

Savings Groups in the Age of COVID

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Presenters

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QUESTIONS

Q: Most of the savings groups organized by our partner organizations withdrew most of their savings to address their needs. How do we support these groups to bounce back from this? What other intervention do you think will be cost efficient?

Stefanie: Hi Ken, thanks for your question. We are finding this is pretty common for groups to have done. We have recommended a number of possible ways to handle this as groups/countries come out of COVID—potential extension of savings/loan cycles by a number of months equal to those of the disruption by COVID so that members have longer to recover their businesses, pay back loans, and save in. Where possible, providing unconditional cash grants for basic needs (or direct inputs of food/NFIs where markets are shuttered) to members to provide for their households during this time so they don't have to spend all savings. Also urging groups to make risk and contingency plans that would allow for loan payback time extension for members, or partial repayments during current cycle that would then roll remaining obligation into the next cycle. Some groups themselves approached us about was support in starting new businesses/group businesses (featuring social distancing!) to bring in new savings to group.

Q: I'm concerned about savings groups that had loans out as the lockdown began. concerned that there will be high default rates, and this means other members' savings will be lost. how are people thinking about/dealing with this? Not only will money be lost, but also confidence in VSLAs as a whole. would love to hear your thoughts

Stefanie: Hi Leah, we have urged groups to make risk and contingency plans as early as possible. This includes determining how best to handle loans—some that wanted to share out

so members could purchase supplies, some that chose to stop meetings as members had to shut businesses. We have offered choices such as encouraging early repayments of outstanding loans with interest forgiveness to get money back in pot to share out, partial repayments of loans with remaining amounts carried over to next cycle, extensions of savings cycle by # of months of disruption so that members and their businesses will have time to recover once things open back up. If possible, shoring up group member households by providing cash grants or inputs of food/NFI so groups don't have to share out and liquidate savings mid-cycle to provide for their families and can instead pause meetings to reassume when able.

marc: while the current situation is extreme and can affect all members at once, it is conceptually similar to when one or a few members are late on their loans: groups need to decide how to handle each situation. This can include giving more time to borrowers to repay their loans.

Grace: Most of the groups if not all of them thrive on elements of trust, cohesiveness and overtime, they build resilience to withstand crisis – drought, floods etc especially mature groups. These elements help and will always help many groups to overcome the impact – many groups use them as collateral for loan repayments, support to each other but also rebuilding their livelihoods.

Q: Are any of your networks using SGs as distribution points for agri-inputs, food stuffs, cash injections?

Stefanie: Hi Amy, yes, we are doing this in contexts where gov't regulations still allow some movement/small groups gathering. Trying to adjust distribution site setups and control flow of people in alignment with COVID guidelines. WFP issued some good guidance early on: https://reliefweb.int/sites/reliefweb.int/files/resources/20200319_covid_sop_food_assistance.pdf

Q: There is a fear that famine is a likely impact of COVID 19. What are practioners here doing to ensure SG members engage in productive agriculture for food and income security?

Stefanie: Supply cash dedicated for ag/livestock inputs or where markets have shut, supplying key inputs directly to be used in kitchen gardening, other ag cultivation. Training and distributions are difficult where there are limits on mobility and gathering, but we have shifted training to online/verbal instructions where possible. Also having conversations with some governments about importance of encouraging and supporting local agricultural value chain development when COVID allows to prevent this risk in future crises.

Grace: Mainstreaming food security and nutrition messaging into COVID-19 messaging that include reduction of food wastage, and food safety issues, food handling etc. Work with government COVID-19 task forces at different levels to avail weather information and input supply as well as extension services that in line with government directives.

Q: I have a question about savings groups in remote areas where they do not have access to internet nor try the digital Savings meetings, if the group agreed to meet in batches like split into two instead of coming in large number during these difficult times, what is the best advice for such groups?

marc: this can work, however the groups need to put in place transparency and internal control measures (e.g. verifying opening balances, ensuring there is no leakage between the 'shifts' of members, communicating final balances to all members, having maximum input into lending and spending decisions).

Stefanie: Some of our groups have created "staggered" meetings wherein the elected leadership (chair, treasurer, etc.) are present for a longer time, and assign members in groups of let's say 5 people to certain slots such as 10am, 10:20am, 10:40am, etc. The consistency by elected leadership provides some assurance about transparency. Then in the next staggered weekly meeting, the leadership can read out for each sub-group the totals saved in, loaned out, social insurance amount, etc. It is urged also by our health experts to keep members in the same subgroups, so that if one member does become sick, exposure by other group members will have been limited to her sub-group of the same members she has been seeing regularly.

Q: How concerned are people with cash and transmission? Is there any effort to get and Africa wide reduction in cost in mobile money transactions? I read an article about it in Kenya.

marc: I'm not sure that there is a definitive answer on the potential for cash (coins/bills) to spread the virus. We are emphasizing regular handwashing, esp. surrounding cash manipulation, and some groups are using gloves (although if gloves reduce handwashing, they might be contributing to spreading). Some MM operators are lowering/eliminating fees on small transactions, however that might not be commercially sustainable in the long term. And, there is no "mobile money magic wand" for SGs that weren't previously using MM – fees aren't the sole barrier: distance, agent liquidity, etc.

Stefanie: Note that while there hasn't been extensively published research on the topic, it is assumed from several early studies that the virus dies on most surfaces within a few days. Thus money saved into lockboxes at least should become "decontaminated" from one week to the next. I haven't heard much about this either, but we're always working with financial service providers and mobile network operators in an attempt to get them to lower fees for the smallest transactions typified by the most vulnerable.

Q: Could Stephanie elaborate a bit on the digital VSLA tracking she mentioned?

Stefanie: At IRC several years ago we used the CommCare platform (free version) to develop a monitoring application for tracking VSLAs. The primary tracking data we capture is at group level and concerns membership/attendance as well as financial information including total

savings, total outstanding loans and payback amounts, and total saved into social fund. This application is pre-loaded onto tablets or mobile phones that are held by our field staff or community-based trainers who regularly support VSLAs and attend their meetings. After a meeting, the staff/trainer will capture the group's updated information which can be entered and stored offline and, when internet is available, is uploaded to the central database for this information, which can be viewed through a dashboard (I believe setup in Power BI, though could even be manipulated in Excel or other dashboard that accepts simple data sets). It becomes easy to compare groups' progression over time, and also their progress compared to each other. Thus we can see, for example, if several groups are saving much more than peers within time frame, or if some groups are "making the money work" the most with rapid and consistent loan issuance and payback, we can learn from them and ask them to mentor groups whose data shows they may be struggling. It's also helpful for easily aggregating data across all groups in an area, country, or even overall as an organization to tell donors and private sector/banks trying to determine whether to invest in tools for vulnerable populations how much in total savings and loans have been generated by the VSLAs we have helped to start and grow—it becomes a powerful advocacy tool.

Q: How do you build trust among group members when using Digital VSLA taking into consideration that some may not know how to read and write and perhaps not owning mobile phones?

Stefanie: This is a challenge not just in this arena, but also in the area of remote trainings, members from distant homesteads, etc. There is an obvious need for basic digital training by staff or partners (eg. bank/MNO staff) on simple phones provided gratis through a project or even offered through "lease to own" schemes in which we offer (discounted) phones to members who agree to pay a small amount each month for the use until they have paid back the full or partial cost of the phone agreed to. For those without literacy/numeracy, consider paired assistance wherein members without these skills are paired with a member who is stronger in these skills (or even a family member/friend) who performs the function for both. But even when groups go digital, most choose to continue with regular meetings, either with the same frequency or, say, monthly in person meetings through weekly digital savings/loans are still occurring. For distributed groups, a phone tree can keep members connected.

Grace: Mostly maintaining the methodology DNA that makes it work – trust, transparency, simple and clear records and ensuring active participation of every members. All this must be combined with proper orientation to any digital solution, sometimes depending on the early adapters within the groups.

Q: What has been the experience so far on level of savings, loan disbursements and repayments? Anyone with quantitative figures they can share?

marc: too early for numbers, especially since traditional manual data collection has been interrupted. We do have anecdotal reports and loan repayments and savings are down, disbursements should be down as a result. FinTechs such as DreamSave, Chomoka, maTontine will have better insights into this.

Stefanie: I know many smaller microfinance institutions are suffering because of lowered loan repayments and trying to access funds to continue operations, which means VSLAs will also be suffering from defaulted loans/delayed repayments. Many of our groups choose to continue meeting where possible in accordance with travel and social distancing limits for as long as possible, at least to maintain social cohesion. They are being more forgiving of delayed repayments and extending repayment periods, accepting smaller weekly share purchases, etc. but still trying to consider. A slightly smaller percentage to date chose to share out to what degree they could for members to stock up on needed supplies. Some fewer still chose to “put a pin” in activities and savings/loans, essentially freezing things in place until the COVID situation resolves. But these relational percentages are changing daily, and somewhat anecdotal at this point due to lack of access to confirm in many areas.

Q: I work with Opportunity International and we are implementing a financial inclusion project for refugees in Uganda - (with key component of banking the VSLAs) - now; Can someone share any experience using digital channels to bank the VSLAs? How do you do it without replacing the 3 - leaders authorization model -- and of course the social component of it?

Stefanie: I can't fully answer your question, but I will say that it has taken much longer than expected to get local banking partners online and to have them adjust/roll-out their digital financial tools to VSLA members—lots of tech, registration challenges that have taken extended months to sort. As one transitions to this, typically the group sets up a savings account (bank likely wants group to reach a certain amount of savings and/or certain time as savings customers before offering loans) that the multiple leaders are co-signers/managers of and withdrawals esp. require paired or triple signatures (perhaps each of three knows only part of password?). Mostly these groups are the more mature ones who have been saving together for a few years so trust is already there. Many of these groups still meet weekly/monthly in person for the share-in/loan issuance and repayments, and afterward the leadership makes bank deposits. Even once individual members using digital accounts, can still meet in person to initiate transfers from individuals to groups, etc.

Grace: some promoter organizations in Uganda have experience of working with both FSPs and MNOs, reach out to CARE, CRS, PLAN among others. Please get in touch with any of them especially CARE to have a constructive discussion on how best to align bank products with the VSLAs.

Q: How are organizations envisioning or planning to adapt/change/transform the way how they support SG and how SG will operate post-COVID?

marc: work in progress! Our starting point is a survey of groups on how they have responded in light of our recommendations (what they took up, what they didn't, what else they invented, what works, what doesn't) to inform a potential future path. One certainty is that we will upfront more contingency planning for agents and groups to minimize 'catch up' in the future.

Stefanie: Try to move more toward digital tools faster! Make sure contingency planning is in place for each group.

Grace: Women are most members and we need to engage them and elevate their voices regarding how and why their coping mechanisms but also if we want to get it right in supporting their recovery. Explore insurance products and how suitable they are to SGs needs. Start thinking on how best to provide them with comprehensive socio-economic empowerment products that include financial inclusion, market access, entrepreneurship, health among others that will strengthen their resilience to shocks

Q: Hi David, for those who are coming in batches like what Grace is sharing. How the group is making decision like giving out loans?

marc: based on the observation (from pre-Covid19) that sometimes loan requests have been expressed and more or less decided before meetings, we are encouraging communication between members before the meeting, such that the meetings are formalizing decisions and making disbursements. In other cases, the members present make the lending decisions. In all cases, the entire group should be clear on the process.

Stefanie: Phone trees/group discussions via apps where possible can substitute for this during COVID.

Grace: Information coming from the groups – most of them have revisited their internal rules and regulations especially regarding loan disbursement and repayment - where majority have suspended both activities. Those who are giving out loans, they are doing in a small amount mainly for consumption.

Q: I am less concerned about mature groups, even in the challenging times as remote support is possible. They know the processes and have trust in themselves and the SG methodology. My bigger question is will this stop growth of new SGs until a vaccination is available worldwide?

marc: it seems prudent (and in some countries/regions, mandated by government) to suspend the formation of new SGs for the present. Training of groups is an intense process in which high member attendance is key to success. Even if a group manages to complete its training, if it then faces a 'lockdown' it can be cut off from support at a time when it needs it most.

Stefanie: Pre-COVID in many of our contexts we had spontaneous VSLA replicator groups who were trained and coached by mature VSLAs independent of our support (sometimes we found out about them though when mature groups asked if we could help secure lockboxes/accounting booklets if not available locally). Such spontaneous groups could still form as countries are coming out of COVID, but I agree with marc that most wise to suspend formation of new groups at the moment, especially when so many people have lost their livelihoods so would not have much income to save in—now is really the time for cash/basic needs support vs self-help through VSLAs for the most vulnerable.

Q: Any idea on how to go about mobilization of new groups?

marc: it seems prudent (and in some countries/regions, mandated by government) to suspend the formation of new SGs for the present. Mobilization typically involves large gatherings that can expose the population. SG programs typically focus on vulnerable populations that are at greater risk.

Grace: Mobilization could be done through radios and other traditional methods such community announcements using means approved by their government. However, its advisable to follow government directives – if gatherings are suspended, then new group formation should be suspended.

Q: Noting from the methodology of VSLAs, how can an FO train on areas like record keeping, tool kit etc during this pandemic time because on most occasion, there areas which normally involves practices having in mind that these saving group have very old age groups?

marc: Several organizations have produced training videos that can be disseminated, although I think there is agreement those are most effective when supplemented with in-person support.

Q: Most organizations that are working on health related issues and include VSLAs as cross cutting part have target groups with pre-existing health problems like HIV. How are they planning to track their target groups exposure to COVID19 and create linkage with health centers?

Stefanie: Strengthen referral networks and try to have digital monitoring in place to central database.

Grace: Work with Ministries of health who are mandated to track and treat the sick.

Q: My concern is what should be the best approach to financial mismanagement by the savings group officials during this pandemic period given that close supervision by field teams has now been reduced.

marc: groups should be cautious about relinquishing internal control over group management committees (MC). Limited-attendance meetings, meetings with representation, or meetings with rotating members should include ordinary members in addition to the MC. Groups should try to communicate balances and records to all members (using phones, person-to-person, etc).

Grace: Most of the responsive mechanisms adapted by groups and promoters to some extent contradicts with the best practices and core principles of the SGs methodologies. We are not yet sure the impact these adaptations will have to the group – some may be negative while others may be positive. However, most promoters including SEEP have put across guidelines to support groups responses.

Q: In an event that there isn't network connection in the VSLA set up, consequently eliminating the possibility of digital VSLA, how should we approach. consider, members cannot read and write and have no mobile connectivity?

Stefanie: Set up phone trees using old features phones—maybe if 25% of members have such phones, they can be matched with nearby members who don't have phones and discuss while social distanced by 6ft/1.5m, then calls to managing committee to report on those members' savings for recording in the group book. Some members saving weekly at home in hidden place but reporting to other members/committees and in end will take what they have saved at home and put in in the group lockbox when this is all over. In these cases, though, loan issuance has been suspended.

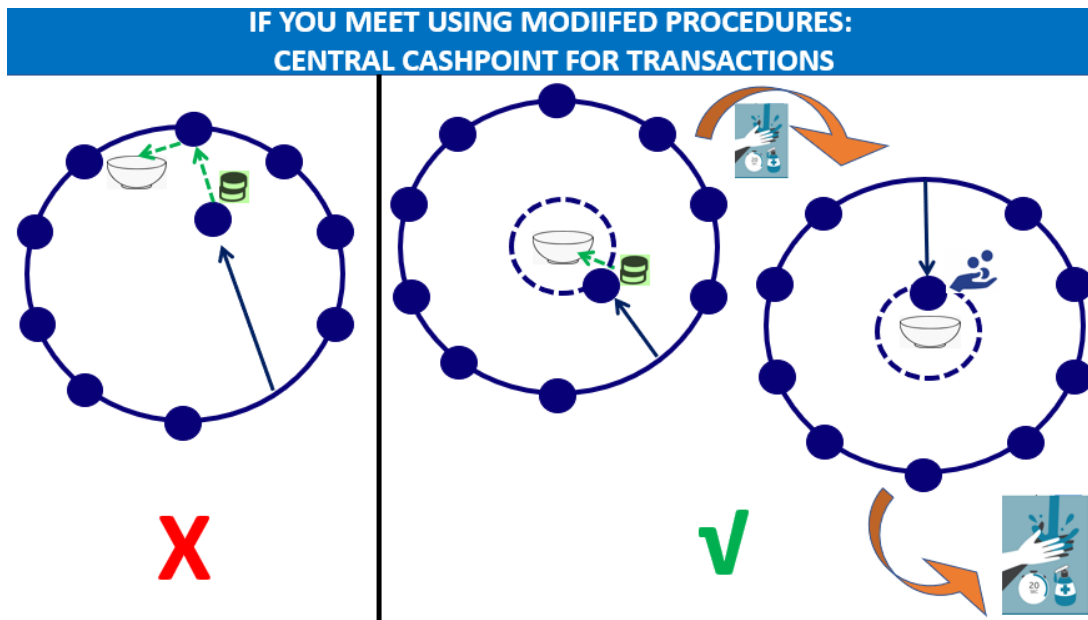
Q: Is anyone using SGs to deliver COVID 19 health messages and how?

marc: our communication to groups regarding the importance of making a plan in light of COVID 19 was preceded by concise information on What is Covid 19, How is Covid 19 spread, How can Covid 19 be avoided. This information was sent through the agents that work with groups.

Stefanie: Yes, we are using VSLA groups as key nodes in our Risk Communication and Community Engagement (RCCE) by having them distribute/post sanitation instructions and health notices in their communities and spread this accurate information. Also they are modeling proper behaviors by establishing and using hand-washing points outside meetings, socially distancing during meetings, moving meetings to ventilated, outdoor places.

Q: Could marc elaborate on 'central cash points'?

marc: this is similar to 'contactless delivery' we are seeing in some countries. Instead of having members give coins/bills to the money counter (and therefore be in close proximity), a bowl is put in the very center of the group circle with a 'perimeter' designated around the bowl. A member will walk up to the bowl, announce and show her money and place it in the bowl (taking any change as needed). After every member has contributed in turn, the money counter will come, count, and announce the total. Only one person at a time is allowed in the perimeter. This does not limit the virus potentially being transmitted by surfaces/objects, but it reduces direct person-to-person transmission. Illustrated in this diagram:



Q: I am real curious to learn how the groups are saving their contributions individually at home and that will deposit to the cash boxes once they happen to meet. I am wondering in such situations where they are under lock down and hence not able to do a productive activity are still able to get money to save for VSLA. Would love to follow up later of what happens as Marc mentioned.

marc: we are very interested to see the effectiveness over time. This does not speak to how members are able to find money to save (economic opportunities vary by country circumstance and by individual), it simply speaks to finding an alternative to setting that money aside (not spending it) without depositing it in the group.

Q: What specific examples of GBV response mechanisms are in place for the saving groups in relation to C19 at times government's concern is mostly shifted to prevent the pandemic?

Stefanie: Making groups aware of GBV support numbers (often local NGO or community-based organization run) and clinics/safe spaces that are still open. Also, we have in some cases overlapping membership between our VSLAs and Women's Action Groups (WAGs), such as in Sierra Leone and Liberia, who are trained to provide initial community-level GBV response and prevention.

Grace: CARE is heavily engaged in prevention, response and mitigation of GBV. Prevention – use of IEC communication focusing more on how to prevent GBVs and its effects, campaigns on radios, and emphasis on how to work with other. We also work with and through community watch groups/community watch groups especially in the refugee camps who provide immediate response and sometimes do on foot patrolling. Regarding **response** – we support victims through our well-developed referral systems – could be to health or police and

sometimes we support with cash for them to access the services. We also support survivors through PSS in case of mental breakdown. **Mitigation** – advocacy – working with other to influence government and other partners response task plans

Q: Most development NGOs target financially insecure and vulnerable community groups. How are organizations plan to deliver financial management messages at this time when most economic activities ceased?

marc: for groups that can still meet, agents seem like the ideal dissemination channel. Where groups do not meet, organizations could leverage ‘phone trees’ (agents, group leaders, group members), supplemented by person-to-person communication to try and reach everyone.

Stefanie: Loan forgiveness/easement combined with direct financial support from NGOs/government. Use of social/insurance funds for most vulnerable members with special household needs.

Grace: through our community based structure – like community based trainers, agents, group leaders and champions and our partners - FSPs

Q: Thanks for sharing some of the risk mitigation measures. Would it be helpful to increase trust of the members on their saving group be more sincere and give continuity to savings and repayment, if organizations or government providing in kind or cash support through the savings groups, if possible in their communities, and if not at least to the group members? Just a thought. In anticipation of more support at the time of need, members will continue savings and repayments.

marc: direct transfers will certainly help with the slow-down in economic activities, however I’m not convinced the primary purpose of such transfers should be to see continuity in savings deposits and loan repayment (the mechanics of SG functioning), but rather to support livelihoods and prevent asset depletion.

Stefanie: 100% agree with marc. We had some groups ask for cash grants to pay back outstanding loans so they could then share-out to buy supplies. We told them cash would be for them to buy supplies, not to pay back loans—they will still be responsible for that and continue these activities when they can as livelihoods activities begin to renew.

Q: Is it rational at this time to start planning for long term strategies about VSLA implementation under COVID - 19 pandemic cause still a lot of uncertainties exist about the pandemic and that in rural communities life kind of like continues like normal?

marc: Life continues like normal up until the time when it doesn’t! We have seen it’s much more difficult to roll out messages after lockdown than before. We can’t predict the exact course of this pandemic or next ones, but it seems prudent to plan for disrupted environments.

Stefanie: We have struggled to have groups in not yet hard-hit areas take our warnings and push for risk and contingency planning seriously. All we can do is push out information and

make recommendations, but each group must decide on its actions as government guidance is rolled out as situations intensify.

Grace: We are living in times of high levels of uncertainty. We need and will have to adapt as promoters but also the groups themselves as the pandemic keeps on unfolding like how the globe and governments are adapting.

Q: During recovery, which is actually setting in now, how can VSLAs cope with the surge for loans to recapitalize their small businesses. Despite the limitations they have in the size of their kitties

marc: each group can follow its existing loan policy. Organizations that want to inject liquidity into communities might consider doing so through SGs? More efficient than transferring to individuals, and groups can allocate capital better than NGOs?

Stefanie: Governments and NGOs will need to inject capital/issue business grants to help stimulate economies to recover. Yes, could consider “seeding” the savings pot of VSLAs with a grant to increase their loan issuance vs individual grants.

Grace: As march mentions, groups are very flexible and adapt accordingly. Those organisations or governments that may want to inject cash to groups would be done well in consultation with the groups in order to package the cash transfer product in line with groups needs and expectations.

Q: Shouldn't development programmes facilitate the linkage of formal financial service providers with savings groups, in particular through digitalisation?

marc: if the entire SG processes are digitized, physical meetings and transactions can be prevented. If the ‘linkage’ only digitizes leftover funds, it only addresses cash security. In either case, KYC, phone/SIM ownership, distance to agents, fees must be considered.

Stefanie: In theory, yes, but also note that in many remote and vulnerable communities there is distrust of banking sector and not recognition of benefits, so there is not a demand from VSLA members. The demand must be built through education and in particular we are finding through engagement via bank agents with VSLA members to learn about their groups and introduce formal tools. Also, this is best done with mature groups with solid (informal) savings and lending history, both from the perspective of financial service providers that these individuals/groups will be viable and less risky clientele, and also to ensure that inexperienced vulnerable people understand interest, savings, etc. through a safer system first before joining the “higher stakes” formal financial system.

Grace: we have been working with FPS to link groups but now than never, they are likely to be seen as high risk groups – we would add much more value if we collect evidence regarding the impact of COVID-19 on groups and how resilient they have been in order to support the private

sector think positively and provide products aligned to the needs of SGs including suitable delivery channels

Q: How does CommCare platform contrast to SAVIX platform?

marc: CommCare (operated by Dimagi) is a generic data collection tool on which users can build surveys (to collect any kind of information); to analyze the data, users must design their own reports. SAVIX (developed by VSL Associates and Software Group) is specifically built to collect group-level information in order to support the management of SG projects; the reports are ready to use.

Stefanie: We like CommCare b/c it operates largely as a “case management” system wherein individuals and also groups can be set up once and then monitoring info added to and updated on their profiles regularly (we also use it to track individuals’ progress through livelihoods training modules and support activities), but marc is right that one has to pair its data with another data presentation/analysis system or dashboard. I believe they offer a free service with slightly limited functionality for a limited number of users per organization, and then you can jump up to subscription services.