage.

❶ Targeting and outreach

Reaching youth starts with leveraging their peer networks, and consulting with their parents and other adults in positions of authority in project coverage areas. Household surveys that collect demographic information can identify eligible youths; but, where possible, working with existing youth organizations – such as schools, athletic or cultural clubs – is more efficient, as these are spaces in which young men and women already gather. Youth organizations provide the added benefit of presenting development organizations with pre-established youth networks, which can be leveraged for peer-to-peer outreach[27] – and whose YSGs can later serve as demonstration groups for broader youth mobilization (Markel and Panetta 2014).

Peer-to-peer outreach is the most effective strategy because youth are more likely to listen to each other, and to adopt each other's practices, than they are to heed the advice of adult trainers. Peer recruiters can model good financial behaviors and provide necessary social support to help their peers improve their own financial management; they understand better than project staff what challenges youths face and can tailor their appeals to link YSG benefits to their peers' concerns. Finally, because they reside in project coverage areas, peer recruiters are more readily available than project staff to address youths' questions and concerns outside of scheduled meetings.

To secure the permission of caregivers, and build support for YSGs, parents and community leaders should be consulted and sensitized. Parents and other adult authority figures set expectations for youth behavior and time commitments, and in many cases, provide money for youth to save in YSGs. And while young people operate within networks of friends and family and want to contribute economically to their households, those who have not yet reached legal majority may also require their parents' or caregivers' permission to participate – engaging with families is necessary.

[27] Interview with John Schiller (2017).

"WE ENCOURAGED YOUNG WOMEN, WHO WERE PART OF THE ORIGINAL YSGs, **TO SERVE AS 'AMBASSADORS,'** TO GO OUT INTO THEIR COMMUNITIES TO RECRUIT THEIR FRIENDS, ANSWER QUESTIONS, AND ALLAY CONCERNS" (Schiller 2018).

CASE STUDY 7:

Peer-to-peer outreach and consultation with adults in YSG programming – Youth Microfinance Program and Banking on Change

Plan International's Youth Microfinance Programme (YMF) and Banking on Change (BoC), a multi-year partnership among Barclays Bank, CARE International and Plan International, leveraged existing relationships with youth organizations to conduct peer-to-peer outreach among young people aged 15 and older. Word of mouth, spread by youths to each other, "was a crucial source of community engagement... as well as an important way to dispel concerns about the profitability or trustworthiness of savings groups" (Rodway, Nussey, and Harris 2016).

When YMF was initiated in 2009, Plan International had already been working with different youth organizations in Niger, Senegal, and Sierra Leone, and project staff were familiar with local youth leaders. The project hired some of them to participate in the needs assessments in each country: "We brought them into the design and needs analysis in the countries, and through the needs analyses we identified youth groups [that our partner organizations] had been working with in places like Dakar, Freetown, and Niamey. So, our outreach started with groups we knew about, as opposed to community meetings to ask for volunteers."[28]

In Banking on Change, local project staff targeted young people "through existing youth groups, sports centres, churches and mosques, youth social spaces, youth-oriented media including local radio, and house-to-house [sensitization]. They worked around school hours and arranged meetings at evenings and weekends." Project staff also recruited youth leaders – called Youth Village Agents (YVA) – to conduct outreach to their peers, and "arranged for more sceptical young people to visit already-established, successful groups... One peer NGO reported that their YVAs, who were all volunteers, outperformed their paid field staff" (Plan International, Barclays, and CARE 2016).

Peer-to-peer outreach had a gender component, as well: young women reported being convinced to join YSGs by other young women, and young men by other young men (Rodway, Nussey, and Harris 2016). Banking on Change adopted an explicitly gendered peer-to-peer recruitment strategy in Sierra Leone, where young men were joining in larger numbers than young women: "We encouraged young women, who were part of the original YSGs, to serve as 'ambassadors,' to go out into their communities to recruit their friends, answer questions, and allay concerns."[29]

While leveraging YVAs for outreach, staff from both projects consulted with community leaders and parents, to secure their support for their children's participation in YSGs. According to John Schiller, "we anticipated there would be concern among parents that their children were meeting around things like money – given the liability, costs, risks, etc." Parental consultation was critical to recruit young women, as described by a BoC local partner organization: "At first we were concerned parents would not allow the girls to come to meetings. But when we did awareness-raising for mothers, it was very popular" (Plan International, Barclays, and CARE 2016).

Mobilizing youth – whether through project staff or peer-to-peer outreach – takes longer than adults; youth-focused initiatives require patience, and should incorporate longer periods for group mobilization in their work plans. Youth are often skeptical of SGs before they see how well they work, or lack confidence to engage with SGs; multiple outreach and sensitization meetings are required, and must be held at convenient times and in safe, convenient places for youth.

Banking on Change trainers scheduled meetings during evenings and on weekends, when targeted youths could attend. As Schiller explains, "We scheduled a lot of meetings – youths preferred evenings and weekends, which are different from the usual work hours in villages. It almost got out of hand: we had trouble recruiting staff to work those odd hours, so there had to be a compromise between the project and the wishes of young people to meet at odd times." Between holding outreach meetings and identifying young men and women capable of recruiting their peers into YSGs, youth outreach requires greater time and effort compared to adults.

[28] Interview with John Schiller (2017).
[29] Interview with John Schiller (2017).

LIKE ADULTS, **YSG MEMBERS SAVE MORE IN THE SECOND CYCLE,** COMPARED TO THE FIRST YEAR OF MEMBERSHIP, INDICATING THAT THEY TAKE TIME TO GAIN CONFIDENCE IN THE SYSTEM (Banking on Change 2016).

CASE STUDY 8:

Young people need more time than adults to join and engage with SGs, Banking on Change

Experience from BoC indicates that young people need more time than adults to join and engage with YSGs. They are often "unwilling to commit until they have seen the benefits [of YSGs] first-hand." One YSG member explains that he had not joined his group during its first cycle because "he did not see the advantages." Rather, he waited for the second cycle, "when he heard about the benefits from family members, particularly after their share-outs" (Plan International, Barclays, and CARE 2016).

Like adults, YSG members save more in the second cycle, compared to the first year of membership, indicating that they take time to gain confidence in the system: BoC data shows that the median weekly savings deposits in YSGs jumped by 31 percent from the first to the second cycle, and savings as a percentage of minimum wage increased from 13 to 16 percent over the same period. The increase from first to second cycle shows that, like adults, youth take a conservative approach initially, and invest more actively in their group once trust is established.

The increased time that it takes to recruit young people into YSGs can extend the outreach phase of YSG projects, and "[donors and] YSG facilitators should consider setting targets which allow for slower progress in the first year" (Plan International, Barclays, and CARE 2016).

❷ Project design

Youth participation is as important in project design as it is in outreach. Active youth participation in project design can improve the effectiveness of outreach methods, as participatory project designs foster a sense of ownership among youth leaders, and increase the willingness of youth leaders to mobilize their peers. Youth leaders identified by initial targeting can become involved in design through consultations during the project design phase, and should be given means to provide formal feedback to implementing organizations throughout the entire project period. Active participation by youth leaders in project implementation helps to ensure that youth-focused initiatives consistently meet the needs of their target beneficiaries.

WORLD VISION

"ONE MESSAGE THAT CAME OUT [OF THE DESIGN WORKSHOP] WAS THAT THE **YOUTH WEREN'T THAT INTERESTED IN CREDIT, BUT IN SAVINGS,** WHICH MADE US HAPPY BECAUSE WE WERE PROMOTING SAVINGS GROUPS" (Schiller 2018).

CASE STUDY 9:

Formalizing youth involvement in project design and implementation – Youth Microfinance Program, Plan International

Plan International's Youth Microfinance Program (YMF) involved youth leaders directly in project design and implementation. In 2007, Plan International invited youth leaders with whom the organization had already been working to a YMF design workshop, and hired some of them to participate in country needs assessments. The experience and voices of youth leaders in the design workshop shaped the project design: "One message that came out [of the design workshop] was that the youth weren't that interested in credit, but in savings, which made us happy because we were promoting Savings Groups. They also showed enthusiasm for life skills [training]."[30] Plan International could not provide all the services requested by its youth leaders, but involving youth leaders in the design workshop revealed the needs and preferences of the young men and women involved.

Plan International formalized youth participation in its project implementation by constituting a youth advisory committee in each project country, and once there were enough YSGs up and running in each country, the project held elections to choose the committee members. Each project country had 3-4 geographic poles, each of which would send a representative to the country committee. Once the youth advisory committees were consolidated, they met regularly, on their own schedules, and "took on a life of their own. [Project staff] were able to work with them to [have them] take on more and more responsibility, for implementation and management of the project," including group monitoring and evaluation, the findings from which the youth advisory committees would report back to project management.[31]

Youth involvement in project design and implementation can increase buy-in, and help projects identify and tailor pertinent add-on trainings and other support for youths' needs. Relevant add-ons help increase youth interest in and commitment to attending YSG meetings, and can include life skills training and financial education, as well as business, entrepreneurship, and vocational training. Banking on Change, for instance, "trained young people extensively in financial literacy, entrepreneurship and employability skills," and tailored the trainings to young people, "using games and illustrated handbooks, as well as a dedicated manual for enterprise skills training." In focus group discussions held later, YSG members reflected on the usefulness of the trainings, saying that "they had been taught how to use their loans and how to save money for emergencies. They now know how to save money and how to plan and budget" (Plan International, Barclays, and CARE 2016).

Other services that may be needed are psycho-social support or mentorship for vulnerable youths and children, to help YSG members build social cohesion and address common challenges proactively and productively.

Given the increased mobility of youth – due to labor migration, education and marriage – youth-focused projects should consider frontloading priority trainings, such as financial or vocational education, so that migrating youths, when they depart, "will carry this knowledge and skills with them, helping them build their resilience to economic and social shocks and stresses" (Markel and Panetta 2014).

CASE STUDY 10:

Providing psycho-social support and add-on trainings to adolescents in YSGs – Catholic Relief Services, Zimbabwe

In 2007, CRS partnered with A Self-Help Assistance Project (ASAP) to introduce SGs to vulnerable adolescents, to help them remain in school. Throughout the project, CRS and ASAP accompanied the adolescent SGs with life skills trainings and psycho-social support. Psycho-social support was provided prior to each SG training session, and took the form of games, sports, and dramatizations. Groups also received "life skills education on topics such as conflict resolution, decision-making, goal setting, and effective communication," in addition to HIV and sexually-transmitted infection awareness and prevention planning, and planning for healthy pregnancies. Project evaluators found that participating adolescents valued these support services and trainings (Miller, Sawyer, and Rowe 2011).

[30] Interview with John Schiller (2017).
[31] Interview with John Schiller (2017).

❸ Group membership and meeting schedule

Experience demonstrates that mainstream methodologies can work for youth, but adaptations to membership policies and meeting schedules can improve youth outreach and outcomes.

The program literature indicates that SG initiatives should consider the relative advantages of promoting age- or sex-specific groups. Savings Groups composed of adults and youth enable young men and women "to receive mentoring, basic business advice, financial management skills and general life skills from the adults participating in their groups... [and] youth engaged in vocational training are able to bring valuable bookkeeping skills to assist in recording more complicated group transactions" for adult members, who may have lower levels of literacy (Mukankusi et al. 2009). On the other hand, YSGs composed exclusively of youth members "often have a more unified vision of what they want to achieve... [and] are more likely to engage in group income generating activities" (Mukankusi et al. 2009).

Youth-exclusive SGs can target youth by age or life stage, to create even greater homogeneity. Separating young adults from adolescents, for instance, creates groups whose members are more likely to share goals and life experiences. "In Ghana, Banking on Change found that there were significant differences between groups whose members were mostly younger and likely to be in school, and those with mostly older members who had left school" (Plan International, Barclays, and CARE 2016). In the former groups, members relied more heavily on their parents for weekly savings contributions, while members of the latter had some independent sources of income and wanted to manage greater quantities of money in the group. The *Banking on Change YSG Manua*l recommends segregating groups by age or life stage because "where groups are too mixed and there are large disparities in savings potential, goals and life stages, it can prompt members who are not able to save very much to skip meetings or even drop out" (Plan International, Barclays, and CARE 2016).

The views of sector stakeholders are rather divided with respect to mixed-gender YSGs. Rodway, Nussey, and Harris (2016) found that for some young women in BoC's mixed-sex YSGs in Ghana and Tanzania, mixing young men and women eroded trust, while for others, "the power which men hold [in society and in the SG] was seen to be an advantage, as [the young women] felt that men could offer advice, or provide discipline." The authors attribute the contrasting views to different contexts: women are more open to mixed-gender YSG membership in rural areas "where men and women worked more collaboratively" (Rodway, Nussey, and Harris 2016), than in urban areas. In Zimbabwe, a CRS project evaluation found that single-sex and mixed YSGs operated equally well; groups affirmed their preference for member self-selection. Miller, Sawyer, and Rowe (2011) argue that differences in group success were attributable to each "group's ability to find ways to work together," rather than to gender composition.

Finally, youth-focused initiatives must consider whether to promote groups within or outside schools. By promoting YSGs more generally throughout communities, programs can reach in- and out-of-school youth. On the other hand, by promoting YSGs exclusively within schools, and working with teachers, promoters can more easily integrate YSGs and associated skill building into school curricula. In-school YSGs effectively "[turn] a classroom into one or more groups" (Markel and Panetta 2014). In-school groups are less likely to endure beyond the school year; however, by working with teachers, groups may be reconstituted at the beginning of each school year (CRS El Salvador 2017).

KEY LESSONS

1. **Youth leader participation in project design and outreach can increase project ownership by youth and improve the mobilization of young men and women;**
2. **The effective mobilization and retention of youth requires engagement of family, caregivers, and social networks;**
3. **Youth Savings Groups (YSG) should be sensitive to the schedules of young men and women, meeting at times and places convenient to them;**
4. **More homogenous YSGs are composed of members that generally share similar goals and are more likely to have a common vision compared to more heterogeneous groups;**
5. **There are mentoring advantages to combining adults and youths in the same groups, or in pairing adults with YSGs; and**
6. **The promotion of YSGs outside schools is more inclusive of out-of-school youth and may improve group sustainability, but in-school YSGs can better integrate the associated skills building into the school curricula.**

[4] The International Poverty Line is determined by the World Bank. From 2008 to September 2015, the line was set at USD$1.25 per day. In 2015, the World Bank updated the line to USD$1.90 per day (2011 prices).

3.3 People with disabilities

Disability is "an umbrella term, covering impairments, activity limitations, and participation restrictions," including problems in body function or structure, difficulties executing tasks or actions, and problems participating in life situations (World Health Organization n.d.). Worldwide, over one billion people – about 15 percent of the global population – live with a disability (World Health Organization 2011). Eighty percent live in developing countries, where disability is correlated with lower levels of education, health, and income. People with disabilities are more likely than others to suffer from poverty, and to lack opportunities to generate income: globally, 82 percent of people with disabilities live on less than $1/day, and in low- and middle-income countries, 80-90 percent of people with disabilities are unemployed. A recent review of the evidence by CBM,[32] an international disability inclusion organization, finds a strong correlation between disability and poverty. CBM argues that exclusion of people with disabilities "in areas such as health, education, and work and other livelihood activities propagates poverty and leads to a range of costs to persons with disabilities, their households, and societies" (CBM 2016). And while people with disabilities have shown themselves capable of engaging with SGs, many are financially excluded, and have been overlooked by development organizations.

Given the greater incidence of poverty and unemployment among people with disabilities, economic strengthening programs must employ deliberate efforts to include them and meet their unique needs. Savings Groups are an appropriate economic strengthening intervention for people with disabilities. Like other members, people with disabilities can their improve cash-flow management, invest in IGAs, increase their social capital and build resilience through group membership. The potential benefits of SGs attract people with disabilities, and encourage them to work hard: "When people with disabilities get the opportunity to join groups, they succeed – because they can break out of the disability-poverty cycle, because they don't have many opportunities for empowerment, so when they get a chance, they make every effort to succeed."[33]

In fact, when people with disabilities join SGs, "they do really well. They try to excel, to prove themselves."[34] In CBM- and partner-facilitated SGs in Rwanda and Uganda, over 60 percent of SG members with disabilities are active in agriculture and small businesses. Thus, those whose means of income generation had previously been limited to begging, can develop productive IGAs through SG participation. As explained by an SG member with a disability, who earned income by begging, "yes, I make

[32] CBM was previously known as Christian Blind Mission.
[33] Interview with Hubert Seifert of CBM (2017).
[34] Interview with Hubert Seifert of CBM (2017).

money [begging], but I used to go to the bar every evening to spend it. But when I joined the group I learned to save money, and now I have a business plan, and I'll start a business in a few months."[35]

In a randomized-control trial (RCT) in Uganda from 2013 to 2017, Bjorvatn and Tungodden (2018) found that people with disabilities that had participated in SGs reported greater income growth and stability, saving, consumption, wellbeing and happiness than those who had not joined SGs. The study concludes that the improved outcomes were caused by SG members' increased access to financial capital, and that members' growth in savings and investment was tied to their investments in agricultural land. Also, "treated disabled participants [felt] more in control of their life than the disabled in the control group" and exhibited more positive attitudes toward savings than their control group counterparts.

Not all findings were positive, however: women with disabilities benefited considerably less from group membership than men with disabilities. Bjorvatn and Tungodden (2018) report that while men with disabilities who participated in SGs showed statistically significant improvement in the main outcomes of interest, for women "there [were] no significant treatment effects on any dimension." The authors hypothesize that the difference in impact was due to "females' lower level of complementary inputs at the baseline, combined with a more comprehensive effect of the program on males both in terms of savings and locus of control," as well as more acute discrimination in participating communities against females with disabilities, compared to males with disabilities.[36] The statistically insignificant benefits from SG participation by women with disabilities demonstrates that a gendered approach is required for initiatives that target women with disabilities.

Reaching people with disabilities

People with disabilities represent 15 percent of the global population; and while there is no global data on the disability inclusion of SGs, the available evidence indicates that people with disabilities are underrepresented in SGs. In Kenya, CBM estimates that people with disabilities represent about 4.6 percent of the population, but no more than one percent of SG members; similarly, in Rwanda, despite representing about 6 percent of the population, people with disabilities account for only about 0.5 percent of SG members (Seifert 2016). Given the paucity of SG programming to-date for this population, people with disabilities represent a potentially high-growth, high-impact target group for sector stakeholders.

Barriers to participation by people with disabilities in SGs include both external – including stigma, inaccessibility, and associated discrimination practiced by communities and SG promoters – and internal factors – including lack of skills, education, and self-confidence (Handicap International 2006). Perceived costs associated with providing accessibility and other reasonable accommodations erect further barriers to investment in SG programming for people with disabilities.

The most effective approaches for disability inclusion in SGs include: 1) community sensitization and intentional mobilization of people with disabilities; 2) partnerships with local organizations that already work with people with disabilities; 3) utilization of disability-sensitive questionnaires to identify people with disabilities, without stigmatizing them; 4) provision of reasonable accommodations in projects; and 5) mainstreaming of disability-inclusive SGs by bringing people with disabilities into SGs first, and working to ensure that they remain the majority members, once they have invited others to join.

Disability inclusion – *Barriers*

Stigmatization of people with disabilities is the principal barrier to their participation in SGs, and highly correlated with another factor of exclusion, inaccessibility. Development organizations and targeted communities, inadvertently or explicitly, stigmatize and discriminate against people with disabilities, who they perceive as lacking the means for saving and incapable of managing their own finances. When Humanity & Inclusion began to establish SGs in the People's Democratic Republic of Lao (Lao PDR), "poor people with disabilities were systematically excluded, as they were seen as credit risks and tended to be previously excluded from trainings that would make them good recipients of credit, and/or good savings group members, such as trainings on bookkeeping and financial management."[37]

Overcoming attitudinal barriers among senior management and field staff of development actors is a significant challenge to inclusion of people with disabilities in international development – including SGs. Senior managers must be convinced that people with disabilities "can perform as well as others, and that it is worthwhile to include them as equal members in SGs, and for [the managers] to change, to make disability inclusion cross-cutting issues in their programming."[38] Once senior management is convinced of the need and opportunity to include people with disabilities in SG programming, that

[35] Interview with Hubert Seifert of CBM (2017).
[36] The authors conducted a follow-up study to test their taste-based discrimination hypothesis – that community members discriminated more forcefully against women with disabilities than men – and found supporting evidence.
[37] Interview with Angela Kohama of Humanity & Inclusion (2018).
[38] Interview with Hubert Seifert of CBM (2017).

inclusion strategy must "trickle down to the grassroot level, to ensure that it's included in training material, that the field officers practice inclusion, and that they reach out to people with disabilities, removing barriers."[39] CBM has made progress recently in promoting disability-inclusive development among the senior managers and field staff of its partners and peer organizations: for instance, in 2017, World Vision International published its Savings for Transformation Field Guide, in which it promotes intentional inclusion of vulnerable people, including people with disabilities, in its SG programming (Ingersoll, Copley, and Gough 2017).

Once the principle of disability inclusion is identified as a strategic priority, reasonable accommodations must be provided to persons with disabilities. Reasonable accommodations are "necessary and appropriate modifications and adjustments, not imposing a disproportionate or undue burden, where needed in a particular case, to ensure to persons with disabilities the enjoyment or exercise on an equal basis with others of all human rights and fundamental freedoms" (cited in CBM 2014). Among reasonable accommodations are: holding meetings in settings that can be accessed easily by people with physical impairments; providing information and communication services as needed, such as sign language interpretation or braille handouts; and training field staff and community members to treat people with disabilities with respect, rather than pity, hostility, or fear. The perceived cost of these accommodations constitutes a further barrier to inclusion of people with disabilities.

Providing reasonable accommodations in SGs requires that development organizations and trainers plan and budget for issues that they might not otherwise consider. Making buildings accessible to people with physical disabilities, hiring sign language interpreters, or having documents converted to braille, for instance, are often considered prohibitively expensive. But experience suggests that the costs of increased accessibility are lower than most program designers think: Mobility International USA estimates that disability accommodation generally requires only 7 percent of program budgets, and hiring staff with disabilities adds only another 3 percent to administrative costs for most programs (Heinicke-Motsch and Sygall 2003).

Disability inclusion – *Enablers*

❶ Targeting and outreach

Approaches that enable participation by people with disabilities in SGs start with intentional targeting and outreach to people with disabilities. Intentional outreach involves specialized messaging and/or partnerships with local organizations of people with disabilities. It can include the use of specialized, sensitive questionnaires – such as the Washington Group Questions – to identify people with disabilities without stigmatizing them.

The first community meeting in a coverage area (as well as all subsequent meetings) should be held in a disability-accessible venue, and educate attendees about disability-inclusive development, as well as the types of disability that exist in their community – including visible physical impairments, but also less-visible disabilities such as intellectual impairments and psycho-social disorders. People with disabilities in the community and their caregivers should be encouraged to attend the first meetings. Development organizations should clearly explain that people with disabilities are the target group, and focus messaging on the target group members' ***abilities,*** rather than their disabilities. Doing so can help members with disabilities, their caregivers, and their families and neighbors to understand how they can contribute to their own wellbeing in SGs, and why they should be encouraged to do so.

Even with encouragement, not all people with disabilities feel sufficiently confident to attend introductory meetings and participate in SGs – ongoing sensitization is essential. To this end, local partner organizations of people with disabilities can aid outreach by helping implementing organizations identify households with members who have disabilities, and supporting participatory outreach methods.

[39] Interview with Hubert Seifert of CBM (2017).
[40] The Washington Group Question sets can be found here: http://www.washingtongroup-disability.com/washington-group-question-sets/
[41] Interview with Hubert Seifert of CBM (2017).

CASE STUDY 11:

Leveraging PWR and partnerships for disability-inclusive graduation programming – Humanity & Inclusion

Humanity & Inclusion (HI, formerly Handicap International) is dedicated to disability-inclusive development and implements hundreds of projects annually in 59 countries. In Bangladesh, HI has implemented a disability-inclusive graduation program that exclusively targets households with members with disabilities. To identify qualifying households, HI employs BRAC's Participatory Wealth Ranking (PWR) process, with the addition of disability criteria and questions.

Humanity & Inclusion collaborates with organizations of people with disabilities to identify households with members with disabilities, triangulating and confirming information provided through PWRs. The PWR and verification process is facilitated by the fact that "population density there is high, so there's a high level of social cohesion – everybody knows one another," and can verify for project staff which households do and do not have members with disabilities.[42]

Where the presence of people with disabilities is uncertain, identification can be undertaken through household surveys that include appropriately worded questions about members of the household who have disabilities. While asking directly about household members with disabilities can be invasive, and risks exacerbating stigmatization, at least one set of questionnaires – the Washington Group Questions – has been developed to identify household members with a disability, without asking directly about disabilities.

The Washington Group questionnaires ask questions about aspects of people's functioning. There are two questionnaires: the short set, which is meant to be included in broader surveys for which there is no room for a comprehensive disability questionnaire, and an extended set. The short set, commonly referred to as the Washington Group Questions, poses six questions about "those domains of functioning that are likely to identify a majority of people at risk of participation restrictions," while the extended set covers more domains of functioning in greater detail (Washington Group on Disability Statistics n.d.). Humanity & Inclusion recommends including these questions in disability-inclusive program targeting and outreach, to maximize the probability of identifying people with disabilities.[43]

❷ Program design and evaluation

Accessibility and support services are essential components of an effective disability-inclusive program design. Initiatives that aim to include people with disabilities must be disability-inclusive, providing accessibility and other reasonable accommodations in relation to all meetings, benefit distribution, training and program interventions. Savings Group meetings must be held in accessible locations, without exception; and if the project budget permits, disability experts, such as rehabilitation professionals, may be recruited to provide disability-related support during and after meetings. Where possible, hiring qualified field staff with disabilities can reduce the reluctance of people with disabilities to participate, because these staff bring with them greater understanding of the challenges faced by people with disabilities, and can provide appropriate advice and solutions (Catholic Relief Services 2017b).

Beyond project design and implementation, disability-inclusive projects should record disability inclusion activities and outcomes throughout the project period. Few disability-specific impact measures exist, but HI has leveraged its graduation model pilot projects in Bangladesh to elaborate a Disability-Inclusive Graduation Index. The index is based on the Bangladesh Stimulating Household Improvements Resulting in Economic Empowerment (SHIREE) program's graduation index, with additional indicators pertaining to disability and empowerment. These indicators measure persons with disabilities' outcomes related to autonomy, self-esteem, participation in family and community life, and access to water and sanitation.[44]

[42] Interview with Angela Kohama of Humanity & Inclusion (2018).
[43] Angela Kohama, personal communication with the author, March 2018.
[44] Angela Kohama, personal communication with the author, January 2018.

IN GHANA, WORLD VISION INTERNATIONAL OBSERVED THAT PEOPLE WITH DISABILITIES "DID **NOT FEEL CONFIDENT JOINING MAINSTREAM SAVINGS GROUPS** BECAUSE OF STIGMA AND DISCRIMINATION AGAINST THEM OR LACK OF SELF-ESTEEM" (Honda 2014).

❸ Group membership

Organizations that specialize in disability-inclusive development advocate for mainstreaming people with disabilities by forming mixed groups. Whether mixed or exclusive groups are preferable depends on context, including the principle of self-selection. Where the presence of people with disabilities is sparse, or stigmatization is negligible, participation by people with disabilities in mainstream SGs is effective; in some settings, disability-only SGs operate more effectively, since they reduce risk of stigmatization within groups of members with disabilities, and empower group advocacy.

CBM prefers to include people with disabilities in mainstream SGs but recognizes that in some circumstances disability-only SGs are preferable. Seifert explains that "sometimes joint advocacy for disability rights can work better with disability-specific groups, because in inclusive groups, people with disabilities might still be marginalized. So, with disability-specific groups, you can add a lot of empowerment aspects, educate them on their rights, promote access to services, and ensure that children with disabilities and their caregivers get access to educational opportunities, social networks, cash transfer programs, etc. Members of disability-specific groups can have a stronger voice as a group when they engage with government and other stakeholders."[45]

CASE STUDY 12:

Disability-specific Savings Groups in a mainstream savings group program – World Vision International in Ghana

In Ghana, World Vision International observed that people with disabilities "did not feel confident joining mainstream savings groups because of stigma and discrimination against them or lack of self-esteem" (Honda 2014). People with disabilities were more comfortable in disability-only SGs because members had more patience with each other's needs, including the need to take more time to do tasks than people without disabilities. In addition, some people with disabilities in WVI's Ghana program lacked "capacity to join mainstream savings groups" – including inability to read, write, or count; due to difficulty seeing, moving, or hearing, or intellectual impairments – so needed groups that would provide them with opportunities for capacity building (Honda 2014).

Nevertheless, mixed groups can be effective – particularly if people with disabilities themselves form the groups, and maintain membership majority ***vis-à-vis*** members without disabilities. Where people with disabilities initiate the group, and then choose to extend membership to people without disabilities, they are better able to maintain control over group management and policies. And where services are offered, the founding members may benefit from group counseling and advice from social workers and SG promoters.

[45] Interview with Hubert Seifert of CBM (2017).

"USUALLY PEOPLE WITH **DISABILITIES ARE EXCLUDED FROM OTHER DEVELOPMENT PROJECTS,** OR THEY'VE BEEN MISSED BY OTHER TYPES OF DEVELOPMENT INTERVENTIONS – VSLA, SHG-TYPE INITIATIVES. SO, THERE'S EAGERNESS TO PARTICIPATE IN AN ECONOMIC INITIATIVE LIKE THIS" (KOHAMA 2018).

CASE STUDY 13:

Mixed Savings Groups with majority members with disabilities – Humanity & Inclusion in Bangladesh

Savings Groups are the core savings component of HI's Bangladesh Graduation programming, and group mobilization begins with people with disabilities, before extending membership to other members of the community. Members with disabilities choose to invite other community members at their own discretion. Members with disabilities "tended to know who else in the community was getting services, by proximity and their relationships with the local organizations of people with disabilities, so they could suggest family or neighbors."[46] The groups were mixed, but they were built by people with disabilities, with guidance from social workers, HI staff, and other program experts.

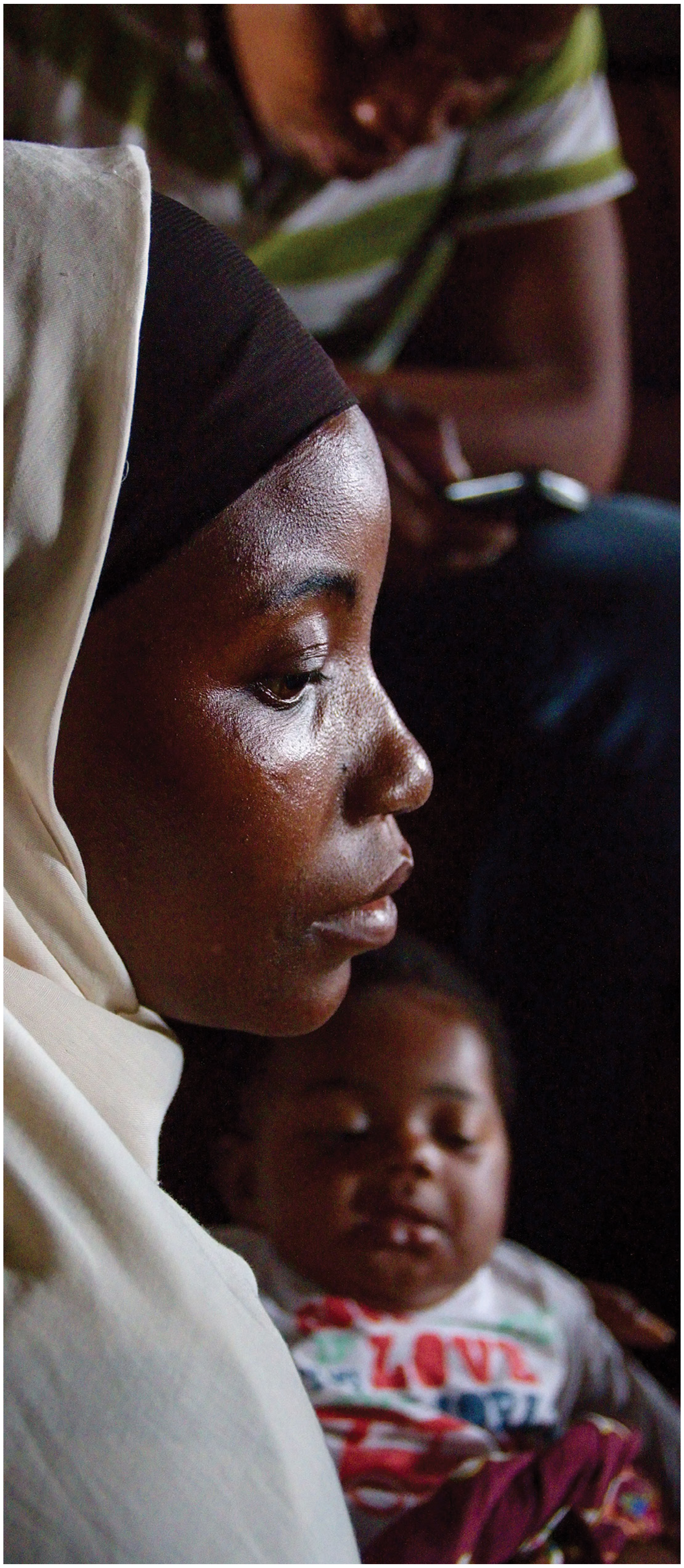
HI found SGs to be popular among people with disabilities: almost everyone in HI's Bangladesh Graduation program joined a group. The popularity of SGs among people with disabilities pertains to their prior experience of exclusion: "Usually people with disabilities are excluded from other development projects, or they've been missed by other types of development interventions – VSLA, SHG-type initiatives. So, there's eagerness to participate in an economic initiative like this."[47]

KEY LESSONS

1. **Savings Groups can empower people with disabilities, and reduce the suffering caused by stigmatization;**
2. **Savings Groups are appropriate economic strengthening interventions for people with disabilities, increasing their income, saving, consumption, wellbeing, and happiness;**
3. **Few SG programs systematically target people with disabilities, leading to their underrepresentation in SGs;**
4. **For disability inclusiveness, SG programs should leverage local organizations of people with disabilities, participatory methods, and sensitive questionnaires, to identify and reach people with disabilities;**
5. **No concrete conclusions can be drawn about the advantages of forming mixed or disability-only SGs, but disability-inclusive development organizations recommend including people with disabilities in mainstream SGs; and**
6. **To empower people with disabilities, development organizations can form groups led by people with disabilities, and later advise groups on whether to extend membership to trusted community members without disabilities.**

[46] Interview with Angela Kohama of Humanity & Inclusion (2018).
[47] Interview with Angela Kohama of Humanity & Inclusion (2018).

ANDREAS PEHAM



3.4 Women's financial inclusion and gendered outcomes

From 2011 to 2017, the percentage of women in developing economies with an account at a financial institution increased from 37 to 59 percent (Global Findex 2018). Despite the almost universal gains in women's financial inclusion, a persistent gender gap remains: over the same period, the difference in account ownership between men and women increased from 7 to 9 percent. Furthermore, the financial inclusion gender gap extends beyond account ownership: even among those who are financially included, women's accounts are more likely than men's to be dormant (Microfinance Gateway 2016).

Women are disproportionately excluded from financial markets for several reasons. First, legal, regulatory, and cultural barriers forcibly exclude women in many countries. In a study of 173 economies, the World Bank found that 90 "had at least one law impeding women's economic opportunities" (cited in Lewis, Villasenor, and West 2016). In some settings, lack of female points of contact in banks and other financial service providers prevent women from accessing formal services. Poverty and physical inaccessibility present other challenges: gender gaps in income preclude many women from maintaining minimum required balances, and mobility constraints prevent many rural women from traveling great distances to bank branches or cash points. And finally, women's financial inclusion is further thwarted by gender gaps in financial literacy, as well as basic literacy and numeracy (Lewis, Villasenor, and West 2016; Microfinance Gateway 2016).

Given these limitations in access to formal financial services, SGs are among the predominant financial service providers available to women, particularly the rural poor. Globally, about 80 percent of SG members are women. Women are often early adopters in villages targeted by SG programs, while men express skepticism regarding the initially small amounts of money managed by the self-capitalized groups. In some cases, programs explicitly target women due to greater levels of vulnerability and financial exclusion.

A systematic review of the evidence (Gash 2017) concludes that SGs have a positive impact on member savings, access to credit, business investment, asset accumulation, consumption, nutrition and food security, social networks, resilience and self-confidence – and the author observes that SGs are widely promoted as an economic strengthening strategy in women's empowerment programming. Evidence of the impact of SGs on women's empowerment, however, is limited. Only 4 percent of the 53 studies reviewed by Gash (2017) examined the impact of SGs on women's empowerment; and the results are mixed. In combination with other services, SGs may improve gender relations within the household and reduce intimate-partner violence (IPV); but several of the studies reviewed also recognize the limits of standalone SG programs to influence gender norms.

The program literature observes more positive impacts on women's empowerment – compared to experimental studies. A gender case study of World Relief's Savings for Life (SFL) program found that participation in SGs reduces marital conflict caused by financial stress, improves husbands' views of their wives and increases women's roles in household financial decision making. Women expressed that they can "take care of their own needs, better fulfill their household duties, and therefore feel more useful, valuable, and respected, no longer having to 'nag' their husband for things" (Mugisha and O'Connell 2017). An endline review of Oxfam America's Saving for Change (SfC) program in Cambodia found that "women's value and power in the household increased because decisions made by women unilaterally as well as joint-decisions [sic] by women and men on fundamental issues increased" (Vibol and Kuy 2017). Ashe and Parrott (2001), in a study of Pact's Women's Empowerment Program (WEP) in Nepal, found that women's role in decision-making had expanded considerably due to membership in SGs, bolstered by the program's literacy training. Rodway, Nussey, and Harris (2016) observed that both younger and older women in Banking on Change viewed SG membership as a means of fostering independence and agency. But Waller's (2014) evaluation of the CRS-led Wellness and Agriculture for Life Advancement (WALA) program in Malawi described mixed results related to women's empowerment: "(1) Some married women and their husbands make joint decisions, but [then] men have the final say. (2) A number of married women and all female household heads make decisions independently of their husbands or partners...The woman had voice and influence on her participation, but when it came to final decisions on loan use, the husband was said to always have the last word."

The relationship between SGs and women's empowerment warrants further study, including a more rigorous examination of the intra-household impact of SGs, as well as gendered outcomes.

Improving gendered outcomes – *Barriers*

Both men and women face barriers – albeit different ones – to joining and benefiting from SGs. Men's principal barrier is self-exclusion, as well as exclusion by SG initiatives that solely target women. Women, in contrast, tend to be early adopters of SGs, but may experience various unintended consequences that include: time poverty, reducing their ability to attend weekly meetings due to multiple commitments; the stress of financial management, especially among women with no prior financial experience and low education levels; and lack of male partner or family support.

The unequal distribution of child care, household duties and the burden of care for ill relatives has "a direct impact on [women's] responsibilities and time, as well as their income" (Rodway, Nussey, and Harris 2016). Family illness constitutes both a conflicting time commitment that can reduce women's ability to commit to their SGs, as well as a cause of financial shocks that can reduce women's ability to save. One young woman participant in Banking on Change in rural Tanzania, took a loan from her SG, but could not invest in her business because her children had become ill, "so I needed to take them to hospital." Without a spouse to help her, she had to prioritize paying her children's medical bills, over using her loan to improve her circumstances in the long run (Rodway, Nussey, and Harris 2016).

Men's exclusion from SGs – whether by choice or program design – can have deleterious effects on women's outcomes. Graham Seel (2015) observed that gender-integrated groups in Uganda performed better than women-only groups, as married women in women-only groups "agreed that the absence of their husbands from the groups meant that they needed to carry the full load of financial management. In some cases, their husbands would demand the proceeds of loans, or of savings redistributions at the end of a cycle. While the women had learned some good skills from the groups... they had not seen relational improvements at home." In contrast, gender-integrated groups "had experienced considerable change in the areas of joint decision-making, household harmony and reductions in domestic violence."

Women are early SG adopters, men trickle in – Catholic Relief Services in Malawi

Responses to when, why, and how women and men first joined an [SG] can be classified into three main phases. In the first phase, mostly women and a few men were convinced of the economic benefits of [SGs] after attending the initial WALA community awareness and mobilization campaigns. The most common explanation for women joining first was that they were the first to see the problems in the household. They will quickly get involved in a development activity if they see possible economic benefits, particularly to feed their children. In [a 2013 WALA report], men indicated that "women are early adopters who jump right into something without seeing if it is of any value." In this gender study, men were said to want larger loans for their bigger businesses.

The second and third waves of women and men were motivated to join after admiring the material benefits acquired by their [SG-member] neighbors and friends and or took up [membership on] the advice from female friends and or spouses...

By the third and fourth cycles, members' businesses and savings amounts had accumulated, and members were accessing much larger amounts of money. Nonmembers saw how their peers had easy access to loans and were able to pay back under fair and affordable interest rates...

In the last wave of people to join, some men saw how much their wives were benefiting and decided to join to increase benefits to the household.

– Waller (2014)

Women sometimes require permission from male partners and relatives, as well as female gatekeepers, to participate – particularly in the absence of independent income. Not only can the lack of financial or moral support from men prevent women from joining, withdrawal of male support can force women to exit the group (Rodway, Nussey, and Harris 2016).

Improving gendered outcomes – *Enablers*

Actively promoting SGs with men can change men's attitudes towards participation by their female partners and dependents. In fact, with proper guidance, bringing men into SGs, whether as members or as positive contributors to their partners' membership, can improve gendered and household-level outcomes.

The sector literature indicates that male participation increases over time, as men observe the benefits of more mature groups. However, without proper sensitization on gender issues, it may be difficult for groups to effectively integrate new male members.

Regardless of gender outreach targets, development organizations should sensitize both men and women in target communities to SGs, and the mechanisms and benefits of household participation. Gender dialogues, when properly implemented, can encourage both men and women to challenge harmful gender norms and to reexamine their assumptions about their own and their partners' needs and capabilities. Properly designed gender dialogues not only improve men's attitudes towards their female partner's participation but can prompt them to change their behavior at home, including reducing their propensity for violence and prompting them to provide more support for child care and other domestic duties. Such behavioral changes can improve the experience and outcomes for participating households – for both men and women.

CASE STUDY 14:

Improving Savings Group outcomes for women by engaging them, and their male partners, in gender dialogues – Journeys of Transformation in Rwanda, and findings from an experimental study in the Ivory Coast

Journeys of Transformation is a gender empowerment training manual that builds on formative research conducted by Promundo and CARE International in Rwanda in 2011-2012. The manual consists of sixteen 2-4-hour sessions for men and women on themes that include business management, gendered power relations, gender-based violence, sexuality and alcohol use, and sexual and HIV/AIDS education. The sessions can be delivered to any group, including SGs.

In an experimental study conducted in 2012, using a two-group comparison design, couples in the treatment group showed significantly greater economic improvement, particularly among the participating families with the lowest income levels, than comparison group families. At endline, several husbands in the treatment group said that "they acknowledge the [SG] activities of their wives as an economic empowerment activity. Several men in the [treatment] group also said they started to collaborate with their wives for the repayment of loans...While positive changes were seen in income among women in the comparison group, the changes were not as extensive and did not reach as many areas or aspects of the women's lives as in the [treatment] group." Regarding partner relations and family dynamics, treatment group members reported that "some men became more supportive of family planning and many men became more involved in child care activities – changes that were not seen in the comparison or [SG] 'as usual' group" (Promundo and CARE International 2012).

Similarly, in the Ivory Coast, the International Rescue Committee (IRC) has engaged women members and their male partners "in dialogue and group learning activities about household and relationship dynamics, encouraging them to reflect on the characteristics of a successful household," including financial planning, communication and negotiation skills, power dynamics, and decision making (IPA 2014). A randomized control trial conducted by IPA between 2010 and 2013 found that SGs alone did not improve gender norms or reduce likelihood of IPV. But, in combination with gender dialogues, SGs contributed to significant reductions in IPV and economic abuse of women, as well as in acceptance of wife beating (IPA 2014).

KEY LESSONS

1. **While women are generally early adopters of SGs, male participation increases over time through demonstration effects;**
2. **Women-only SGs should be permitted to decide whether and when to extend membership to men;**
3. **Savings Groups combined with gender dialogue discussions that involve male partners are more effective at empowering women members, compared to group membership alone;**
4. **Benefits of gender dialogue include improvements in men's attitudes toward their female partners' SG membership, reductions in IPV, and participation in and provision of more domestic support; and**
5. **Further research is required to generalize the conditions under which SGs contribute to women's empowerment.**

WORLD VISION

3.5 People living with or affected by HIV

HIV and other illnesses cause disproportionately severe financial burdens for poor families. To mitigate this effect, household economic strengthening (HES) has become a core component of programming related to health and orphans and vulnerable children (OVC). Savings Groups have emerged as one option to provide people living with or affected by HIV with improved access to financial services and social support – the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) has adopted SG promotion among its core economic strengthening interventions (Birx 2014).

Treating and managing HIV is expensive. A study of the financial burden of HIV care in Indonesia demonstrates that people living with HIV (PLHIV) direct 68-96 percent of their monthly expenditures toward HIV care, "indicating a substantial financial burden for many ART patients" (Riyarto et al. 2010). Treatment of co-infections adds an extra financial burden to PLHIV, as do the long-term lost earnings for both those living with and affected by HIV, caused by work days lost due to illness, and potential job losses caused by stigma (Kumarasamy et al. 2007). The consequence of increased health-related expenditures for PLHIV and their families in developing countries is greater borrowing (often at very high interest rates), lower saving, and increased asset sales, compared to other households – a set of severe coping mechanisms observed in both South Africa (Booysen 2002) and Indonesia (Riyarto et al. 2010). Indeed, even though inexpensive or free provision of ART helps reduce financial burdens on PLHIV and their families, "other costs can still represent a serious financial burden" (Riyarto et al. 2010).

Savings Groups and people living with or affected by HIV

Savings Groups can improve cash-flow management, help avoid severe coping strategies, and build resilience to shocks caused by HIV. In a survey of the experiences of people living with or affected by HIV in SGs in Africa, Vanmeenen (2010) argues that SGs can increase the food security and social capital in affected communities, support critical needs through the group social fund, and serve as good platforms for add-on trainings, including HIV education and awareness. In South Africa, Barber (2011) posits that the principal benefits are consumption smoothing and improved coping mechanisms: HIV-related and other expenditures "do not closely track income flows," but "stable levels of consumption [seen among SG members] suggest that [people living with or affected by HIV] are more protected from insecure and volatile flows of income and are thus more able to meet basic needs. Results indicate that the impact of adverse shocks has been cushioned and coping strategies strengthened, thus overall vulnerability to poverty has decreased among participants." In a review of studies, Gash (2017) identified myriad benefits to SG membership for people living with or affected by HIV: increased savings, better social relations, increased independence, and better environments; but mixed effects for prevention of risky behaviors, and only small positive effects on ART adherence, viral suppression, and mortality.

In contrast, among female sex workers (FSW), Mantsios (2016) found SG membership to be positively associated with consistent condom use, due to the freedom of choice experienced by FSWs in SGs, who benefit from higher financial security. Finally, Nhamo-Murire, Campbell, and Gregson (2014) find that community group membership (broadly defined) is associated with lower stigmatization of people living with or affected by HIV.

Many development actors that work with PLHIV and OVC caregivers, promote SGs as a key component of their economic strengthening initiatives; yet there is no global census data on the target population. In 2014, PEPFAR estimated that its economic strengthening programming for PLHIV and OVC encompassed about 13,000 SGs, with 250,000 members – including PLHIV, pre- and post-partum women, OVC parents and guardians, community volunteers, and peers in the community – concentrated in twelve Sub-Saharan African countries,[48] and Haiti (Birx 2014). There are opportunities for improved outreach and delivery of basic financial services to people and communities affected by HIV: the World Health Organization (WHO) estimates that, at the end of 2016, there were approximately 36.7 million people living with HIV (PLHIV) worldwide, 25.6 million of whom live in Africa.[49] That year alone, one million people died of HIV-related illnesses.

Enabling participation by people living with or affected by HIV – *Barriers*

While there is a demonstrable demand for SGs among PLHIV, there are significant barriers to their effective participation, particularly in relation to targeting and outreach. Targeting PLHIV and OVC caregivers of children affected by HIV, explicitly or exclusively, risks exposing potential members' HIV status – and may increase risks of, or exacerbate, stigmatization. On the other hand, geographic targeting alone – which is less invasive – is insufficient.

CASE STUDY 15:

A profusion of vulnerabilities undermines targeting of people living with or affected by HIV – World Vision International and FHI 360 in Mozambique

In Mozambique, Strengthening Communities through Integrated Programming in Zambezia (SCIP-Zambezia), managed by World Vision International, and Community Care Program (PCC) led by FHI 360, formed SGs in the context of economic strengthening programming for vulnerable populations – including PLHIV and their families, and OVC caregivers. SCIP-Zambezia worked with its health councils, and PCC employed geographical and capacity-based targeting. Both conducted community outreach, and neither limited SG membership exclusively to PLHIV or OVC populations.

A 2014 evaluation of the programs found that most SGs members were considered vulnerable in their communities; and in PCC, 33 percent of members were not beneficiaries of the broader project. Although membership criteria were loose, the researchers found no evidence of exclusion of vulnerable people from SGs. Instead, they found a profusion of vulnerabilities included in the SGs, due to poor project definitions of vulnerability. Ferguson, Myhre, and Hall (2014) explain that "vulnerable persons" defined by SG members included: PLHIV, OVC and OVC caregivers, single heads of household and widows, the poor, the elderly, people living on $1 USD per day, the unemployed, and anyone benefiting from the project health interventions. In short, the range of "vulnerable" characteristics was so broad "that nearly every household in a typical village or low-income urban area could be considered vulnerable, if all that is required is to match one criterion."

In short, the SGs analyzed in Mozambique were successful in leveraging community outreach to target vulnerable people for membership, but whether they succeeded in including the *types* of vulnerable people targeted by the

[48] Sub-Saharan countries listed by Birx (2014) are Botswana, Côte d'Ivoire, Ethiopia, Kenya, Lesotho, Mozambique, Rwanda, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.
[49] http://www.who.int/en/news-room/fact-sheets/detail/hiv-aids

projects – that is, OVC and persons and families affected by HIV – is uncertain. Part of the uncertainty stems from the risk of stigma: according to one SG member the evaluators interviewed, "we want to target PLHIV and OVC caregivers, but we don't want to discriminate, and so sometimes we don't ensure that these people are in the groups. At the same time, people don't disclose [their status]" (Ferguson, Myhre, and Hall 2014).

Targeting and outreach, and SG composition, are closely linked when sensitive vulnerabilities, such as HIV status, are concerned. Targeting accuracy comes at a cost of potential stigmatization of participants, while protecting privacy by conducting community outreach reduces the certainty that the target PLHIV and OVC populations are being included.

Enabling participation by people living with or affected by HIV – *Enablers*

The deliberate inclusion of people living with or affected by HIV starts with leveraging partnerships with local institutions that have pre-established relationships with the target population, in combination with community sensitization. In some cases, initial SG promotion can take place at treatment centers, with information on local SGs that exist in their home areas. As with other vulnerabilities, SGs in HIV projects should provide add-on services such as financial education, HIV education, and basic business skills, given the difficulties that people living with or affected by HIV can have earning regular income. Group policies, as well, may need to be more flexible to accommodate the target population.

❶ Targeting and outreach

An effective approach to preserve targeting accuracy while reducing the risk of stigmatization is the combination of group targeting and community outreach. Development organizations first sensitize HIV-affected populations that receive services provided by local health clinics and organizations; and then conduct community mobilization and sensitization – inviting all who are interested to join SGs, while focusing messaging on issues around HIV care, treatment, and stigma. While partner health institutions can sensitize their clienteles and promote SG initiatives in patients' home areas, community mobilization is less stigmatizing than clinic-based recruitment.

CASE STUDY 16:

From clinic- to community-based targeting – Catholic Relief Services in Haiti and Tanzania

From 2002 to 2007, CRS and the Diocese of Musoma managed the Kibara Mission Hospital HIV project in northwestern Tanzania. And from 2009 to 2013, CRS implemented the Community Health and AIDS Mitigation Project (CHAMP) in Haiti. Both projects included SGs as an economic strengthening intervention for PLHIV, and both found community outreach to be more effective than clinic-based targeting.

The Kibara project, which began in 2002 with HIV interventions, added SGs in 2005 "to improve the incomes and boost the nutritional status of [PLHIV], as well as those of their households" (Parrot 2008).

Savings Group formation included two different strategies. In the first, the project, which had already established a working relationship with target communities, employed clinic-based outreach. A few groups formed – but progress was slow until the project changed strategies to community-based outreach. In this strategy, the Kibara Mission Hospital asked local district leaders to select community-based trainers, and CRS staff trained them to conduct outreach and SG training. By 2007, the project had formed 35 SGs, comprising 794 members – 70% of whom were women – "most of whom launch[ed] a microenterprise after joining" (Parrot 2008).

In Haiti, the CHAMP project initially reached out exclusively to PLHIV. But the strategy floundered, for two reasons: first, due to low PLHIV density in the project coverage area, "PLHIV [SG] members did not live in the same communities and had little interaction beyond group meetings," limiting build-up of trust and social cohesion among members. Second, "there were concerns about stigmatization with PLHIV-only [SGs]" (Parker et al. 2015). "The group of people living with HIV has been stigmatized. So what we did was to put in a system of equal opportunity in the benefit of all groups of the community, the sick and non-sick people. This strategy has worked better. Even if those who have been sick have not participated in large numbers, but many other [sic] have participated," explains a project staff member (quoted in Parker et al. 2015).

From June 2011 to March 2013, CRS Haiti gave PLHIV-only SGs the opportunity to extend membership to other community members, and utilized community mobilizers and community-based organizations to raise awareness among entire communities. Savings Group formation accelerated with the community-based inclusive strategy, reaching 159 SGs, and over 4,000 members (67 percent women) by the end of the project.

❷ Project design

Whether programs exclusively target people living with or affected by HIV, or adopt an inclusive outreach strategy to reach and better serve these target groups, initiatives that target PLHIV must include add-on trainings or curricula, including HIV sensitization and education, as well as counseling to encourage PLHIV to attend health appointments and adhere to ART. The Kibara project started in 2002 with HIV awareness, voluntary counseling and HIV testing, compassionate home-based care, and implementation of a behavioral change and stigma-reduction training for HIV, called *Stepping Stones,* that covers gender, income generation, HIV, communication, and relationship skills (Parrot 2008; Stepping Stones 2017). SCIP-Zambezia provided integral HIV-related interventions through health councils (Ferguson, Myhre, and Hall 2014).

More recently, CRS Haiti's BEST project combined SGs and counseling services delivered by Caris International. Health extension professionals – including nurses and social workers – worked with SG promoters to integrate HIV sensitization with SG activities, and some SG members told researchers that they did not feel stigmatized in their groups, and that their fellow group members helped them remember their clinic appointments, and take their ART as recommended.[50]

Integrating HIV sensitization and education into SGs can help reduce community stigma against people living with or affected by HIV, and help PLHIV group members to adopt and adhere to positive, health-seeking behaviors.

KEY LESSONS

1. **Reaching sensitive target groups through partnerships with health clinics, clubs, or associations, is more efficient and less invasive than individual targeting;**
2. **Community outreach to promote inclusive SGs can reduce the stigmatization of people living with or affected by HIV; and**
3. **Savings Groups for populations living with or affected by HIV should be combined with HIV sensitization and education, financial education, and other relevant life skills and business trainings – for the community at large.**

[50] Author's review of Haiti BEST key informant interviews, and personal communication with CRS Haiti and Caris International staff, 2017.

CHARS LIVELIHOODS PROGRAMME

3.6 Smallholder farmers

Agriculture is crucial to economic growth, accounting for one-third of global gross domestic product in 2014 (World Bank 2018). Agricultural livelihoods programming principally targets rural, smallholder households, which tend to be poor and financially excluded due to their vulnerability to changes in weather patterns, climate shocks, and variable global commodities prices. Globally, the World Bank estimates that 78 percent of poor people live in rural areas and work mainly in agriculture (World Bank 2014), and agriculture is the main livelihood of 65 percent of poor working adults. "If you care about the poorest, you care about agriculture... Investments in agriculture are the best weapons against hunger and poverty," explains Bill Gates, Co-Chair of the Bill & Melinda Gates Foundation (Bill & Melinda Gates Foundation n.d.).

Globally, family farms constitute over 98 percent of all farms, meeting between 36 percent and 114 percent of national caloric requirements (Graeub et al. 2016). Agricultural finance is, therefore, central to achieving two Sustainable Development Goals: food security (SDG 2) and job creation and economic growth (SDG 8). Despite their contribution to local, national, and global food chains, many smallholder farmers lack access to basic financial services[51]: according to Liezl Van Riper, Vice President of Development at myAgro, "if [smallholders] could have the right amount of financing to invest in their fields, [it] would be about $200 billion. Only a quarter of that is being met currently. So, credit is pretty limited in its reach when it comes to smallholder farmers" (Planting Seeds of Success in Africa 2018).

While there is no global survey of smallholder financial inclusion, CGAP has conducted nationally representative surveys of approximately 3,000 smallholder households in each of six countries (CGAP 2018). Formal financial inclusion of smallholder households in the six countries surveyed by CGAP – Bangladesh, the Ivory Coast, Mozambique, Nigeria, Tanzania, and Uganda – ranges from 7 percent in Mozambique to nearly 50 percent in Tanzania. And a small proportion of financially excluded smallholders have access to SGs – from 5 percent in the Ivory Coast to 22 percent in Uganda (CGAP 2018).

Smallholder farmers are financially excluded due to several reasons, including the risks related to infrequent

[51] For a discussion of available sources of data on the agricultural finance gap, see the Rural and Agricultural Finance Learning Lab: https://www.raflearning.org/post/show-me-the-data%C2%A0using-data-unlock-access-finance-for-smallholders.

and erratic income from crop sales, sporadic casual labor opportunities on other farms, marginal off-farm small businesses, and occasional remittances. Smallholders require significant cash at specific times of the year – planting and harvesting – and represent a market segment with significant co-variant risks that are difficult to diversify or mitigate, including sector-wide crop failures due to inclement weather and pests. Finally, smallholders' financial needs extend to off-farm IGAs, complicating the process of designing adequate financial products to meet their needs (Anderson and Ahmed 2016).

Savings Groups are an appropriate intervention for smallholders excluded from formal financial services, because they provide the means for farmers to save in small amounts and access short-term loans for investment in on-farm (crops and livestock) and off-farm (IGA) activities. Indeed, a high proportion of SG members worldwide are engaged in agriculture – whether subsistence, smallholder, or (to a lesser extent) commercial – and agricultural activities represent an important share of the economic portfolios of many member households. Implemented properly, SGs can provide smallholder farmers with needed financing, and can further serve as platforms for the delivery of agricultural, marketing and business trainings; as well as an opportunity for collective input purchasing and production marketing. This section examines the extent to which SGs effectively serve smallholder farmers, by helping them access financing and market opportunities.

As Vanmeenen (2010) explains, "many farmers struggle to fully reap the benefits of a successful production cycle due to demands within their own households." Among other benefits, SGs enable smallholders to save money to pre-finance purchases of improved seeds and fertilizer, meet their household consumption needs in between harvest periods, and postpone crop sales until their crops are mature, or the market price has risen (Anderson and Ahmed 2016). In addition, as groups mature, "there is a greater potential to use the collective power of [SGs] to secure higher quality inputs and finance production and marketing activities" (Vanmeenen 2010).

CASE STUDY 17:

Savings Groups as a platform for collective agricultural marketing – SILC Group Associations (SIGA) in Tanzania, Catholic Relief Services

From 2000 to 2008, Catholic Relief Services partnered with local organizations in the Tanzanian region of Mwanza to improve production of chickpeas, pigeon peas, groundnuts, and orange-fleshed sweet potato. CRS and its partners introduced new seed varieties, integrated pest management, improved agricultural marketing techniques; and formed farmer associations. In 2006, CRS introduced SGs to local farmer associations to leverage the groups as platforms for crop marketing. By the end of the year, CRS and its local partner, the Mwanza Rural Housing Programme (MRHP) had established SILC Group Associations (SIGA), which consisted of at least four SGs in the same village, to help SG members market their crops collectively. Fowler and Nelson (2011) observe that SIGAs functioned primarily "as a marketing cooperative that negotiate[d] with buyers for the sale of crops produced by [SG] members and others."

> *"In order to inform price negotiations, the SIGA estimates production levels and calculates the year's average cost of production; prior to the sale, the crop is then cleaned, packed and stored. Buyers then agree to provide cash advances to the SIGA, which is used to purchase crops from farmers, store it and then pay commissions based on volumes sold. In addition to collective marketing, SIGAs offer seed multiplication, input loans, and insurance for their member [SGs]"* (Fowler and Nelson 2011).

Savings Groups integrated rapidly into SIGAs due to structural similarities, including similar management structures; and selection of managers from the cohort of SG leaders who held the same position, reduced training and capacity-building requirements at the SIGA level. The benefits of SIGAs extended beyond SG members, to the communities at large: by pooling the produce from multiple SGs, "the [SIGAs] were able to negotiate higher prices, attracting farmers who did not belong to a [SG] to add their chickpeas to the amount to be sold. Of the 9,000 households [which] sold chickpeas through the associations, only 11% were [SG] members" (Ferris, Mundy, and Best 2009).

Including smallholder farmers – *Barriers*

Smallholders' covariant demand for credit, irregular, seasonal income, and the prevalence of smallholders in cash-poor settings present obstacles to their effective participation in SGs.

Smallholder farmers who cultivate the same crops, in the same villages or districts, likely operate on the same seasonal production calendar. Many, or all, prepare their soil, plant their seedlings, and harvest their crops during the same periods. In instances in which most or all group members cultivate the same crops, covariant demand for credit can create liquidity constraints for SGs – with adverse effects on member satisfaction, group cohesion and the general usefulness of membership.

After the harvest, members may sell their produce at once, leading to a temporary boom in desired savings or loan repayments, followed by extended periods in which the demand for savings and capacity for loan repayment is low. "The volatility of agricultural production and its inherent risks... exerted a strong influence over the financial lives of smallholders," with households struggling the most in the months between harvests (Anderson and Ahmed 2016). Agricultural income is extremely volatile: in a smallholder financial diaries study conducted in three countries, CGAP found that the median standard deviation of monthly income from agricultural production ranged from 222 percent in Mozambique to 458 percent in Pakistan. Overly rigid savings and credit policies, or standardized processes that do not account for seasonality, may not be appropriate for smallholder farmers.

Including smallholder farmers – *Enablers*

Diversification of income-generating strategies among smallholder SG members can mitigate the pressure on group loan and social funds arising from the covariant demand for savings and credit. In its smallholder diaries study, CGAP found that most households had varying degrees of diversification in their income sources, and "the wide range of [smallholders'] income sources outside of crop and livestock production did dampen the effects of the agricultural cycle on the sample households" (Anderson and Ahmed 2016). Nevertheless, income diversification is not always possible in farming communities – and smallholder households remain vulnerable between harvests.

Seasonality effects can also be mitigated by encouraging the adoption of flexible and seasonally appropriate policies relating to savings and credit, as well as scheduling of dividends or share-outs. Minimum savings requirements can be increased during harvest periods and reduced or eliminated during lean seasons. Share-outs can be timed to coincide with agricultural cycles, and meeting frequency can be reduced during lean periods in recognition of members' reduced demand for savings.

CASE STUDY 18:

Flexible savings policies improve the outcomes of SGs for rice farmers in Madagascar – Aga Khan Foundation

Since 2009, AKF has integrated SGs with agricultural interventions in Madagascar. In the context of monoculture rice farming communities, the project had to make some changes to group policies to address the farmers' covariant demand for savings and credit, as well as extreme seasonality of income. "[The farmers] had two harvests per year, sometimes a bumper third harvest, so their income was highly variable over the course of the year. That made it harder to have a regular savings habit, and members wanted to save a lump sum in the group after [each] harvest," explains David Panetta, former Community-Based Savings Program Manager at AKF.

Three-to-four months after each harvest, "we thought the groups were collapsing," explains Panetta, "but they weren't: attendance was highly cyclical. It collapsed around planting and harvest season because in Madagascar, rice farmers' fields are a long walk from their homes, so they would get up early, or sleep at their fields for several days, and would be unavailable to attend SG meetings." [Average] attendance rates would plummet to as low as 60 percent during planting seasons, and as low as 40 percent in many groups. "This was all exacerbated by the cyclicality of demand for savings, credit, and appeals for the social fund – leading to the social fund's collapse. Everybody asked for money from the social fund for food [at the same time] due to scarcity leading up to the harvest."

To address the effects of extreme seasonality, SGs proposed increased flexibility in the share purchase system. First, they relaxed share purchase requirements at meetings to 0-5, essentially eliminating any minimum savings requirement. Second, they organized special share purchase meetings following each harvest. Together, these adaptations improved the performance and outcomes of SGs in rice farming communities in Madagascar.[52]

[52] David Panetta, personal communication with the author, November 2017.

DUE TO ZIMBABWE'S DIRE POLITICAL, ECONOMIC AND MONETARY CRISES, RURAL AREAS ARE CASH-POOR, REQUIRING ADAPTATIONS IN POLICIES AND PRACTICES: **SOME GROUPS BARTER, WHILE OTHERS SAVE ON A MOBILE PLATFORM CALLED EMUKANDO** (Norell 2018).

Finally, in cash-poor rural economies, SGs can adopt policies that permit payment in goods or services. In a recent CRS project in rural Mauritania, some SG members paid their loan processing fee – charged in lieu of interest to comply with Sharia – in sugar: when a member needed a loan but did not have cash to pay the processing fee, she would bring the equivalent value in sugar to the meeting. She would pay the fee with the sugar and take the loan. Then, another group member would immediately buy the sugar, to replace the good with cash.[53]

Development actors that promote SGs in cash-poor settings can support participation by providing cash transfers (conditional or unconditional) to members, to catalyze savings and lending; and market facilitators can cultivate relationships between SGs and private- or public-sector firms that are willing to work with in-kind payments.

CASE STUDY 19:

Creative adaptations to a cash-poor setting – World Vision International in Zimbabwe

Since 2013, World Vision International, together with CARE International, the Netherlands Development Organization (SNV), and the Southern Alliance for Indigenous Resources (SAFIRE), has implemented a USAID Office of Food for Peace food security project (Enhancing Nutrition, Stepping Up Resilience and Enterprise, ENSURE) whose purpose is to improve the food security of vulnerable households in poor, rural, drought-affected regions of Zimbabwe that are characterized by high rates of food insecurity. A central intervention of the project is the formation of SGs, with over 9,500 members to-date.

Due to Zimbabwe's dire political, economic and monetary crises, rural areas are cash-poor, requiring adaptations in policies and practices: some groups barter, while others save on a mobile platform called EMukando. "People have actually gone to bartering," says Dan Norell, Senior Technical Advisor for Economic Development at WVI. "It's a dollar-denominated economy, and it's hard to get U.S. dollars in the countryside." Savings Group members who barter secure the goods or products required by their fellow SG members prior to group meetings, and bring these to the meeting. Discussion pertaining to what their fellow members require is done prior to each meeting.[54]

In addition, a tripartite agreement between a local bank, a chicken hatchery and ENSURE participants provides liquidity for SGs, among other services. Metbank, a financial institution, extends loans to SG members to purchase poultry and feed from the hatchery. The hatchery, in turn, guarantees the market by buying the eggs produced by ENSURE farmers. The hatchery then incubates the eggs and sells the chicks to other farmers, who raise the chickens for meat. Through credit provided by Metbank and the sale of eggs, farmers acquire cash, some of which can be saved.[55]

KEY LESSONS

1. **Extreme income seasonality and covariant risks are barriers to community-based microfinance in farming communities;**
2. **Savings Groups composed of smallholder farmers can be leveraged for the delivery of agricultural and other extension services; and**
3. **In cash-poor rural economies, development organizations can support smallholder SGs by facilitating relationships with financial service providers and the private sector.**

[53] Author's interview with SG members around Boghé, Mauritania, February 2018.
[54] Interview with Dan Norell of World Vision (2018).
[55] Abraham Muzulu, World Vision International, personal communication with the author, March 2018.

MERCY CORPS

3.7 Forcibly displaced people

Forced displacement is “the forced movement of people from their locality or environment and occupational activities due to conflict, persecution, violence, or human rights violations” (Zimmerman, Weisert, and Albert 2017). The number of forcibly displaced people (FDP) worldwide rose from 3.9 million in 1997 to nearly 66 million at the end of 2016, with growth concentrated in 2012-2016 due to the Syrian conflict, as well as conflicts in Iraq, Yemen, Burundi, the Central African Republic, the Democratic Republic of Congo, South Sudan, and Sudan. Forced displacement increased by over 10 million in 2016 – yielding a total of 22.5 million refugees, 40.3 million internally displaced people (IDP), and 2.8 million asylum seekers by the end of the year (UNHCR 2017).

Sub-Saharan Africa accounts for 30 percent of the world’s FDP, and over half of the world’s refugees are from South Sudan, Afghanistan, and Syria. Uganda, which borders South Sudan, is the fifth-largest host country of refugees, with nearly one million refugees living within its borders.[56] As of 2014, more than 10 million refugees were in protracted exile, “with the average length of exile approaching nearly two decades” (Easton-Calabria and Omata 2016).

Among the vulnerable populations discussed in this report, FDP suffer uniquely from being physically uprooted from their homes and forced to live elsewhere, often among strangers who may speak different languages. Many FDP have lost all livelihood and productive assets, limiting their ability to undertake economically productive activities, and rendering them dependent on humanitarian aid to meet their individual and household needs. Furthermore, FDP face barriers to paid work and financial services due to lack of legal residence and formal identification.

Despite being uprooted, FDP can sometimes access formal financial services, though securing credit is difficult. Refugee finance is a growing sector, principally in the Middle East and Africa (Kleiman 2017). A FSD Africa study of seven refugee camps in Rwanda found that refugees regularly use mobile money, with shopkeepers in one camp “transform[ing] their cash receipts into e-currency at the end of the day at one of 24 [mobile phone operator] agents,” because theft of cash is a problem in the camp. Three of the camps studied have cash-transfer programs, “in which the bank opens an account for each head of household and links a MasterCard debit card to each account, enabling refugees to send and receive money, make payments at

[56] The two largest refugee host countries are Turkey, with 2.9 million, and Pakistan, with 1.4 million. See: http://www.unhcr.org/en-us/figures-at-a-glance.html.

WHILE THE GROUPS ARE YOUNG, **EARLY RESULTS ARE POSITIVE,** INCLUDING EMERGING EVIDENCE THAT SOUTH SUDANESE REFUGEE GROUPS PERFORM AS WELL AS UGANDAN HOST COMMUNITY GROUPS (Cox 2018).

merchant points, and withdraw cash at Equity Bank agent locations" (Collins et al. 2018). But access to credit is still limited, "since [financial service providers] consider refugees to be high risk, and refugees do not have acceptable collateral to support loan applications" (Collins et al. 2018).

Savings Groups and forcibly displaced people

Savings Groups could fill the gap in access to financial services for refugees and IDP as informal financial access points and foundations for developing and building social cohesion. Extensive, long-term forced displacement of people, coupled with the humanitarian aid sector's focus on fostering FDP self-reliance through skills training for wage employment or self-employment (Easton-Calabria and Omata 2016; Jacobsen and Fratzke 2016), also present opportunities for increased outreach. But forming and sustaining SGs with FDP and other migrant populations poses additional challenges related to high mobility and rootlessness in project coverage areas: whether FDP live in refugee camps or in host communities, they are more likely than other vulnerable populations to decamp suddenly – even in the middle of SG cycles. Nevertheless, recent research has found that, when available, FDP include SG participation among their financial and livelihood strategies (Collins et al. 2018; UNHCR and World Vision International 2017).

Savings Groups can expand access to basic financial services among FDP, since they do not require legal identification, collateral, or infrastructure investments. While it may be challenging to develop group solidarity amongst populations comprising multiple nationalities, ethnicities, and languages, and without permanent residency or geographical belonging (Easton-Calabria and Omata 2016), social networks may exist in communities where FDP have co-existed for long periods of time. In fact, a recent study of refugee camps in Uganda found that, rather than being isolated, "refugees cross national, ethnic, and religious lines on a daily basis to trade and exchange" (Betts et al. 2014), which is behavior conducive to building the social bonds necessary to foster solidarity in SGs. And experience suggests that FDP perform just as well in SGs as host community members.

CASE STUDY 20:

South Sudanese refugees perform just as well in Savings Groups as host community members – Seed Effect, Uganda

Since 2017, Seed Effect, a Christian, faith-based NGO, has formed 250 SGs among South Sudanese refugees and members of Ugandan host communities. While the groups are young, early results are positive, including emerging evidence that South Sudanese refugee groups perform as well as Ugandan host community groups.

In both sets of groups, most members take loans for business purposes, although a few borrow to pay school fees or medical bills. The businesses are "all over the map," says Joel Cox, Seed Effect's Director of Programs – including seamstresses making clothes, people taking loans to hire labor to harvest their fields and sell the produce, and merchants purchasing supplies for small shops. "We've seen [South Sudanese refugees] go into the [nearby] Ugandan town and buy stocks of things for which there's a shortage in camp – laundry soap, hand soap, food – and bring it back and sell it; clothes, anything and everything really."

The performance of South Sudanese refugee-based SGs is equal to those based in Ugandan host communities. "What we're seeing is really surprising. When we look at our average share value for refugee groups versus the host community, it's actually a little higher in refugee groups. The average interest rate that refugees decided to charge is on average equal to the Ugandans' [rate]. Then the savings, even the savings per member is about the same, and actually a bit higher on the refugee side. In function they're operating equally – even in performance, results, what they're choosing for share value and interest rate, there's really no difference between the refugee groups and host community groups," explains Cox.[57]

[57] Interview with Joel Cox of Seed Effect (2018).

While there is no available market data on the demand for SGs among FDP, there is some evidence of the potential to scale outreach within these populations. In Rwanda, for instance, FSD Africa reports that "refugee take-up of savings groups... was much faster than in savings groups introduced in other non-refugee populations. In Mahama camp, savings groups were introduced by a local NGO and about 4,000 refugees (15% of the adults in the camp, mostly women) have become involved in the first year alone" (Collins et al. 2018).

In an assessment of refugee and host communities' livelihoods in refugee camps in Northern Uganda, UNHCR and World Vision Uganda (2017) found that, due to the limited availability of formal financial services, 18 percent of respondents accessed credit through SGs. And FSD Africa's assessment of refugee finance in Rwanda found that NGOs such as the American Refugee Committee (ARC), Caritas, and Save the Children, had established 154 SGs in one camp, and 63 in another.

In addition to SGs trained by NGOs, FSD Africa identified informal savings clubs in Rwandan refugee camps; another study, of refugee economies in Uganda, found that in the absence of access to formal financial services, "community-led lending options fill[ed] in some social protection gaps" (Betts et al. 2014). Among these community-led options were rotating savings and credit associations (ROSCAs), often referred to as "merry-go-rounds." In short, while global data on FDP SG membership is unavailable, case evidence suggests that FDP actively save and borrow extensively through SGs.

Engaging forcibly displaced people – *Barriers*

While SGs are an appropriate form of basic financial services for FDP, there are specific challenges related to the promotion of SGs among these populations. The main barriers include the mobility of FDP, as well as legal and practical constraints to employment and self-employment. Security concerns and weaker community bonds in FDP settlements, such as refugee camps, also pose challenges to SGs in target communities. And assumptions and prejudices regarding FDP among host country nationals and NGO staff can reduce the willingness of development actors to invest in the promotion of SGs in FDP settlements.

The mobility of refugees and internally-displaced people challenges the provision of financial services in FDP settlements – by formal and informal providers alike. Refugees are treated as temporary guests in their host countries, uncertain of their permanence. Refugees who know that they will eventually be repatriated by UNHCR or other refugee-camp aid organizations, are less likely to think about long-term business strategies in their current setting than refugees who plan to stay; and the spontaneous repatriation of FDP who seek opportunities elsewhere presents a risk that is extremely difficult to build into microfinance programs (Easton-Calabria and Omata 2016), including SGs.

CASE STUDY 21:

Migration renders Savings Groups difficult to sustain in northern Ecuador – Catholic Relief Services in Ecuador

Since 2014, CRS has worked with the Misión Scalabriniana (MSC) to form SGs in northern Ecuador, including Colombian refugees and migrants. Member mobility has been a constant challenge: the mobility of refugees and other migrants make some groups difficult to sustain. MSC Director Hermel Mendoza explains that "people who have already overcome problems of malnutrition, health, and those who stayed in border areas, looking for stability, would join a SG with others who are in greater mobility. The SG would start with 20 people, but would finish [the cycle] with five. Members would decamp to the city looking to improve their security and lifestyle... Cities on the [Ecuadorian/Colombian] border are smaller, and there are fewer opportunities for employment. Few people make it from the first to the second cycle, because they go to the U.S., Canada, or larger cities [like the Ecuadorian capital, Quito]."

Nevertheless, results are not all bad: those members who decamp elsewhere take their knowledge of SG methodology with them, explains Mendoza. "Several [former members] have formed groups with their new neighbors, families – we receive letters and emails from them thanking us."[58]

[58] Interview with Silvia Armas of CRS Ecuador and Hermel Mendoz of Misión Scalabriniana (2018).

MERCY CORPS

Shorter loan terms or SG cycles have been adopted as mitigation strategies to address the risk of FDP mobility, but come at a cost to development: credit requires time to produce meaningful outcomes, and "shortening the loan repayment period is therefore likely to undermine the effectiveness of micro-finance support for refugee populations" (Easton-Calabria and Omata 2016). Shortening SG cycles produces similar problems, as cash boxes contain less money to lend, and borrowers have less time to invest and repay borrowed funds. Consequently, group capitalization and loan sizes are smaller, and individual returns are reduced – with potentially adverse effects on the impact of participation.

Refugees often face legal barriers and other restrictions to employment or self-employment in their host countries, reducing income and the demand for savings, or precluding them from saving entirely. Some host country governments deny refugees legal status or work permits, which in turn reduces the effectiveness of programs to build FDP skills or entrepreneurship capacity. The effectiveness of skills-building programs is further threatened by governments' changing policy toward refugees, and by such programs' imperfect alignment with local labor market contexts and needs (Jacobsen and Fratzke 2016). And some host governments "deliberately locate refugee camps and settlements in isolated, rural areas" (Easton-Calabria and Omata 2016), constraining livelihood options.

In fact, the income opportunities of FDP depend on context. Some FDP depend entirely on aid, while others earn income comparable to host populations. In Northern Uganda, UNHCR and World Vision Uganda (2017) found that 58 percent of refugees do not participate in any income-generating activity, and "the majority […] rely on food assistance for their livelihood." In contrast, FSD Africa's survey of refugee camps in Rwanda found that 95 percent of FDP had income – 35 percent from cash transfers provided in refugee camps, and 42 percent from cash transfers plus other sources (Collins et al. 2018).

Security concerns may also constrain the promotion and outcomes of SGs in FDP communities. Security risks are exacerbated in refugee camps, whose populations "consist of uprooted, often traumatized and destabilized people... cast adrift in an alien, unstructured shantytown-like culture" (Jacobsen 1999). Rule of law is rarely enforced in refugee camps, and transgressions go unpunished. "Petty and violent crime flourishes and can lead to camps becoming zones of drug smuggling, human trafficking, organized crime, illegal logging, and gun running, with the attendant problems of violence" (Jacobsen 1999). In such insecure contexts, SG members may be targeted as they transfer funds to and from their group. The theft or loss of funds – or even the perceived risk – can prevent the promotion of groups in FDP communities.

Finally, the underrepresentation of FDP in SG interventions may be the result of negative attitudes and prejudices toward refugees and IDP as economically isolated by ethnicity in camps, or in ethnically enclosed 'enclave economies,' and isolated from their host communities. With limited employment opportunities, refugees are viewed as burdens on host countries, and dependent on aid. But Betts et al. (2014) found these assumptions to be false with respect to refugees in Uganda: rather than being ethnically isolated and a burden, refugees in Uganda cross ethnic lines daily to trade, and sell to and buy from members of Ugandan host communities. Ninety-seven percent of urban refugees in Kampala buy goods daily from Ugandans, and 68 percent of rural refugees in settlements do the same. And while UNHCR and World Vision Uganda's (2017) assessment of refugees in Northern Uganda found most to be dependent on food aid, with no other means of supporting themselves, Betts et al. (2014) find that refugees "routinely strike a complex balance in their livelihood strategies, managing diversified portfolios of income and food sources." Refugees in Uganda, Betts et al. (2014) emphasize, are neither entirely self-reliant, nor entirely dependent.

Engaging forcibly displaced people – *Enablers*

The successful promotion of SGs in FDP communities requires strategies that build social cohesion, address security concerns and the risk of spontaneous repatriation or resettlement, and foster host community acceptance and participation.

❶ Design and implementation

The responsiveness of development actors is essential to forming successful SGs among FDP. NGOs must follow through on their commitments to groups for the entire training and supervision period, and beyond if needed. Regular contact by trainers with first-cycle SGs is essential, particularly to help members calculate interest and share-out payments. Verifying calculations and the accuracy of group records can enhance groups' trust by ensuring transparency and accountability.

Local community buy-in, or government permission, can be secured by mobilizing both FDP and local host community members.

CASE STUDY 22:

Follow through and faith enhance Savings Group cohesion, and mobilizing host communities increases local buy-in – Seed Effect in Uganda

Seed Effect provides support to refugee and host community SGs groups in Uganda "for the whole first cycle – they're there for questions, and group members and village agents have our field officers' phone numbers, so our field officers can go in and check [members' and village agents'] math on loans and interest payments, so when it comes to share-out the numbers will be right. Actual follow-through on training is key, and that personal connection is also a game changer" (Interview with Joel Cox of Seed Effect 2018). Beyond field support, Seed Effect integrates Christian faith education and practices into SG meetings. Groups receive periodic visits from the organization's Director of Spiritual Integration. Cox believes that the faith component increases group cohesion because it provides "a bigger picture: when you take a loan and pay it back, you're not just helping yourself, you're helping the whole group."

While Seed Effect's initial priority in Uganda was to work with the South Sudanese refugees who had fled across the border, its staff discovered that registration in Uganda required the organization to devote 30-40 percent of their services to the local community. "We had figured the SG need was being met in Uganda, since there are already a lot of SGs there, but we've actually seen a lot of demand: 63 percent of our group members are refugees, and 37 percent are host community," explains Cox. The refugee and Ugandan groups that Seed Effect has formed are mostly separate, with Ugandan groups in the communities, and South Sudanese groups in the refugee camps. Agreeing to mobilize host communities into SGs secured Seed Effect's permission to work with South Sudanese refugees, and tapped a previously unmet demand among Ugandans for SGs.[59]

[59] Interview with Joel Cox of Seed Effect (2018).

❷ Group training and security

Group training can be adapted effectively for FDP. To address the risk of spontaneous relocation by SG members, loan terms and cycles can be shortened; there may be some trade-offs with development outcomes, however, as discussed earlier. In contrast, given that many FDP have low levels of literacy, first cycles may need to be extended, to build capacity and generate demonstrable results. In contexts in which there is a high risk of groups dissolving prior to cycle completion – due to planned repatriation or sudden outbreaks of violence – practice share-outs early in the first cycle, and instructional print-outs for members can mitigate the effects of group dissolution, help distribute decamping members' earnings responsibly, and enable departing members to carry the SG methodology to their new setting.

CASE STUDY 23:

Holding paper share-outs – Seed Effect in Uganda

Seed Effect began its SG programming with refugees and Ugandan host community members in 2017 and has made adaptations to group training to improve outcomes for its group members. First, the organization implements a "paper share-out" during the first cycle. The practice share-out enables groups to conduct the annual exercise prematurely – safely and effectively – if required by the outbreak of violence or member departure. "On paper [SG members] act like it's a share-out meeting," says Joel Cox, Seed Effect's Director of Programs. "They divide up the money on paper to see how that works, so in case South Sudan stabilizes and they return, they will know how to go through that process before they go back. Some groups are all from the same area in South Sudan, so they could take Savings Groups back up in South Sudan. But we also did [paper share-out] with Ugandan groups, since the share-out process is seen only once, whereas loans and saving are done repeatedly [over the course of a cycle]."

A second training innovation introduced by Seed Effect is the addition of educational aides – SG methodology highlights documents – in the SG kits. "We took the essentials of running a Savings Group," says Cox, "and put that in a document and put it in the kits, so if they do leave, they have the highlights to continue back in South Sudan, if they want."[60]

Development organizations have a moral responsibility to consider the safety of SG members, and the risks to which they may be exposed as a result of participation. Through participatory rapid appraisals, target populations should be consulted to identify potential risks and risk mitigation responses. Savings Groups should be encouraged to adopt appropriate security measures, which may include rotating the keeping of the cash box among several members, or meeting secretly.

CASE STUDY 24:

Innovations to protect SGs and members in insecure settings – World Relief in DRC

World Relief has implemented its Savings for Life program with IDP in the Democratic Republic of Congo (DRC) since 2013, and its groups have had to adopt innovative security measures to protect their members. The measures have included, according to World Relief's Saving for Life Program Advisor, Emily Mugisha, "a rotating box keeper, for safe-keeping of the box, and carrying it in a sack [to hide it]. [The groups] would also meet in houses that only had closed windows, closed doors, and everything was sworn to secrecy. For some groups in Congo, if anybody shared anything from meetings with people outside of the group, they'd be kicked out of the group, and these rules were built into their constitutions – safekeeping measures we helped them come up with."

Secrecy and rotating box keepers, however, are not always sufficient: sometimes SGs must reduce meeting frequency or stop meeting altogether, for a time. "There were times in Congo," says Mugisha, "when groups had to adapt how often they were meeting. Sometimes they had to stop meeting [for some time], and hide the cash box in the ground," when violent conflicts erupted.[61]

[60] Interview with Joel Cox of Seed Effect (2018).
[61] Interview with Emily Mugisha of World Relief (2018).

Clear rules and practices are needed to protect members from risks pertaining to violence and insecurity – and to minimize conflict when members exit. FDP are mobile, and when members depart before they have repaid their loans, groups are decapitalized and trust erodes, and groups may dissolve. Savings Groups must establish clear rules regarding member exit, to protect the group from loan non-repayment by departing members, and to ensure that exiting members can withdraw their savings with a fair return at any time. Savings Group members can be trusted to come up with rules that work for their groups, and to write those rules into their group constitutions, but implementing organizations may be called upon to facilitate this process. Amongst SGs formed and trained by Mercy Corps in Northeast Nigeria, analysts found four different rules to handle mid-cycle member exit: (1) allow members to withdraw their savings but not receive the share-out profit or their social fund contribution; (2) allow members to withdraw their social fund contribution and savings but not receive profit from the final share-out; (3) allow another group member to buy the departing member's shares and replace that person in the SG; and (4) use the departing member's savings to pay any outstanding loans.[62]

Longer supervision periods, security considerations and rules to manage the mid-cycle departure of members can improve SG outcomes in FDP settlements. But broadly speaking, due to the myriad barriers to accessing formal financial services, FDP communities "do it for themselves" (Betts et al. 2014), saving informally in ROSCAs, and then in NGO-facilitated SGs. Informal, community-led savings and lending strategies provide FDP with experience that they can bring to their SGs, and their local and transnational networks, remittances, and income from agriculture or petty trade help provide FDP with money to save in groups (Betts et al. 2014).

KEY LESSONS

1. **Many FDP already have experience with informal savings and lending, and therefore embrace SGs when offered the opportunity to participate;**
2. **Due to the high mobility of FDP, SG cycle lengths should be reviewed and adapted as appropriate;**
3. **Because some FDP repatriate or move on with little warning, a practice share-out meeting, and some form of SG methodology highlights sheet or booklet placed in the cash box, can help groups manage unplanned departures; and**
4. **Appropriate cash-safety adaptations are advisable.**

[62] Nicki Post, Mercy Corps. Personal communication with the author, February 2018.

SEED EFFECT

4 Conclusion

Expanding the outreach of SGs to more diverse and vulnerable populations contributes to financial inclusion and broader development goals.

Savings Groups provide access to basic financial services in underserved markets – countries and regions characterized by low formal financial sector participation. They require minimal infrastructure and operate in marginalized and remote communities where formal financial services may not be viable. In addition to the direct delivery of basic financial services, SGs improve the financial capabilities of members and represent a pathway to formal financial inclusion in underserved markets. And a recent systematic review of the evidence (Gash 2017) concludes that SGs, in combination with other development inputs, contribute to broader development goals – specifically Sustainable Development Goals related to poverty (SDG1), hunger (SDG2), health (SDG3), gender equality (SDG5) and income (SDG8).

This state of practice report discusses the dynamics of inclusion in SGs, with respect to multiple vulnerabilities and target populations: poverty, age, disability, people living with or affected by HIV, gender, smallholder farmers, and forcibly displaced people. The report examines both the barriers to inclusion as well as effective strategies, practices, and tools to increase SG outreach and improve outcomes for vulnerable populations.

Targeting and outreach

Effective outreach and targeting strategies to identify and mobilize vulnerable populations include: geographical targeting with inclusive saturation; surveys and participatory methods; community outreach; and group targeting through the existing clienteles and beneficiary lists of partner organizations and government.

Geographical targeting and inclusive saturation has been shown to effectively expand access to SGs by the most vulnerable community members – including the ultra-poor, smallholder farmers, people with disabilities, and people living with or affected by HIV – without excluding other community members. In some contexts, more comprehensive group or individual targeting may be required. Group targeting includes leveraging government, health clinic, or local implementing partner lists, while individual targeting can involve proxy means tests or specialized tools – such as the Poverty Probability Index (PPI)[63] – or participatory rural appraisal or wealth ranking, combined with onsite verification. The relative advantages and limitations of targeting methods is discussed in Section 3, and SG initiatives that aim to serve specific populations, households or individuals often employ various approaches, and triangulate results.

Design and implementation

Project designs are shaped by contextual factors, as well as the goals of funders, development organizations, and the specific needs and characteristics of the target population. Stand-alone SG projects can appeal to a wide range of community members. For particularly vulnerable populations to participate in and benefit from SGs, additional inputs may be required – such as health services, counseling, or training in life skills or improved agricultural methods. Development actors can therefore supplement group formation and training with complementary services, or integrate SGs into multi-component projects, which already include these services. Indeed, graduation programs that exclusively target the ultra-poor and provide them with cash or asset transfers, as well as mentoring and training, have shown success in reaching these populations, and in lifting them out of extreme poverty.

Project outcomes can also be improved by involving participants in project design, outreach and monitoring, and by providing them with means to communicate their needs and interests to project management throughout the project period.

Group policies and practices

The inclusivity of SGs can be enhanced by adaptations to group policies and practices. Flexible savings policies and loan terms, and the elimination of minimum savings requirements and penalties, better accommodate the more irregular income of vulnerable populations, as well as their increased vulnerability to economic and non-economic shocks. Practice share-outs held during the training period, and instructional aides can mitigate the risks associated with member turnover – common among FDP. And flexible meeting times and training schedules facilitate participation – particularly by smallholder farmers, women and young people – as do accommodations to meeting spaces and training methods to meet the specific needs and limitations of target groups, such as people with disabilities. To foster effective participation by members of vulnerable populations in SGs, while maintaining the principle of member self-selection, SG initiatives can start by exclusive targeting; and then, once groups are up and running, encourage members to invite other, trusted community members to join.

[63] More information on the PPI can be found here: https://www.povertyindex.org/

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Looking ahead: The inclusivity of Savings Groups and post-project sustainability

Several studies indicate significant levels of spontaneous SG replication, group-to-group training, and membership growth and turnover over time, beyond project periods. For instance, in Uganda, Mine et al. (2013) identified nearly two spontaneously formed groups for every group trained by project staff. A post-project evaluation of Pact's Women's Empowerment Program in Nepal, conducted seven years after the project had ended, identified 425 groups new groups in the project area, with 11,000 new members (Valley Research Group and Mayoux 2008).

The long-term inclusivity of SGs, therefore, depends on post-project group formation, local ongoing support services (e.g. community members capable of providing technical assistance as required, or producing passbooks, ledgers or cashboxes), group practices and established norms in target communities. In fact, a study of a Peace Corps project in Ecuador ten years after its end found high rates of both SG sustainability and replication; poverty rates among members, however, were low – and some groups "were entirely formed of people of a high economic status" (Fleischer-Proano, Gash, and Kuklewicz 2011).

In recent years, development organizations have adopted various approaches to promote group formation and the provision of local support services to SGs beyond project periods – including volunteers, fee-for-service trainers, faith-based organizations, financial service providers, and the delivery of messaging and materials within target communities to catalyze spontaneous group formation. Community-based trainers, in particular, have proven to be an effective and efficient mechanism for group formation; and some evidence suggests that poverty outreach is not compromised by private service providers. In fact, Stuart (2017) reports that fee-for-service trainers in Burkina Faso, Senegal, Tanzania and Zambia tend to deepen poverty outreach over time as they gain experience and saturate their respective working areas. Nevertheless, evidence remains limited and the degree to which market actors reach and effectively serve vulnerable populations after project closure, is uncertain.

In conclusion, this report assesses the state of inclusion of SGs and the implications for financial inclusion and broader development outcomes. The existing body of evidence provides lessons with regards to the challenges and effective strategies to identify, mobilize and serve specific target populations – including the need for continued experimentation and the more systematic collection of disaggregated membership data.

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