



STRIVE for Learning

Savings Groups Brief #2

Savings Groups for Child Wellbeing - the Risks

Risks to Members

The risks associated with the basic SG models used with adults are fairly clearly understood now that the models are widespread across the globe. Mitigation strategies for these risks have been developed and are being implemented by practitioners. The following table illustrates common risks to savings group members and accompanying mitigation strategies. Savings groups programs should assess and address these risks in their design, monitor, and adjust their approaches to cope with risks as needed throughout implementation.

Risks to Members' Households

Savings groups are a demand on members' time, and this may cause conflicts within the household. One mitigation strategy is to let members determine the day and time of the meetings, so that they can arrange these around their household responsibilities. A second is to locate group meetings near members' homes, so that the time to get to and from meetings is not a burden. Another potential cause of conflict is the introduction of additional money into the household, and changes to the decision-making processes around its use. Strategies to mitigate this risk might include keeping community leaders well-informed about the activities of the group, involving men in the groups, and/or providing female group members with empowerment/gender training as an add-on activity.

Risks for Children

Risks to children and youth are not well-understood or researched, and so it behooves donors and practitioners to ensure that the potential for risk at the child level is monitored by implementing agencies. Some risks, however, have been identified.

Child Labor

For children whose parents or caregivers are in savings groups, or for children and youth members of savings groups, there is the potential for an increase in child labor associated with savings group membership. Increased economic activity may cause households to draw on children for additional business and domestic labor. In the case of children and youth in savings groups, earning money may create an incentive to reduce time in school. Child labor is a complex phenomenon, and should be differentiated from children's work, which can be part of healthy childhood development.² Agencies should monitor for child labor and for school attendance—

Child Labor in Savings Groups

An assessment of a Plan savings group pilot program in Burkina Faso conducted in 2009 found that savings group participants invested resources in existing IGAs more than non-participants, but did not seem to begin new IGAs. Related to this increase in existing IGA activity, household child labor levels were higher among SG households than non-SG households.¹

¹ Boyle, P. (2009). Evaluation of Impact of the Tougouri Pilot Project and Establishment of Baseline Data for Phase II. Plan Burkina Faso.

² See more at <http://data.unicef.org/child-protection/child-labor>.

Common Risks to Members and Strategies to mitigate them – The Adult SG and SG+ Models

Risks	Common Mitigating Strategies
Theft of Savings	<ul style="list-style-type: none"> • Savings are held in a locked box with three keys; the keys are rotated among the elected management committee members. • The box itself is rotated among group members for safe-keeping between meetings. • Members encourage each other to take loans of any accumulated savings, so that there is no need to store them. • Large amounts of accumulated savings are deposited in a financial institution. • The bylaws contain clauses about procedures in case of theft, which define responsibilities and actions.
Default on Loans	<ul style="list-style-type: none"> • The bylaws define penalties in case of default. • The members assess the capacity and character of every loan applicant. • The loan amounts are limited in size and term.
Conflict	<ul style="list-style-type: none"> • The bylaws are developed by the group in a democratic process. • New members are instructed in the bylaws when they join. • Members who cause conflict are penalized or asked to leave. • All transactions are done transparently in front of the whole group.
Opportunity Costs	<ul style="list-style-type: none"> • Meetings occur in locations that are convenient to the members. • Meetings are scheduled through democratic process. • Meetings are run efficiently, with saving and lending taking precedence over add-on services.
Distortion of Purpose	<ul style="list-style-type: none"> • Add-on services conform to the needs of the group members. • Add-on services are delivered efficiently. • Saving and lending activities take precedence over add-on services.

monitoring child time use is one way to obtain information about where and how children are spending their time.³

Intra-household conflict and abuse of children

Having additional money in a household due to participation in a savings groups may cause intra-household conflict.⁴ There is the possibility of abuse of children or youth, particularly girls, with additional money.⁵ Population Council has found in working with girls that community support and social support programs as add-on services are key to avoiding abuse.⁶

Safety and Security

For youth and child members of savings groups, and particularly for girls, mobility may create safety problems.⁷ Mitigating strategies are to create safe spaces for girls, to locate meeting venues near members' houses, to ensure community and parental/caregiver support for the activity, and to provide social support services such as life skills training.

³ Diener, O., Moret, W., & Rutherford D. STRIVE learning series, technical primer no.1: Time Use PRA Guide and Toolkit for Child and Youth Development Practitioners. FHI 360. Retrieved from: https://www.microlinks.org/sites/microlinks/files/resource/files/STRIVE_ChildTimeUse_FINAL.pdf.

⁴ Allen, T., B. Armenderiz, D. Karlan and S. Mullainathan. (2010). Inviting Husbands in Women-only Solidarity Groups:

Evidence from Southern Mexico. Yale University, Harvard University and Innovative Poverty Action Working Paper.

⁵ Austrian, K., & Muthengi, E. (2013). Safe and Smart Savings Products for Vulnerable Adolescent Girls in Kenya and Uganda: Evaluation Report. Nairobi: Population Council.

⁶ Ibid.

⁷ Women's Refugee Commission. (2009). Building Livelihoods: A field manual for practitioners in humanitarian settings.

Risks for Donors and Implementers

For donors and implementers, the risks include:

- Implementing or funding savings groups activities without fully understanding the methodology, which might result in harm to participants and in wasted resources;
- Implementing savings groups instead of an intervention more appropriate to the target population's needs;
- Using savings groups for purposes that are not well-suited to the intervention, and/or establishing unrealistic expectations for SG programs; and
- Targeting specific groups without a deep understanding of the limitations to targeting, which might result in stigmatization or other forms of harm.

Donors and implementers should ensure that they use staff or consultants who are experts in savings groups methodologies when structuring and designing programs. Implementing agencies should conduct a market study before writing their proposals. The market study should identify the needs of the target group, describe how a savings groups intervention will meet these needs, identify a strategy for providing any proposed add-on services, and describe a targeting approach to reach intended beneficiaries without causing stigma. Monitoring frameworks should identify child-level indicators to, at minimum, track potential risks to children, and ideally, to seek and measure positive impacts.

To learn more about designing savings group and savings group plus projects to improve child wellbeing, please see the STRIVE Technical Guide, [Savings Groups and their Role in Child Wellbeing: A Primer for Donors](#), on which this and the other STRIVE SG Briefs are based.

The briefs in the SG series include:

#1: Savings Groups - Core Principles

#2: Savings Groups for Child Wellbeing - the Risks

#3: Designing Savings Groups to Benefit Vulnerable Children

#4: Introduction to Savings Groups Plus

#5: Savings Groups Plus for Child Wellbeing

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