Savings Groups and their Role in Child Wellbeing: A Primer for Donors

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ACRONYMS

CBT	Community-Based Trainers
DCA	DanChurchAid
DCOF	Displaced Children and Orphans Fund of USAID
ES	Economic strengthening
FSD	Financial Sector Development program
HFC	Healing Families and Communities
HIV and AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
IGA	Income-generating activities
INGO	International nongovernmental organization
IRC	International Rescue Committee
LWA	Leader with Associates
MVC	Most vulnerable children
NGO	Nongovernmental organization
OVC	Orphans and vulnerable children
PPP	Purchasing power parity
PSP	Private service provider
RCT	Randomized control treatment (evaluation)
SANA	Segurança Alimentar Através de Nutrição e Agricultura program
SAWSO	Salvation Army World Service Office
SfC	Saving for Change group
SG	Savings group
SG+	Savings group plus (additional activities)
SILC	Saving and Internal Lending Community
STRIVE	Supporting Transformation by Reducing Insecurity and Vulnerability with Economic Strengthening project
USAID	United States Agency of International Development
VSLA	Village savings and lending association

EXECUTIVE SUMMARY

Savings groups (SGs) are a type of economic strengthening (ES) intervention for poor households. They are now very widespread in their outreach and implemented by nearly all major development organizations. CARE implements savings groups in 38 countries, with over 4 million group members. Catholic Relief Services has 1.35 million members in 37 countries, while Plan International reaches 1.16 million members in 26 countries. Oxfam's Saving for Change program has 650,000 members in 12 countries. In total, there are nearly a million members in Asia, 340,000 in South America, and 9 million in Africa. Worldwide, savings groups reach over 10 million members in 70 countries.

Savings groups have achieved this level of outreach because they are effective, sustainable, and low-cost relative to many other types of ES interventions. Savings groups have become popular in their own right, but are also appealing in combination with other interventions, as a means of reducing obstacles to success that are related to household poverty. The known correlations between 1) household wealth and child wellbeing, and 2) increasing women's income and increased immediate investments in child wellbeing, make savings groups an appealing intervention for donors and practitioners who seek to improve the protection and wellbeing of vulnerable children. This primer is a high-level look at research and best practices that seek to assist donors in understanding how to design and assess projects that incorporate savings groups into activities that promote child protection and child wellbeing.

This document incorporates findings from recent impact evaluations and other research on savings groups with promising practices from field implementation. The document draws on research from the STRIVE (Supporting Transformation by Reducing Insecurity and Vulnerability with Economic Strengthening) program, as well as from other projects. STRIVE is an associate award under the FIELD-Support Leader with Associates (LWA) award, funded by the USAID Displaced Children and Orphans Fund (DCOF). The STRIVE program aims to understand whether improvements to the economic wellbeing of households in general translate into impact at the level of the children in the household.

KEY RECOMMENDATIONS

Implementing agencies should have a clear understanding of the basics of the savings group model, including the key concepts of self-selection, self-management, sharing and capping, self-financing, and their time-bound nature.

At the same time, implementing agencies and the donors that fund them should be aware of the inherent, yet mitigatable, risks of savings groups. To the members themselves, there is the possibility of theft of savings, the risk of non-repayment of loans from the group savings fund, conflicts that can cause the dissolution of groups, and opportunity costs to the members of participation in the groups. There is also the potential to distort or dilute the core function of the savings group with other interventions. Donors should ensure that implementing agencies are aware of these risks and have addressed them in the design and planning stages, and that monitoring is occurring to identify any that do occur.

Risks to implementing agencies are also present, including using savings groups as an intervention when a more appropriate intervention is available, and using savings groups without mitigating for risks. Having unrealistic expectations about the potential impact of the savings group methodology is also a risk. Donors should ensure that they use staff or consultants who are experts in savings group methodologies when structuring and designing programs.

Despite these risks, savings groups are an attractive intervention for development agencies for many reasons. They can be used in remote or sparsely populated areas where formal financial services are not cost effective or available. There is usually strong demand for savings groups after an initial period, and this lowers the cost of outreach and expansion, creating economies of scale. The methodology is very cost effective, requiring few resources, which diminish even further over time. External capital for loans is not required, and in fact, is not recommended. It is a sustainable intervention; many savings groups continue to exist years after the implementing agencies have withdrawn. Impact is good, notably in the areas of resilience, income-smoothing, and food security. Savings groups can be used as a venue for other services, particularly business skills training, financial education, and health and life skills training. This lowers the cost of those interventions, while improving the impact of the savings groups.

In presenting proposals, INGOs should have done their research on, and ideally have experience with, their proposed target population, showing:

- A target population whose needs correspond with program goals
- Good knowledge of the target population's needs and demands
- Knowledge of specific geographic and cultural contexts of the target population (vulnerable populations, women, or OVC, for example)
- An understanding of gender in development and the role that gender will play in SG promotion, development, and support
- Respect for participants' needs, their commitments outside the SG, and their investment of time and energy
- Experience working with this or similar populations in comparable contexts.

INGOs should have a clear targeting approach that does not stigmatize its proposed target group. INGOs should have researched the supply side of the market to avoid duplication and to leverage synergies, especially if contemplating additional services (the SG+ model). Their proposals should show an exit plan, especially when add-on services are being proposed. Their monitoring and evaluation (M&E) framework should contain child-level indicators and targets. Donors can be assured that proposals that meet these criteria will have a greater probability of success and a greater likelihood of impact.

There are many opportunities for donors to help fill in research gaps around savings groups, especially pertaining to child-level impacts. To make meaningful contributions to the body of knowledge about savings groups, donors should include a robust learning agenda in project planning. This includes articulating the need for a research and dissemination plan in solicitations and including time and funding for learning activities within project parameters.

Savings groups "plus" (SG+), the basic model with add-on services, have been shown to have greater impact in some cases than the basic model by itself. Examples of SG+ services include:

- Training in life skills, financial literacy, health and nutrition, entrepreneurship, or other areas
- Social marketing of a variety of products such as solar lamps and anti-malarial bed nets
- Other financial services, including insurance and group savings accounts
- Joint activities for some or all members in agriculture or small business

For donors designing multi-sectoral programs or evaluating project proposals related to SG+, there are a number of approaches to consider: 1) a linked approach, where one organization implements the basic model, and another provides the add-on activities; 2) the parallel approach, where different staff in the same organization provide the different services, and 3) the unified approach, where there are no distinct staff within the same organization, which provides all the services. The best approach should be identified in the demand and supply market study done by an implementing agency prior to submitting a proposal.

Lessons learned from practitioner experience in the implementation of the SG+ model are worth noting. Sequencing of the add-on activities is important. The group members should feel comfortable in the functioning of their savings group before additional services are provided. The choice of add-on services is paramount. These services should respond to the needs of the members and the target community, without being a burden in terms of time commitment. Add-on services ideally complement the savings group activities so that impact is ensured rather than dissipated.

There is emerging evidence that savings groups and savings groups plus can have positive effects on child wellbeing: An IRC program in Burundi, using savings groups plus education on children's protection, wellbeing and development, found increased spending on education and on clothing, and decreased harsh physical and verbal discipline by caregivers. In Uganda, a study of Salvation Army World Service Office's program using savings groups plus caregiver training indicated that vulnerable children ate more meals than the control group, ate more nutritious foods, and had better household food security due to agriculture. A CRS program in Zimbabwe offered savings groups along with vocational training and a Junior Farmer Field and Life School program to females aged 10 to 19. The program helped participants to pay their school fees and stay in school, improved their family's nutrition, helped them earn income, care for siblings, and better manage their finances, and increased their confidence, self-esteem, and sense of empowerment.

Some design elements that can contribute to better child-level impacts include:

- Most Vulnerable Children (MVC) or Orphans and Vulnerable Children (OVC) funds—a pot of money to which members contribute at each meeting, similar to the social fund, used to purchase food, supplies, or school uniforms for vulnerable children, who may or may not be children of the group members.

- SGs' educational activities that directly relate to children's welfare—with themes such as educating caregivers about parenting, nutrition, and legal rights—to help members to better nurture and protect their children.

- SGs as interactive community platforms—for learning sessions and community dialogues about child protection, social support services, and psychosocial counseling.

- Youth SGs with other services—education, health care, psychosocial support, nutrition training on gardening techniques, vocational training, and business skills training.

- Adult caregiver and youth SG—with a parent, a youth will learn money management, financial responsibility, entrepreneurship, and collaboration, and will be able to start saving for educational expenses.

- Donors can support innovations in this area of add-on services, as long as the innovations do no harm and are demand-led.

Finally, it is critical to recognize that the SG model may have some characteristics that could cause harm to children and youth; these must be anticipated and mitigated against or avoided. The group meetings may interfere with household activities, including supervision of children. The increase in money in the household may cause changes in the gender balance of power. Possible harm from savings groups with youth and child members are child labor, school drop-out, gender-based violence, youth safety and security while mobile, and abuse and exploitation. All of these should be strictly monitored by implementing agencies.

This publication is based on proven best practices and emerging good practices. It provides practical examples, standards, and evidence. Using this guidance as a basis for designing programs to reach children via savings groups should help achieve our goal—healthier and happier children.

INTRODUCTION

This publication is written primarily for donor institutions that are interested in savings group (SG) methodologies and their potential to improve child wellbeing, although information in this guide is also relevant to implementing organizations. Readers need not have experience in this area; rather, this document aims to inform and educate donors and other interested parties about emerging good practices in this field so that they can assess SG proposals and implement SG programs for better impact at the level of children in the household and community.

Savings groups are a type of economic strengthening (ES) intervention for poor households. They have become very widespread in recent years, and for good reason, as we shall see. There is emerging evidence that savings groups can have positive effects on child wellbeing, even if the current evidence is scant. Some examples are found in Table 1, below.

Table 1: Examples of Evidence of Child-level Impact

Country	Implementing Agency	Intervention	Results
Burundi	IRC	Savings groups plus education on children's protection, wellbeing, and development.	Increased spending on education and on clothing, decreased harsh physical and verbal discipline by caregivers, no impact on parent–child communication, child labor, family functioning, family problems, overall child wellbeing, or child mental health.
Mozambique	Save the Children	Savings groups plus a rotating shared labor scheme (*Ajuda Mútua* or AM).	Increased months of adequate food provision for participants in SGs and SG+AM. In the SG group only, there was an increase in child dietary diversity. There was no statistically significant effect on children's weight-for-age (Brunie et al., 2014).
Uganda	Salvation Army World Service Organization	Savings groups plus literacy and numeracy training and added training to help caregivers provide better care for the nutritional, educational, health, and psychosocial needs of OVC.	OVC ate more meals than the control group, ate more nutritious foods, and had better food security due to agriculture (Swarts et al., 2010).
Zimbabwe	Catholic Relief Services	SG+ program for OVC offered savings groups along with vocational training and a Junior Farmer Field and Life School program to females aged 10 to 19. The program included child protection initiatives, sexual and reproductive health education, HIV and AIDS awareness campaigns and HIV testing, life skill education, psychosocial support services, educational assistance, agriculture and horticulture training, and gender equity training.	The program helped participants to pay their school fees and stay in school, helped them improve their family's nutrition, helped them earn income through the sale of vegetables and other income-generating activities (IGA), helped them care for siblings, helped them better manage their finances, and increased their confidence, self-esteem, and sense of empowerment (Miller et al., 2011).
Zimbabwe	Catholic Relief Services	SG+ program for OVC offered savings groups along with vocational training and a Junior Farmer Field and Life School program to females aged 10 to 19. The program included child protection initiatives, sexual and reproductive health education, HIV and AIDS awareness campaigns and HIV testing, life skill education, psychosocial support services, educational assistance, agriculture and horticulture training, and gender equity training.	The program helped participants to pay their school fees and stay in school, helped them improve their family's nutrition, helped them earn income through the sale of vegetables and other IGA, helped them care for siblings, helped them better manage their finances, and increased their confidence, self-esteem and sense of empowerment (Miller et al., 2011).

Given this emerging evidence, what can donors and the agencies they support do better to improve these positive impacts? This document attempts to provide some relevant guidance.

The document draws substantially on research from the STRIVE (Supporting Transformation by Reducing Insecurity and Vulnerability with Economic Strengthening) program. STRIVE is an associate award under the FIELD-Support Leaders with Associates (LWA) award, funded by the USAID Displaced Children and Orphans Fund (DCOF). The STRIVE program aims to understand whether improvements to the economic wellbeing of households in general translate into impact on children in those households. It seems logical, but it is an assumption not yet backed by rigorous findings. STRIVE tracked and documented impact on economic (financial), and non-economic (health, education, nutrition, etc.) factors for household and child wellbeing. In this way, STRIVE tested interventions that aimed to increase household incomes and assets, and documented how these interventions improved (or failed to improve) the lives of children.

Box 1: STRIVE Mozambique Results

At the Household Level

- Increase in agricultural production through both intensification and extensification of cultivation practices, with a notable increase in cash crop investment and crop income
- Use of savings and loans to invest in small businesses (diversification of income sources)
- Higher incomes, which led to more durable assets in the household
- Income, savings, and loans were used to purchase food, to pay for education and health care, and to mitigate the harmful effects of shocks
- Food security, measured in retrospective months of adequate household food provisioning, improved significantly

At the Child Level

- Statistically significant improvement in individual dietary diversity scores (diversity of food intake) in SG households, but not SG+ households
- No statistically significant impact on underweight
- No evidence of impact on quantity of education.

(Brunie et al., 2015; Brunie et al., 2014)

The prime contractor, FHI 360, and its partners implemented four projects: value chain development (in The Philippines, with Action for Enterprise, and in Liberia, with ACDI/VOCA), small business development (in Afghanistan, with MEDA), and savings groups (in Mozambique, with Save the Children). The experience of STRIVE Mozambique is the most relevant to this paper.

Designed specifically to reduce household food insecurity and improve nutritional outcomes for children under the age of 5 in the Nampula province, STRIVE Mozambique promoted village savings and lending associations (VSLAs, a type of SG) and rotating labor schemes (*Ajuda Mútua*, or AM) to give rural households options for building assets, generating income, and mitigating risk. STRIVE's economic strengthening interventions were delivered in parallel to interventions in agriculture, nutrition education, and disaster risk reduction from a large, multi-year, USAID Title II food security program known as SANA (*Segurança Alimentar Através de Nutrição e Agricultura*).

STRIVE Mozambique was particularly interested in whether SGs would work in combination with a rotating labor scheme promoted by the SANA project to yield greater results at the household and child level. Combining SGs with other interventions is called "SG+" and will be described from a design and implementation perspective later in this document. Box 1 shows some of STRIVE Mozambique's results at both the household and child level.

Other key resources for this document are the results of the International Rescue Committee's (IRC) New Generation project in Burundi, which also looks at child-level impacts of savings groups, and the SEEP Network's synopsis of impact studies of savings groups (Gash & Odell, 2013).

This publication describes the current "state of the practice" regarding linkages between SGs and children's wellbeing, such as it is. There is a dearth of concrete and reliable evidence on this linkage, despite the ever-increasing number of savings groups and members of those groups. We will present what we know to date, but there is a strong need for additional evidence in this area.

In our description of the state of the practice, we will highlight emerging good practices in implementation, and will give examples of these, with context and caveats. We'll discuss the basic model of SGs, and then SG+ interventions. We'll give summaries of the research on impact of these two forms at the household and child levels.

Finally, we'll point out what we don't know—what is still unclear, lacks research, and needs further investigation. It is critically important that additional research be funded and disseminated. We encourage donors to support further research on this vitally important subject, for the good of the world's children.

The paper is organized in the following manner:

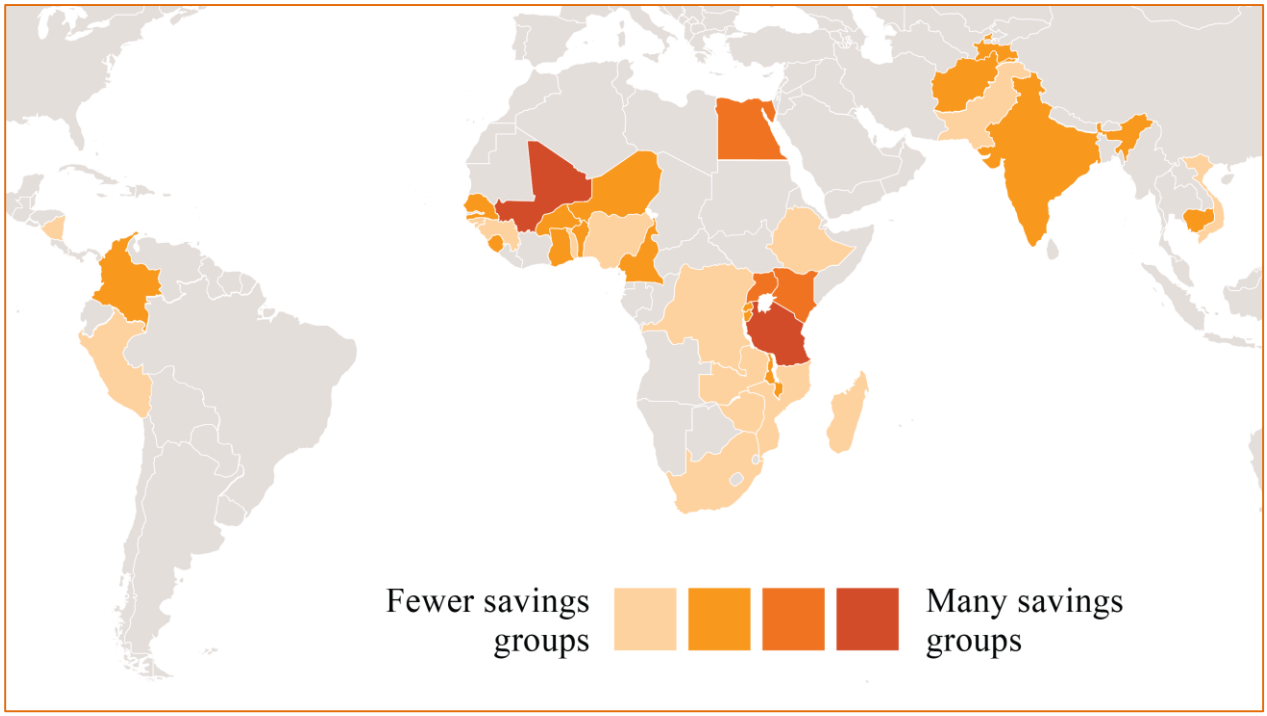
- Introduction
- The Basic SG Model
- SG Plus
- SG Plus to Improve Child Wellbeing
- Questions for Future Research
- Conclusions

THE BASIC SG MODEL

GLOBAL REACH

Savings group statistics now show around 10 million members worldwide in 70 countries. CARE is working in 38 countries with over 4 million group members, CRS is working in 37 countries with 1.35 million members, and Plan International is working in 26 countries with 1.16 million members. Oxfam's Saving for Change program has 650,000 members in 12 countries. There are nearly a million members in Asia (15 countries counted), 340,000 in Latin America (12 countries), and 9 million in Africa (70 countries) (Allen, 2014).

Figure 1: Map of savings groups around the world



Adapted from SAVIX (2014)

Savings groups seem to function well in a wide range of contexts, from rural to urban, in post-disaster and post-conflict situations, and in many cultural contexts, as seen from our map.

HOW DO SAVINGS GROUPS FUNCTION?

Savings groups usually consist of 15 to 30 self-selected members from within a community. The phrase *self-selected* is key to good functioning, for several reasons: 1) members need to know that each person will reliably come to meetings with their savings deposit; 2) members need to know what the needs of each other's households are, when requesting funds for emergency needs; 3) members need to be able to trust others in the group when lending money. Conflicts arise when this knowledge is missing and individuals take advantage of the group.

> ➢ Self-selection creates the bond of trust that holds the group together.

The groups elect their own management committee and establish group rules, using a template provided by their supporting organization (the NGO or other organization that establishes the groups). The group rules will include frequency of meetings, penalties for not attending meetings, conditions of saving and lending, and so on.

> ➢ Self-management allows the group to become independent of the implementing organization.

One important consideration is whether to use a share model, where savings are accumulated in the form of shares at a price agreed upon by the group, and a limit is placed on the number of shares that a member can own. The use of shares simplifies recordkeeping, and having a limit on the number of shares that can be purchased (a "cap") also helps limit incentives for richer members to use the group to generate profits at the expense of poorer members. Although the share concept is not used in all savings group models, it does seem to be a best practice for the reasons mentioned.

> ➢ The "share" and "cap" simplify record-keeping and keep the group from being hijacked by richer members.

The groups meet regularly (weekly, biweekly, or monthly), for a period of about one hour. At each meeting, each member contributes their agreed-upon savings amount. Most of the collected savings become the loan fund, from which loans are issued to members of the group. A portion may be used for a social fund, to assist members in particularly trying circumstances. Under no condition should external (outside) capital be injected into a savings group. External capital raises the cost of the intervention, and introduces complexities that prevent the group from becoming independent from the implementing partner.

> ➢ No external capital is necessary for lending activities. Savings groups are financed only by their members' savings.

Loans must be paid back with interest. Interest rates are usually between 5 percent and 10 percent, and the rate is established by the group (Kaberia & Otieno, 2013).[1] Loans are sized in proportion to members' savings; loans usually do not exceed three times the value of a member's current share. The group keeps financial records (which could be oral) and all transactions are conducted at group meetings in the presence of all members. Transparency is key. Security is also important, and methods of securing group funds are discussed in the "Risks" section.

The physical funds that remain after each group meeting are kept in a safe box with multiple locks, each with a key assigned to a different member.

SGs are usually time-bound: when the group is formed, it is scheduled to last for a certain period of time, typically one year. Savings may not be accessed before the end of the savings cycle; the social fund can substitute in case of emergencies. At the conclusion of that time, the group gathers to distribute its members' savings. Profits are also distributed, proportional to the savings that a member has accumulated. Then the group disbands. It may choose to immediately re-form, even incorporating new members.

> ➢ SGs are time-bound: They distribute all funds, and then disband.

[1] Islamic lending prohibits charging interest on loans. In groups with Muslim participants, an alternative might be to charge a flat fee for loan withdrawals from the savings funds.

To recap, some important concepts in SG implementation are:

- *Self-selection*
- *Self-management*
- *Shares and caps*
- *Self-financing (no external capital)*
- *Time-bound*

Donors who review proposals from implementing agencies can assess those proposals for an understanding of these key SG concepts.

BENEFITS FOR MEMBERS—WHY PARTICIPATE?

A savings group helps people consolidate small sums of money periodically, in order to accumulate a lump sum. The members of the group are likely to have never had such a large sum of money in their lives. This lump sum enables them to purchase food and assets, make improvements on homes, hire labor, invest in businesses, and/or pay for schooling. The lump sum is one of the key incentives for people to join and remain in a savings group.

In addition, the savings group members also lend from the collective savings pool to each other, in small amounts and for limited time periods, with a rate of interest chosen by the group. This generates a profit or a return on investment for the group's members, which is a second reason that members like their groups. It is a graphic illustration of the business concept of "making your money work for you." The access to loans can provide capital to entrepreneurs in the group, a third reason that SGs are attractive to members.

Another reason that members appreciate their groups is the mutual support that the groups provide. This mutual support can take the form of financial support (donations or short-term loans for emergencies from the group social fund) and/or emotional support (advice and counseling from other members and from outside sources).

To recap, the benefits to people for joining and remaining in an SG are:

- *Access to lump sums of money*
- *Profits from lending*
- *Access to small loans at democratically decided interest rates*
- *Mutual support*

RISKS

For Members

The risks to SG members are worth mentioning, and should be clearly addressed in proposals to donors. The gravest risk, perhaps, is that the savings will be stolen. Secondly, loans may not be repaid, which also jeopardizes savings. Thirdly, internal conflicts may arise, causing the dissolution of the group. Fourthly, there may be opportunity cost risk—what else could group members be doing with their time that might

provide them more benefits than the savings group? Finally, the group's purpose could be diluted or distorted by other interventions that are tacked on to the savings group. This is where the issue of SG+ requires analysis, as we will discuss in subsequent sections. All these risks can be mitigated with careful planning and reflection, but some cannot be eliminated.

Some examples of mitigation plans might include the following:

- For preventing *theft*, mitigation strategies could include limiting the size of cash holdings, for example distributing all savings collected as loans at each meeting or delaying the repayment of loans until the day of share-out. Another approach is enhancing the physical security of the group's cash, such as by rotating the location of the safe box, or depositing savings in a nearby financial institution. To protect the individual holding the money, there should be clear procedures in case of theft.

- For problems with *defaulting on loans*, the keys are limiting group membership to known persons with good reputations, and empowering the group to vet the requests for loans.

- To avoid *conflict*, transparency of operations is key. Group members should also be empowered by their implementing agency to include in their bylaws, and to put into practice, the exclusion of members who cause conflict.

- For reducing *opportunity costs*, implementing agencies can ensure that meeting times and places are convenient for members, and that add-on services are provided in a manner that respects their other time commitments.

- To avoid *distortion of purpose*, add-on activities should be sequenced in after the group has established its core functions; add-on activities should occur after the savings group activities at every meeting.

To recap, donors should be aware of the potential risks of SGs, and ensure that implementing agencies have contingency plans in place to address them:

- *Theft*
- *Default on loans*
- *Conflict*
- *Opportunity costs for the participants*
- *Distortion of purpose*

For Members' Households, especially Children

There are some risks that donors should be aware of at the household level. Savings groups are a demand on members' time; 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 meeting locations near the 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 the decision-making processes around its use. Strategies to mitigate some of this risk of conflict might include involving men in the groups, or establishing

male-only groups, and engaging women, girls, boys, and men in identifying risks and strategizing ways to avoid violence associated with program participation (Chaffin, Rhoads & Carmichael, 2013).

For older children/youth who are directly involved as members in groups, the risks may involve:

- An increase in child labor, which may lower school attendance
- An increase in household conflict, due to youth having money
- Susceptibility to violence from adults or other youth due to youth having money
- Increase in youth mobility (and associated security concerns)

For smaller children, the risk is having a parent who is spending more time at group meetings and in income-generating activities, rather than being at home—in other words, a reduction in the amount of supervision and care provided to children.

Risks to children and youth are not well-understood or researched, so it behooves donors and practitioners to ensure that the potential for risk is monitored by implementing agencies.

For Implementing Organizations and Donors

For donors and implementers, the risks might include:

- Implementing/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 a more needed intervention
- Using savings groups for purposes that are not appropriate for this intervention, and/or establishing unrealistic expectations for SG programs
- Targeting specific groups without a deep understanding of the limitations to targeting, which might result in stigmatization or other forms of harm

Donors should ensure that they use staff or consultants who are experts in savings group methodologies when structuring and designing programs.

RATIONALE FOR DONORS TO SUPPORT SG INTERVENTIONS

Savings groups are an attractive intervention for development agencies. SGs can be established in *remote or sparsely populated areas* where more formal financial services are not cost effective or available. Although there may be initial hesitation for people to join savings groups, once the first share-out occurs, the benefits become clear and *demand is strong*.[2] This lowers the cost of expansion. *Operating costs are low*, certainly much lower than equivalent costs of microfinance institutions. There is *no need for external capital*—in fact, this is anathema to the good functioning of an SG. *Impact is good*, as we will see from examples later in this document. Savings groups can *reduce the cost of other interventions*, by providing a delivery vehicle—the group—to which to provide the service efficiently (Singer, 2008). The *period of time* that an implementing agency is involved is limited; the facilitating agency gradually phases out its supervision so that each SG is completely independent within about one year. This may vary for SG+ interventions,

[2] Assuming that no other financial interventions are operating in the area and serving this target group.

where the add-on activity may go on longer. Despite the phase out of support, SGs tend to go on functioning, making them a *sustainable* intervention. Finally, SGs seem to be able to *self-replicate* after donor interventions cease, and even sometimes during the intervention.

Outreach to Remote Areas

Some examples may serve to best highlight the ability of SGs and SG+ to benefit people in rural and remote areas. Once such example is CARE's wPOWER program that operates in both urban and remote rural areas in Kenya, Tanzania, and Rwanda. The program has over 1 million SG members. This is an SG+ program: village agents for the SGs also act as sales agents for cook stoves. In April 2013, 1,000 cook stoves were sold, resulting in an average income of US$65 for the village agent. This income supplements village agent earnings from providing technical assistance to SGs on a fee-for-service basis (Nelson, 2014).

In Oxfam's Saving for Change program in Mali, the typical village is more than 14 miles from a paved road. Despite this challenge, the program reached 423,654 members in its four years of activities (BARA & IPA, 2013).

Demand is Strong

The clearest indication of demand is the worldwide growth of savings group membership, illustrated in the table below (2012 to 2014).

Table 2: Demand and Growth of Savings Groups

	Sep-12				Nov-14			
Organization	**CARE**	**CRS**	**Plan**	**Saving for Change**	**CARE**	**CRS**	**Plan**	**Saving for Change**
# of Countries	34	35	25	37	38	*37*	*26*	*12*
# of members	3.1M	1M	700,000	*600,000*	*4M*	*1.35M*	*1.16M*	*650,000*

(Ashe, 2012; Allen, 2014)

Cost Effectiveness

Why are savings groups cost effective? The costs of SG programs are staff salaries, transportation costs, and monitoring, as opposed to typical microfinance costs, which include infrastructure, capital, transport, regulatory, communications, and personnel costs. The cost per client of SGs depends on the size of the program (number of groups established, number of members), the geographic area served, and other factors.

The following cost comparison is drawn from the Microfinance State of the Sector Report: Closing the Gap (Odell, 2011), with the addition of STRIVE Mozambique.

Table 3: Saving Groups and Cost Effectiveness

Agency	Aga Khan	CARE (VSLA)	CRS (SILC)	Oxfam (SfC)	STRIVE Moz (SG+)	Plan (WORTH)
Cost of member served[3]	$34.50	$26.20	$25	$24.60	$30	$22.90

(Odell, 2011; Save the Children, 2014)

Box 2: Cost per Member

"This cost-per-member figure comes from quite rigorous calculations, in that the costs include all overhead, administrative and field costs of CARE billed to the donor, as well as some substantial one-off costs including the purchase of a vehicle and three motorcycles, the use of occasional consultants, and even the cost of writing the present essay. In calculating the cost-per-member, CARE counts only members of groups that have started saving, and excludes any groups in earlier stages of group formation."
(Rippey, 2010)

The cost per member of SGs has been calculated in ranges from US$20 to US$60 (Africa) and US$10 to US$20 (Asia). The VSLA website states that "The cost per member averages $22.20 (and as little as $8)" (Singer, 2008).

A randomized control treatment (RCT) evaluation of VSLAs in Malawi calculated that the cost per member was US$75 (Ksoll et al., 2013). The authors note that this was expensive due to the small size of the intervention and other factors. In the final evaluation of the Saving for Change program in Mali, another RCT, the researchers estimate that the cost per household was US$16.72 (BARA & IPA, 2013). For CARE's Community Savings and Loans project in Western Kenya, the estimated cost per member was a low US$9.01 (Rippey, 2010). For comparative purposes, costs per borrower for microfinance range from US$15 to US$184 (www.vsla.net, 2013).[4]

Donors should note that in addition to the savings and interest contributions, SG members themselves may be asked to assume some of the costs required to launch and run SGs. Some of the expenses that members might incur include:

- Cost of lock box, calculator, record-keeping notebooks, pens, and other start-up materials
- Transportation to meetings

Delegating these costs to the group helps keep implementation costs low, in addition to ensuring participant "vesting," buy-in, and commitment. There are also the opportunity costs for the participants, which could be considered contributions, such as the loss of income due to being away from income-generating activities while attending meetings, or the loss of family time. Minimizing these costs, by arranging meetings at convenient times, is helpful to ensuring continuous participation.

[3] This is a calculation: "Total project costs to date end of period + total facilitating agency overhead costs to date end of period/total number of members assisted."

[4] Note that the comparison is not exactly "apples and apples," since one is measuring cost per member and the other cost per borrower.

No External Capital

Experience shows that injecting external capital undermines the autonomy, self-reliance, and ultimately the viability of SGs (Sinclair et al., 2014).

When SG capital comes from the group members' savings and no other source, members use their funds more carefully, to ensure a return on their hard-earned investment, and they hold their elected leaders more accountable. Having said this, it does occur that the funds accumulated by the group may be inadequate to meet the demand for loans. In these cases, after the group reaches a certain level of maturity, the group *as a whole* may be linked to a provider of capital, such as a nearby microfinance institution (Allen & Staehle, 2007).

Known Impact

As SG and SG+ programs have gained attention and momentum in recent years, the development industry has sought concrete evidence of their impacts. While there have been some studies of youth SGs and direct child-level outcomes, most research so far has focused on individual-, business-, and household-level outcomes of SG/SG+ programs designed for adults. Researchers have applied a variety of methodologies, including the most rigorous form of the RCT, to examine outcomes. Results from some illustrative studies include (Gash & Odell, 2013) the following:

- SGs can successfully reach the very poor;[5] however, early adopters of SGs tend to be slightly less poor and somewhat relatively more financially and socially active; more vulnerable individuals join later.

- SG participation reduced poverty overall. In one study in Burundi, an SG+ program implemented by IRC with highly vulnerable returnee households had a 14 percent reduction in poverty rates after the first VSLA cycle of one year.

- SG participation resulted in an increase in savings and the availability of SGs in villages increased the use of credit, in terms of both the number of loans taken and the size of the loans. In terms of asset ownership, however, the studies did not show conclusive evidence of asset growth.

- In terms of household expenditures and consumption, the results were not standardized across studies: some programs showed an increase in one or the other, while other programs showed no significant difference. This may have been due to differences in measurement methodologies.

- The bulk of the evidence from the studies reviewed shows little evidence of impact on health or education outcomes or expenditures; however, there were positive effects of increased primary enrollment in Ghana and increased spending on children's education in Burundi.

- Positive impacts were observed in food security in several different locations across a variety of measures, although outcomes are mixed. There is a reasonable body of evidence suggesting that SG participation supports food security.

[5] Defined as those living on less than $1.25 purchasing power parity.

- SGs enhance women's household decision-making power. Studies indicate that women participating in SGs gain a greater say in household expenditures (Gash, 2014). Extensive research over the past two decades has shown that women tend to spend more than men do on food, education, health, and other goods and services that positively affect children (Van Rooyen et al., 2012; Yoong et al., 2012; Holvoet, 2004; Chowa et al., 2007). Since women tend to gravitate toward SGs in greater proportion to men (SGs have a female membership of about 82 percent in Africa, 80 percent in East Asia and the Pacific, and 96 percent in Eastern Europe and Central Asia), this effect is especially significant (Sinclair et al., 2014).[6]

It is important for donors to have realistic expectations about what SG interventions can achieve, as the above discussion shows. It is also important to understand that some of the differences in study results may be due to differing research methodologies. If donors want rigorous studies to determine results, it is important to budget both time and financial resources for these.

Combined Interventions May Reduce Costs

In theory, savings groups can *reduce the cost of providing other interventions*, such as agricultural or health extension services, by furnishing a delivery vehicle—the group—through which to provide the service efficiently. Unfortunately, there are limited data on this cost issue. Despite the lack of data, there are promising models, such as the ones below:

> In Zimbabwe, the LEAD Trust promoted drip irrigation kits for vulnerable households. A local NGO, A Self-help Assistance Program, worked through SGs to identify appropriate households to receive the kits (Nelson, 2014).
>
> In Uganda, the SCORE project works with Jubilee Insurance to market a funeral insurance product to SG members. SG trainers carry out many of the functions of an insurance agent, thus keeping the premiums low and affordable (Ogaba, 2013).

Limited Time Period of Outsider Intervention

Savings groups are designed specifically to allow implementing agencies to withdraw support after a limited period of time. In the ideal situation, a savings group can manage itself after having completed one share-out at the end of a cycle (usually a year). In real life, since the share-out only happens once per cycle, and it involves some financial calculations, the SG may need some outside support for this process. There are two models in use that build in community facilitators to attend to SGs so that the groups can continue to operate without donor/implementing agency involvement.

[6] This calculation used data from SAVIX on www.savingsgroups.com.

Model 1: Community-Based Trainers (CBTs)/Village Agents

At the beginning of projects, training and supervision are usually conducted by paid staff, but most facilitating agencies rapidly devolve training and supervision responsibilities to community-based trainers (also frequently called "village agents") who reside in the local area and continue to implement the initiative beyond the end of an externally funded program (see Box 3 for an example).

This ensures the long-term availability of local training resources that do not require continued external financing.[7] There remains debate with regard to whether CBTs should be paid, trained, and/or provided other incentives; this depends largely on culture, context, and demand (Sinclair et al., 2014).

Box 3: CBTs equipped to sustain SG+ services

Freedom from Hunger and local NGO partners in West Africa and Latin America have equipped CBTs to provide interactive financial, business, and health education sessions to SGs. Where literacy levels are low, CBTs use picture-based learning sessions and mobile applications with audiovisual prompts in local languages. Similarly, CRS and local NGO partners in East Africa have equipped CBTs to sell business education to SGs on a fee-for-service basis. Equipping CBTs to deliver education builds local capacity and enables "plus" services to be sustained beyond the end of the project (Sinclair et al., 2014).

Model 2: Private Service Provider (PSP)

In this market-based model, agents are recruited and paid a small stipend by the project to form a limited number of demonstration groups. Between their 7th and 9th months of operation, agents undergo an examination process to assess the quality of their work and readiness to work independently from the project. Successful agents are certified as PSPs to offer their training and support services to communities on a fee-for-service basis, ensuring long-term sustainability after donor and program support has ended (Bavois, 2013).

Sustainable

Despite the phasing out of donor support, there is evidence that groups continue to operate after support is withdrawn (see Box 4).

Self-Replicating

Savings groups can spring up without any support from implementing agencies. One study looked at VSLA/SILC savings groups in Uganda that were formed after the two agencies, CARE and Catholic Relief Services (CRS), had stopped their interventions. Of the 46 groups studied, some had been formed by community facilitators, but the majority (25) had started on their own.[8] The new groups are performing just as well as the ones assisted by CARE and CRS, and benefiting their members in the same way (Mine et al., 2013).

Box 4: Savings Groups Keep Functioning

"An ongoing study by Hugh Allen of VSL Associates looking at SG MIS data through SAVIX (http://thesavix.org or www.savingsgroups.org) is comparing outcomes for a sample of 331 groups implemented under CARE, CRS, and Oxfam. The data look at groups across six countries—Cambodia, Kenya, Malawi, Mali, Tanzania, and Uganda—over a five-year period, from 2010–2014. Early outcomes show that 92% of the 331 groups have remained active for four years after the end of NGO support (Gash & Odell, 2013)."

[7] www.savingsgroups.com

[8] These agents were not receiving payment from the project, but it is unknown if they were receiving payment from the groups.

In a nutshell, implementing agencies value SGs as an intervention because:

- *They can function well in remote areas*
- *They are low cost*
- *Demand is strong*
- *They have known positive impact*
- *They reduce the cost of add-ons*
- *They require a limited time period of intervention by outside agencies*
- *They are sustainable after implementing agencies withdraw*
- *They self-replicate*
- *They can add new activities (become SG+) that address participant needs*

THE ROLE OF INGOS

Over the past decade, several development organizations have perfected and systematized their own models of SGs. As a result of this work, four prominent SG models now exist, listed below with their "creators":

- Village Savings and Loan Associations (VSLAs), developed by CARE
- Saving and Internal Lending Communities (SILCs), developed by Catholic Relief Services (CRS)
- Saving for Change groups (SfC), developed by Oxfam America and Freedom from Hunger
- WORTH, developed by Pact

Each of the models is slightly different, but all follow essentially the same best practice concepts described in the earlier section on the Basic Model. As important, these expert organizations now have years of implementation experience, and this gives us guidance on the role of the INGO in promoting SGs.

In presenting proposals, INGOs should have done their research on, and ideally have experience with, their proposed target population, showing:

- A target population whose needs correspond with program goals
- Good knowledge of the target population's needs and demands
- Knowledge of specific geographic and cultural contexts of the target population (vulnerable populations, women, or OVCs, for example)
- An understanding of gender in development and the role that gender will play in SG promotion, development, and support
- Respect for participants' needs, their commitments outside the SG, and their investment of time and energy
- Experience working with this or similar populations in comparable contexts

> ➢ Know your target group: do your demand-side market study

INGOs should have researched the supply side of the market to avoid duplication and to leverage synergies, especially if contemplating additional services (the SG+ model), by demonstrating:

> ➢ Know your potential partners: do your supply-side market study

- Knowledge of other actors providing similar or complementary services in the targeted areas, and identifying potential relationships with them

INGOs need experience in SGs, with a track record of successful implementation, including:

- Solid experience with SGs (external or internal expertise)
- Demonstrated understanding of and commitment to the principle of group autonomy
- No red flags, such as plans to donate money to the group
- In the case of SG+ projects, a clear description of delivery approach for the "plus" component (who and how), along with a logical rationale for how the SG and plus components will work together
- Key staffing without being inadequate or too complex
- A plan for introducing additional services or components (if relevant), that is clear, rational, and appropriate for the context

> ➢ Experience in successful implementation of SGs or SG+

INGO proposals should show an end game, an exit plan that addresses:

> ➢ A best practice exit strategy

- Sustainability of existing groups
- A mechanism to address ongoing demand

Solicitations should request a learning agenda, with a research and dissemination plan that contributes to building the knowledge base on savings group impacts. Strong responses will contain:

- A baseline and endline evaluation, at minimum. Midline evaluations are recommended, as mid-project information about progress can assist in identifying challenges and opportunities that the project may need or want to respond to
- A way to track, consolidate, and analyze results
- Indicators for child-level effects, regardless of whether children or youth are direct program participants
- A learning dissemination strategy

> ➢ Learn from successes and mistakes, and pass it on.

Donors can be assured that proposals that meet these criteria will have a greater probability of success and a greater likelihood of impact.

POSSIBLE LIMITATIONS TO THE BASIC MODEL

Even with all these advantages, SGs have some risks and limitations, which donors should be aware of.

Self-selection: Sometimes it is difficult to get people to self-select into new groups. This may be truer of poorer, more vulnerable people, who lack the capacity to assume risks. Once SGs have successfully operated for a while, poorer people become more comfortable with the concept and are more likely to join groups (Gash & Odell, 2013).

Unmet demand for loans: The amount of savings that a group can collect may be too small to meet the demand for loans. This can create conflict among group members, and put pressure on implementing agencies to inject external credit.

Limited market opportunities: On the other side of the coin, while there may be enough savings to lend, there may be only limited market opportunities in remote/rural areas, which limits opportunities for investment and revenue generation. This can reduce the impact of the intervention.

Federation: Savings groups are difficult to federate. In other words, where some SGs might have excess savings, and others limited savings, it is difficult to create a relationship between them that is secure (protects the savings) and yet meets the demand (Box 5).

Box 5:
SILC Group Associations in Tanzania

In Tanzania, CRS piloted a program to federate SGs into cooperative marketing groups to negotiate better terms for their crops with dealers. These SILC Group Associations (SIGAs) were successful in their price negotiations and demonstrated the potential benefits of federating SGs. However, they involved negotiations and transactions that took place outside the regular SILC meetings and required more complicated bookkeeping than that of a single SG. That the SIGA business was managed by a small group with the requisite skills at a couple of steps removed from the SILC members put them at risk of elite capture or worse—fraud and mismanagement (Rippey & Fowler, 2011).

Cannot lift people out of poverty: Anecdotal evidence and hard research have shown that SGs and SG+ are not able to lift people out of poverty (Karlan et al., 2012); rather, they strengthen household resilience against further impoverishment, due to the increase in small asset bases, including savings, which can be used to buffer families against economic shocks. Poverty has many causes, and providing limited financial services with group support, even with add-on activities, is not enough to raise people's economic status out of poverty.

Need for context adaptation: As with all development interventions, savings group programs will need adaptation to highly specific contexts, such as conflict, post-conflict, insecure, or post-disaster environments. Stability of populations would be a key starting point for savings group interventions in these environments. Other contexts where adaptations would be necessary are mobile populations (nomads), highly illiterate populations, highly dispersed populations, and other situations or groups where the standard model will need adjustment.

Donors should temper their expectations for what the model can achieve, while at the same time ensuring that practitioners mitigate the limitations where possible.

TARGETING

Naturally, donors and implementing agencies want to increase the probability of having a successful program with maximum impact. One might think that targeting could help, but does it?

Targeting specific populations to become members of SGs sounds tempting. In actuality, it may undermine the strength and success of SGs. In many circumstances, SGs are heterogeneous in terms of economic status and vulnerability (that is, include self-selected members who are "very poor" as well as members

who are less poor).

There are, however, some established good practices for reaching specific populations without jeopardizing SG success. Figure 3, below, illustrates these approaches.

Figure 3: Approaches for Reaching a Specific Target Population[9]

Approach	Application	Benefits	Drawbacks
Area Saturation: SG membership is open to anyone in a given area. Members ultimately include a mix of the target population and others.	• Used to reach people living on less than $1.25 PPP per day, for instance. • Appropriate for large-scale SG projects with a long-term commitment to the area. • Used in SGs that incorporate youth with adult members. • Used to reach households with high numbers of children, especially OVC.	• Ensures broad participation, including more vulnerable target groups. • Enhances groups' financial viability and overall stability through heterogeneity.	• Target population potentially is represented by only a fraction of the participants.
Target Group-inclusive: SG is expressly promoted to target groups as well as the general population, and self-selected members of both are combined in mixed SGs.	• Used to reach physically-challenged or HIV-positive individuals, for instance. • Suitable for all projects when additional meetings and marketing efforts are feasible. • Used in SGs that incorporate youth with adult members. • Used to reach households with high numbers of children, especially OVC.	• Maintains self-selection principle and a high degree of heterogeneity. • Increases likelihood of reaching target population.	• Requires some effort to avoid group stigmatization and departure of members who are not from primary target group.
Dual Coverage: A certain number or proportion of SGs are composed entirely of target group members within an SH program serving the general population.	• Used when cultural of other factors prohibit the target group from mixing with the general population (e.g., women in Afghanistan). • Used when target group needs special "plus" services not relevant to others (e.g., children's groups).	• "Plus" services can be more tailored and focused on particular needs.	• Can inadvertently increase the exclusion of the target group. Increases risk and vulnerability of SH due to homogenous membership.
Target Group-only: SG membership is open only to those in the specific target population.	• Sometimes used when a program offering other services to an exclusive target group later adds an SG component. • Used to reach youth, for example, with youth-only savings groups.	• Can bring the benefits of SGs to the existing target group (economic strengthening and empowerment, etc.)	• If target population is not large enough, program can be inefficient and more costly. • Covariant risk and increased exclusion/ stigmatization are exacerbated. • Excluded population may find a way to join.

[9] (Sinclair et al., 2014)

Donors and implementing agencies can adjust their targeting approach to their need to reach a certain population. Suppose a donor wanted to design a program using SGs to improve child wellbeing? It would seem logical to target caregivers, or children/youth, or both. Approaches have been developed for this.

- **Adult Savings Groups (can be example of target group-only).** As demonstrated in Figure 1 above and borne out through some of the SG research to date, adult-focused SGs have the potential to achieve indirect positive outcomes for children. By deliberately focusing on the causal path to children and youth from the outset, adult-only SGs can be designed to directly serve caregivers while indirectly influencing child-level wellbeing.

- **Youth-Inclusive Savings Groups (can be example of target group-inclusive or area saturation).** Some SG programs, particularly in Latin America, have incorporated youth and children as members of adult SGs. This has the advantage of maintaining heterogeneity and stability, while introducing young people to SG financial management practices and any plus services. Additionally, because they have often been in school more recently than the adult members and frequently have stronger writing skills, youth members are sometimes elected as group secretaries. Impact research so far has shown mixed results (neutral to positive) on improved financial practices and other outcomes from youth participation in mixed age groups (Gray & Chanani, 2010).

- **Youth Savings Groups (can be example of target-only).** The practice of implementing youth-only SGs has grown in recent years with programs like Plan International's Youth Microfinance Project in West Africa, Freedom from Hunger's AIM Youth program in Ecuador and Mali (both funded by The MasterCard Foundation), and CARE Burundi's Ishaka program for adolescent girls. In contrast to the general recommendation that groups be heterogeneous, Plan has found that youth from ages 13 to 19 seem to benefit more when they are segregated from adults and younger children, perhaps as a result of teen solidarity. Although controlled research results are still pending, youth SG+ programs appear promising for their combination of saving discipline, applied financial education, and personal empowerment. Youth SGs pose a management challenge given the mobility of youth, but school-based programs have been successful; working with youth cultural and athletic organizations may be a strong longer term approach (Nelson, 2014).

Box 3:
Targeting by STRIVE Mozambique in an SG+ Intervention

STRIVE Mozambique targeted communities with a high proportion of food insecure households, which typically farmed less than one hectare of land and relied primarily on subsistence production of cassava, augmented by some small seasonal crops. Extension Agents assigned by the project to each district mobilized community members through meetings and word of mouth to create groups and to select volunteer Promoters to support those groups in their own, and adjacent, communities. Participation in VSL or AM was voluntary and the formation of groups adhered to the principals of self-selection. Both interventions rely on group members selecting one another to reinforce cohesion.

The project providing the "plus" intervention (agricultural extension), also targeted food insecure households, with an emphasis on those with children under two (Save the Children, 2014).

Box 7: Targeting OVC—Marketing and Delivery Channels

"CRS and Caritas Rwanda first engage youth to participate in SILC through large-scale community awareness-raising events. These events are usually organized through Caritas' extensive network of small Christian communities, as well as parish and sub-parish youth committees. Youth served through the OVC program tend to be the primary audience. SILC however targets other community members, some of whom are caregivers of OVC (Mukankusi et al., 2009)."

Savings groups programs can be designed to reach youth and children through targeting. This can be through a geographical approach, a household approach, or an individual approach. Care must be taken not to stigmatize families or individuals, whatever the approach used.

SAVINGS GROUPS PLUS (SG+)

SG+ operate just like SGs, but with the addition of other services or activities that benefit members, their households, and/or their communities. SG+ members often engage in "plus" activities at their regular group meetings. Examples of SG+ services include:

- Training in life skills, financial literacy, health and nutrition, entrepreneurship, or other areas
- Social marketing of a variety of products such as solar lamps and anti-malarial bed nets
- Other financial services, including insurance and group savings accounts
- Joint activities for some or all members in agriculture or small business

A recent survey of 102 organizations working with SGs noted that 87 percent were integrating other services using an SG+ approach; 60 percent reported offering financial and/or entrepreneurship training; and 30 percent to 40 percent were offering education in nutrition, health, life skills, and/or child rights (Oglietti, 2013).

The plus in SG+ programs is often initiated and provided to the groups by an external agency, such as the facilitating agency, a government entity, or a private partner. But plus services are not always externally imposed; sometimes the momentum and confidence brought about by SG participation inspire SG members themselves to initiate the plus services. Table 4 illustrates the diversity of SG+ roles and the benefits to donors/implementing agencies

Clearly, the table below illustrates the many possibilities of using SGs as launching points for other interventions.

Table 4: Roles Savings Groups Can Play in Multi-Sectoral Programs[10]

Various roles of Savings groups	Value for Donor/Development Agencies
1. Savings group as entry point: An established SG vets potential new development products and services, and the group's endorsement holds sway in the broader community.	Mature SGs often have a trusting relationship with their facilitating agency on the one hand, and legitimacy within their communities on the other. Thus they can become valuable interlocutors and sounding boards for external agencies seeking to introduce new interventions.
2. Savings group as platform: SGs receive other services—often training—either at their group meetings or together in another venue (e.g., the farm field for agricultural extension).	SGs provide external agencies with an efficient mechanism for reaching many people at once. The SG's financial business draws members, keeps them engaged at regularly scheduled meetings, and often kindles interest in and openness to other development activities.
3. Savings group as gatekeeper: SGs use members' local knowledge and networks to assist external agencies in identifying those most in need of specific interventions.	SGs can sometimes effectively play the role of volunteer action teams—for example, by identifying families or situations for government or other agency intervention. SGs have deep knowledge and respect in the community and can be more durable than ad hoc action teams developed for a specific purpose.
4. Savings group as market channel: SGs can serve as an effective rural distribution channel for development-oriented products such as solar lamps, improved cook stoves, and microinsurance.	External agencies can not only assess product appropriateness and market demand via SGs, but also rely on them for marketing. SGs offer access to 20 to 30 people at a time; these members have access to loans and lump sums to finance product purchases. Members who purchase the product also demonstrate it to others in the community, thus generating demand.
5. Savings group as teaching tool for youth: Youth SGs reinforce math skills and teach basic financial literacy to members. Most youth SGs include some combination of financial education, life skills, entrepreneurship, and vocational training.	External agencies that seek to improve child and youth wellbeing can use adult, youth-inclusive, or youth-only SGs to encourage new skills and practices. SGs provide a laboratory where students can apply what they learn in financial education, math, or entrepreneurship classes.
6. Savings group as service provider: To benefit their own households and the community, savings groups have launched their own community improvement efforts such as preschools, building projects, and clinics.	Launching an SG can have far-reaching impacts beyond those initially envisioned. SGs pose an opportunity for external agencies to foster projects that are community-initiated, -led and -managed.
7. Savings group as stepping stone: SGs provide an opportunity for participants to learn about and build confidence in financial services. After some experience with saving, borrowing, repaying, and managing group activities, some members go on to engage in formal financial services such as those offered by a microfinance institution.	Donors with an interest in increasing financial access among vulnerable populations may find that SGs not only directly address a need for more financial service options, but also help to pave the way for members to engage in formal financial services beyond the group.

[10] This table is adapted from Nelson (2014).

STRIVE Mozambique is an example of a SG+ project successful in achieving positive economic outcomes. As mentioned earlier in Box 1, the project had a significant positive effect on participants' incomes across all three treatment arms (SGs, SGs plus rotating labor, and rotating labor groups only). However, the median income among SG participants nearly tripled, nearly twice the 85 percent increase observed among rotating labor participants. In addition, annual household income increased more than twice as much for SG participants as it did for control group non-participants. The project was successful in increasing agricultural production through both intensification and extensification of cultivation practices with a notable increase in cash crop investment. Some participants were also able to use loans and/or savings to diversify income generation outside of agriculture through investment in small businesses. All treatment arms of the program had a positive and statistically significant effect on crop income, although this effect was highest for the households participating only in rotating labor groups (Brunie et al., 2015).

Higher incomes resulted in an increased probability of durable asset ownership. On average, participant asset holdings increased by about one additional item between baseline and endline, compared to the control group. Participants in SGs also earned an average 25 percent return on their savings, from the lending activities of the groups (Brunie et al., 2015).

Participants reported using income, savings, and loans to purchase food, to pay for education and health care, and to mitigate the harmful effects of shocks. Food security, measured in retrospective months of adequate household food provisioning, improved significantly within all three treatments arms relative to the control group. Treatment household gains outstripped those of control households by between two weeks and two months of adequate household food provisioning, with the largest effect for the combination VSL and rotating labor groups (Brunie et al., 2015).

At the child level, findings were mixed. Although participating in SG only and SG+ led to significant increases in months of food sufficiency at the household level as compared with the control group, only the SG alone households showed significant improvements in child dietary diversity scores (a measurement of the diversity of food groups consumed by an individual) relative to the control (Brunie et al., 2014). STRIVE Mozambique had originally set out to affect child nutrition and impact stunting, wasting, and underweight measures in children under 5. The gains in food security were not echoed in the child nutrition measures, however, as there were no statistically significant changes in stunting, wasting, and underweight in STRIVE Mozambique communities (Brunie et al., 2014).

ELEMENTS OF SOUND SG+ DESIGN

For donors designing multi-sectoral programs or evaluating project proposals related to SG or SG+, there are a number of key elements to consider. This section provides background on the most important aspects of SG+ design.

An experienced advocate for integrated programming in microfinance, Freedom from Hunger, developed a framework, summarized in Table 5, that is relevant to this discussion of SG+ programs (Dunford, 2001). The way integrated services are delivered is a key aspect of SG+ program design, and a range of approaches to service delivery has evolved to accommodate differences in context, program design, agency capacity,

and resources.

Table 5: Approaches to Deliver Integrated Services [11]

Type	Description	Application	Concerns
Linked	Two or more institutions provide services; one may organize groups for the purposes of saving and credit, while the other delivers a nonfinancial service (e.g., health education, agricultural extension).	This model makes sense when the additional service requires technical expertise beyond the capacity of the SG trainer. Where quality development services are available, a linked model enables the SG trainer to focus on increasing the number and quality of SGs. It is also used in large multi-sectoral programs, implemented by a consortium of organizations selected for their expertise in one or more of the program's focal areas.	Timing of the delivery of the 2 components can be tricky. Sharing responsibilities for delivery needs to be clearly thought out. Duplication of efforts should be avoided. Can cause confusion among group members.
Parallel	Distinct staff within the same institution provide different services to the groups.	This approach is most appropriate for organizations that maintain functional departments and capacity in distinct technical areas, such as financial services, health, education, and agriculture.	Sharing responsibilities for delivery needs to be clearly thought out. Can cause confusion among group members.
Unified	All services are provided by the same staff of the same institution.	This model is often used by organizations operating in areas with limited services.	Qualifications and training of the delivery agents is a critical element.

The best approach should be identified in the demand and supply market study done by an implementing agency prior to submitting a proposal.

[11] (Sinclair, Panetta and Prano, 2014). Adapted from Nelson (2014).

LESSONS LEARNED

While the possibilities for introducing other activities to savings groups are endless, experience dictates caution with respect to the number of add-ons that can be effectively managed, the expertise required to introduce them, and their cost.

Box 8: Project designers should be able to clearly answer the following questions:

- How should the SG and other services be sequenced?
- Who wants the additional activity?
- Does this activity complement the SG or detract from its core functions?
- How should we design the new activity?
- If the activity is managed by other organizations, what can be done to monitor service quality and ensure that it does not jeopardize the basic SG?

Sequencing of SG+

Savings groups work well as a platform for other development activities because their financial purpose serves as a strong draw—they attract participation when other groups do not. Also, SGs become cohesive because the financial methodology works. Experience is showing that these two elements make SGs a good starting point in the sequence of service delivery.

Practitioners tend to agree that SGs should be given enough time to establish themselves and master the methodology before taking on other activities. A common strategy is to hold back the introduction of add-on activities until the group has begun its second cycle. For many SGs, this means limiting themselves to their core saving and lending functions for one year.[12] During this time, members complete the SG training, develop their group organization, master the procedures, and gain confidence in managing their funds. Often, people have to experience their first share-out, when the savings and earnings of the cycle are distributed to the members, before they really believe that the model works, that their savings will come back to them, and that they will earn a profit. With their financial foundations in place, groups are better able to seek out and respond to other opportunities. Indeed, experience has shown that at this point, members often ask, "What is next?" or initiate new activities on their own.

Early and as yet unpublished evidence suggests that add-on activities that take place in conjunction with SG meetings should occur after regular SG business is conducted. This benefits the add-on activities by allowing associated discussions to carry on until their conclusion, rather than being cut off to conduct business. It also keeps members from feeling like they're being "held hostage" to the add-on in order to make their savings.

Selecting the Services or Activities to Add to SGs

The selection of services should "do no harm." Add-ons should respond to members' needs and wishes as opposed to the priorities of the program managers or donors. They should fit with the core SG

[12] Some programs add activities more quickly after six months, or as soon as the initial intensive SG training has been completed, usually after three months. Starting earlier in the first cycle may bring down the costs of the desired outcomes associated with the additional activity.

functions.

Demand-driven activities. The additional activities that an SG takes on should, at a minimum, do no harm either to the SG or to its individual members. Additional activities take time to deliver, and if these do not respond to specific needs or demands, members' time is wasted. How do donors assess whether activities are demand driven, especially when proposed by agencies with specific mandates and specific core competencies in an area? Donors should ensure that implementing agencies have budgeted time and costs for a participatory needs assessment for their target populations.

Service selection informed by market research. In practice, the choice of services is more often supply driven. Large integrated programs that include savings groups as part of their strategies for household economic strengthening are often designed in advance as part of the planning and funding process. In these cases, the selection of services is more likely to be based on regional market research and needs analysis of food security for SG+ programs. In these cases, a mid-term evaluation is the perfect opportunity to assess whether the add-ons correspond to the stated needs of the beneficiaries. Donors should ensure that funds are available for mid-term evaluations, and should be open to changes in the selection of services if recommended by the evaluation.

Complementarity of services. Complementarity is another criterion to apply to the selection of additional services. To determine complementarity, a good look at the causal theory of the project is in order (see the discussion in the next section on a Causal Model for Child-level Impact). When child-level impacts are desired, services that benefit those children (e.g., nutrition education, cooking demonstrations, or special fundraising efforts to provide school supplies for vulnerable children) are highly complementary (See Box 9 for an example).

Box 9: Complementarity of Financial Education and Financial Services for Youth in Mali

In Mali, Freedom from Hunger has promoted SGs with young women and men, ages 13–24 years. FFH integrated one additional service, financial education, into the youth SGs, because financial education and financial services are conceptually linked and mutually reinforcing, making it relatively easy for the SG trainer to deliver both services in a unified model. Financial education helps young SG members to understand and carry out the financial management that access to new savings mechanisms introduces. Savings Groups and financial education are appropriate to the relative inexperience of youth; both start where the youth are, neither presumes previous knowledge or experience, and neither requires an investment of time or money beyond the capacity of the youth (Ramírez & Fleischer-Proaño, 2013).

Designing the Service

The following questions can help guide the design of additional activities:

- What is the objective of the service? Is it needed/demanded by the target group?
- What delivery approach will it use?
- What expertise is required? Is it available?
- Where will it take place?
- How will it be sequenced?
- How much additional time will the service require from SG members? Are they willing to invest this time?
- Who will pay for it?

- How will the impact of the add-on be measured?
- How will quality be ensured?

Donors should review proposals with these questions in mind.

Sustainability of the "Plus" Service(s)

As with SGs, SG+ programs should consider the sustainability objective for the plus service. Can plus services continue to function without outside inputs after the project ends? Program designers should carefully consider the capacity of SGs (and community-based trainers, if they are used) to manage the plus services. Although the financial component can be independently managed by groups, many plus services require ongoing external support.

Box 10: CBTs Equipped to Sustain "Plus" Services

Freedom from Hunger and local NGO partners in West Africa and Latin America have equipped community-based trainers (CBTs) to provide interactive financial, business and health education sessions to SGs. Where literacy levels are low, CBTs use picture-based learning sessions and mobile applications with audiovisual prompts in local languages. Similarly, CRS and local NGO partners in East Africa have equipped CBTs to sell business education to SGs on a fee-for-service basis. Equipping CBTs to deliver education builds local capacity and enables "plus" services to be sustained beyond the end of the project.

There is, however, insufficient evidence on the post-project sustainability of additional services integrated with SGs; further experimentation, evaluation, and research are required.

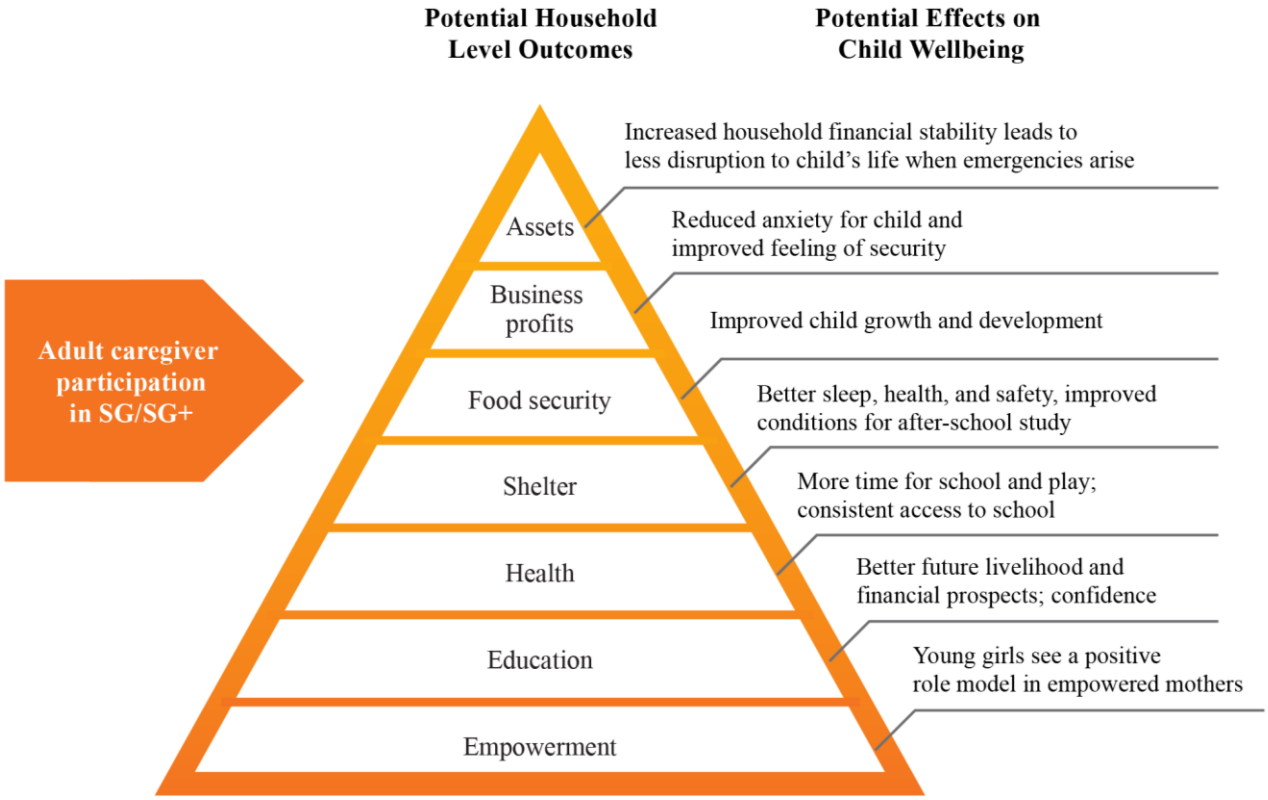
SAVINGS GROUP PLUS TO IMPROVE CHILD WELLBEING

Donors might want their SG programs to improve child wellbeing by using a plus approach. It is important to understand the underlying logic of how the add-on services will impact child wellbeing. This section discusses one such theory.

THE CAUSAL THEORY LINKING SGS AND CHILD WELLBEING

A theoretical causal model for a savings group intervention might look like the following graphic.

Figure 2: Causal Theory of SGs and Child Wellbeing



(Sinclair, Panetta, & Prano, 2014)

As illustrated in the above graphic, this causal chain begins with adult caregivers participating in SGs. Through the activities of the SG, members may be able to achieve the following intermediate and child-level outcomes. The appropriate add-on services can complement the financial services.

Assets: SG members may accumulate assets (for example by using savings to purchase more livestock), thereby enhancing their ability to cope with financial shocks. More household assets may mean that children's lives are less negatively impacted when unexpected events or expenses arise (for example, if a family member falls ill, the sale of livestock can help cover expenses in lieu of diverting school fees for medicine and thus disrupting the children's education). Add-on activities, such as education on childhood diseases, can increase the impact of the SG on children.

Business profits: SG members may increase their business revenues (for example, by using savings to expand operations), lower business expenses (for example, by buying discounted supplies in bulk by using loan proceeds), and thereby enhance their business profits. This in turn can reduce household financial stress—which affects both parents' behavior and children's development—and provide positive role models. Financial literacy and business skills training may reinforce this effect.

Food security: SG members may achieve greater food security (for example by using savings or loan proceeds to purchase food during the dry season). The greater quantity and/or quality of available food hopefully means that children go hungry less frequently and maintain a nourishing diet, which leads to better growth and brain development, and therefore healthier and more capable children. Agricultural extension information, and training on children's nutritional needs, would likely support this impact.

Shelter: SG members often choose to improve their homes (for example, by using savings or loan proceeds to buy materials for an additional room, to reinforce the roof, or to install electricity). More living space may mean that children are able to rest and study more effectively; a better roof may mean less exposure to the elements, and thus, increased health and wellbeing; electricity in the home can support evening studying and other beneficial activities. Educational activities that teach members about the benefits of shelter improvements may increase impact on children.

Health: SG members may find themselves better able to protect their family's health (for example, by using savings or loan proceeds to obtain malaria-preventing mosquito nets or timely medical care). When caregivers can more readily prevent and treat health problems in their children, children grow up healthier and have better development outcomes across the board. Information about childhood diseases and treatment may bolster these effects.

Education: SG members may invest in family members' education (for example, by using savings and loan proceeds to pay for a parent's training or children's school fees and uniforms). Children who attend school regularly are better educated, have better livelihood opportunities, and make more informed life choices. Schooling can enhance children's sense of self-worth and confidence, leading to positive social development, more consistent payment of school fees may help lower stress and improve children's psychological health. Helping women with intra-household bargaining and negotiating may increase the impact of SGs on education for girl children.

Empowerment: SG members may achieve greater financial and social empowerment. Confident and empowered caregivers may be more likely to attend to their children with love and respect, which leads to better development outcomes. Children who grow up around empowered mothers and other role models learn to emulate their confidence and approach.

THE RESEARCH TO SUPPORT THE THEORY

What does the research show? The conclusions that we can draw are limited, due to a lack of clear evidence about the impact of SGs on children. There are indications that some versions of SG+ enhance household and child welfare more than others, and activities directly targeting children are more likely to produce benefits for them, but there is a need for more research into impact at the child level. At this point in time, we make assumptions that the benefits to the households also benefit the children in that household.[13]

[13] There is also evidence that benefits are not distributed equally among children, for example: "Typically, heads of households redistribute support for OVC, such as food, cash, schoolbooks & uniforms, and income from micro-projects, away from OVC." World Bank OVC Toolkit. More research is needed in this area, and in the interim, development agencies should monitor for child-level impacts.

Impact on Children

The IRC New Generation project in Burundi provides an example. The evaluation of this program compared participation in SGs (the basic model) to participation in an SG+ program. The additional activity was the *Healing Families and Communities (HFC)* discussion sessions. By involving family members, this activity aimed to increase caregivers' knowledge of and actions to improve their children's protection, wellbeing, and development through ten two-hour discussion sessions held on the same day as an SG meeting.

Outcomes showed that HFC participation led to a 30 percent reduction in the use of harsh discipline, including shaking the child, hitting or beating the child, calling the child "dumb," "lazy," or a similar name, and believing that physically punishing children for misconduct was a "good education practice." There was also an increase in the use of complimenting the child when he or she did something well. A separate children's survey conducted after the first project cycle (but not the second cycle) showed improvements in family problems, children's wellbeing, and parent-child communication, with reductions in children's distress (Annan et al., 2013).

A second example is a Salvation Army World Service Office (SAWSO) program in Uganda with caregivers for OVC. SAWSO implemented Pact's WORTH program, which is based upon building literacy and numeracy, as well as added training to help caregivers better provide for the nutritional, educational, health, and psychosocial needs of OVC (Swarts et al., 2010). In 2010, a one-time quantitative survey and focus group discussions were conducted over a seven-day period with caregivers of OVC and with OVC aged 12 to 19 years, some in the WORTH program and some not. This short-term study suggests that the program led to increases in savings and business income, as well as a multitude of other positive outcomes. It suggests that WORTH OVC households:

- Were more likely to provide more meals and a more nutritious diet to their children
- Exhibited improvements in providing school materials and tutoring fees
- Helped with homework
- Were more attentive to the health of OVC
- Sought better quality of health-care services for children
- Used treated water
- Possessed hygiene items
- Had greater awareness of HIV
- Made house repairs

The studies in Burundi, Ghana, and Mali in the Gash and Odell RCT synopsis mentioned earlier found evidence of an increase in education spending. The Burundi outcome was nuanced, however, showing an increase in spending on children's education in a mid-term study but then a drop in spending at the endline survey, without a clear explanation as to whether this was a negative or positive finding. This could indicate that at a certain point during the study timeline, there was no longer a need to spend on children's education.

In addition, member-reported use of SG loans and share-outs indicate that members use them for spending on health, education, and food, although in varying degrees per study.[14] In the RCT with the DanChurchAid VSLA program in Malawi, self-reported use of credit by SG members included education, health, food consumption, and household items, among others such as agricultural investments and trading/business (Ksoll, 2013).

There are studies that suggest that credit and share-out funds are spent on children's education and health, as well as on household food (Bota, 2010; Cameron & Ananga, 2013). These studies point to SG members being able to pay for these expenses with more ease, pay more frequently, and pay on time more often, resulting in children being sent home from school less frequently.

An important aspect of the changes in spending on children has to do with who controls the decisions behind that spending. Although men participate in SGs, the majority of SG members are women. The programs from the seven RCTs average about 75 percent to 80 percent women. When women have control over money in the household, they divert more money toward expenditures that benefit children—such as food, education, and health—than men do (Ranis, Stewart, & Ramirez, 2000). These changes can translate into positive benefits in children's health (Thomas, 1990).

Box 11
Women's Decision-Making in Malawi

The RCT on CARE's VSLA program in Malawi found an overall increase in women's influence on household decisions in terms of food consumption, school expenses, children's health, and business actions (Karlan et al., 2012).

And in Mozambique

In the STRIVE Mozambique program, as caregivers, women were the primary target for education on nutrition practices under the agricultural add-on program, and were disproportionally exposed to nutritional messages in the evaluation. However, men tended to control the household income and expenditures, even when women participated in program activities. Thus sex dynamics may have weakened the link between improved economic outcomes and better child nutrition, as men control resources yet may be less likely than women to be aware of the nutritional needs of children, as well as to spend on food. Future programs should focus on increasing women's bargaining power (Brunie et al., 2014).

Evidence from programs targeting youth. Evidence from general youth-focused programs shows a variety of positive outcomes that directly benefit youth. The CARE Burundi Ishaka program, funded by the Nike Foundation, included girls and young women aged 14 to 22 years in SGs and provided sessions on financial literacy, sexual and reproductive health, human rights and life skills training, and raising awareness. In 2012, a consultant conducted a short-term study on the program combining a document review; interviews and focus group discussions with three SGs, parents, husbands, community members, and project staff; and monitoring and evaluation data. The cumulative analysis provided evidence suggesting that participants had not only increased savings and income, but also their control over these funds. It also suggested that participants had developed increased self-esteem and better leadership skills; they reintegrated into schools or universities, and exhibited the ability to satisfy basic needs as well as delay first sexual intercourse (Rushdy, 2012).

[14] See (Gash & Odell, 2013) for specific details on different levels of increases in spending for health, education, and food for the seven RCTs.

CRS programs serve as promising examples. CRS offered SILC SGs along with vocational training and a Junior Farmer Field and Life School program to females aged 10 to 19 years in Zimbabwe. The program included child protection initiatives, sexual and reproductive health education, HIV and AIDS awareness campaigns and HIV testing, life skills education, psychosocial support services, educational assistance, agriculture and horticulture training, and gender equity training. CRS staff conducted an assessment of the program in 2010, involving semi-structured group discussions and key information interviews with participating girls, nonparticipant girls, community members, caregivers of adolescent girls, and project staff. The study outcomes suggested that SG+ participation enabled participants to pay their school fees and stay in school, helped them improve their family's nutrition, helped them earn income through the sale of vegetables and other income-generating activities, helped them care for siblings, helped them better manage their finances, and increased their confidence, self-esteem, and sense of empowerment (Miller, Sawyer, & Rowe, 2011).

DESIGNING SG+ INTERVENTIONS TO BENEFIT CHILDREN

Despite a shortage of clear findings in research, practitioners can still design practical SG+ interventions that are likely to improve impact on children. The following section gives examples of some practical design elements to achieve this purpose.

- **Most Vulnerable Children (MVC) or Orphans and Vulnerable Children (OVC) funds**—a pot of money to which members contribute at each meeting, similar to the social fund, used to purchase food, supplies, or school uniforms for vulnerable children, who may or may not be children of the group members.

- **SGs' educational activities that directly relate to children's welfare**—with themes such as educating caregivers about parenting, nutrition, and legal rights—to help members to better nurture and protect their children.

- **SGs as interactive community platforms**—for learning sessions and community dialogues about child protection, social support services, and psychosocial counseling.

- **Youth SGs with other services**—education, health care, psychosocial support, nutrition training on gardening techniques, vocational training, and business skills training.

- **Adult caregiver and youth SG**—with a parent, a youth will learn money management, financial responsibility, entrepreneurship, and collaboration, and will be able to start saving for educational expenses.

Donors can support innovations in this area of add-on services, as long as the innovations do no harm and are demand-led.

RISKS

What are the risks to children's wellbeing, from either parents' participation in SGs or children's participating in SGs? The risks are varied, and gender considerations often make up a significant part of the concerns. Regarding parental participation, some studies on SGs have found that expansion or new investment in income-generating activities (IGAs) might lead to an increase in child labor allocated to these activities; however, the data are not conclusive (Allen & Hobane, 2004). This, in turn, can lead to an increase in school absenteeism for girls (Allen, 2009). Even though prior research indicates that women who have control over financial resources will pass on benefits to their children, this may not happen in all contexts or may be limited by competing financial concerns (Brunie et al., 2014).

Who controls food distribution is unclear in the reported outcomes, but an implied risk is that if men purchase the food, they might also decide whether and how much children eat. That amount may be less than if women controlled the distribution. Some SG practitioners have also raised a question about increased gender-based violence due to a woman's newfound empowerment through her increased financial capabilities from SG participation, but no research is available to back this concern. Although these risks may not have been formally observed, they should be taken into consideration for all SG and SG+ programming and should be monitored.

Two known risks for youth-focused participation in SGs concern structure and control of money. Youth are often mobile, migrating in some instances for work but also for school or marriage. Even though departing youth members can be quickly replaced by others, the structure of the group is less stable than with adult groups and can lessen impacts of participation (Hall, 2006). The control of funds contributed to the group is a more serious issue, however. It is possible that youth with little money of their own may receive money from their parents to contribute, and in turn, some parents may ask the youth to take out loans for them; implementing agencies should monitor for this possibility (Gash, 2014).

There are concerns about the dynamics of the parent–child relationship in reference to who controls this credit. Implementing agencies should monitor for negative effects on children. It is also not clear who gets the share-out funds: Do youth members control this sum? Does the money go entirely back to parents, or is it shared between parents and youth? If parents dictate what happens with the money received at share-out, benefits to the youth can be limited. The extent to which this money assists the household is unknown, although since the amounts contributed in youth-focused groups can be much smaller than that of adults,[15] the corresponding smaller lump sum received at share-out may be limited to marginally assisting with general consumption smoothing (Gash, 2014).

[15] For the FFH program in Mali, weekly contributions can be as low as US$0.05, as compared to US$0.25 or US$0.50 for parents in the adult program.

QUESTIONS FOR FUTURE RESEARCH

Even though there is evidence of SG participation potentially leading to improvements in child wellbeing, there are areas where practitioners would like to know more. The following questions touch on some of these areas:

- What are the benefits to children from the participation of adult household members in SGs?
- How can we design and implement programs that increase these benefits?
- How long does it take to see these benefits?
- What are the benefits due to—the financial, social, or other aspects of SGs? A combined effect?
- What add-ons (plus services) can improve this impact?
- How can we improve the measurement of child-level impacts?
- How do intra-household resource allocation dynamics affect benefits for children's wellbeing?[16]
- What factors constrain benefits for children, and how do geographic or societal differences play into them?
- What are the impacts for youth of youth-focused and youth-inclusive SGs?
- What are the risks for youth in youth-focused SGs, if the parents control the money used for the savings contribution?
- Do targeted groups of vulnerable populations or mixed groups provide greater benefits to OVC and their caregivers?
- Is there a stigma around SG participation by vulnerable populations, such as OVC caregivers, that has an impact on who participates?
- What is the cost effectiveness of the adult, youth-focused, and youth-inclusive models? Are there trade-offs in cost versus impact?

We hope that donors will consider these questions to be important enough to fund research for obtaining the answers.

CONCLUSIONS

The known correlations between 1) household wealth and child wellbeing, and 2) increasing women's income and increased immediate investments in child wellbeing make savings groups an appealing intervention for donors and practitioners who seek to improve the protection and wellbeing of vulnerable children. Savings groups are now very widespread in their outreach and in spite of some risks to SG

[16] There is currently a USAID-funded study underway in Zambia looking at how caregiver participation in SGs affects children's food security, children's nutritional status, intra- and extra-household decision-making power, and expenditures on food, education, and health services over time (Chapman & Foreit, 2013).

members and donors are implemented by nearly all major development organizations. SGs represent a low-cost, sustainable intervention that can be effective in remote or sparsely populated areas where formal financial services are not cost effective or available. When coupled with appropriate, properly sequenced add-on services such as financial literacy, health and nutrition, or entrepreneurship, SGs have demonstrated even greater impact.

Although the benefits of SGs are well documented, less certain are the impacts on child wellbeing. It is critical to recognize that the SG model may have some characteristics that could cause harm to children and youth, which must be anticipated and mitigated against or avoided. Group meetings may interfere with household activities, including supervising children. More money in the household may cause changes in the gender balance of power. Youth and children may be more subject to labor, school drop-out, and gender-based violence; youth may experience greater security and safety issues, as well as abuse and exploitation.

Donors have many opportunities to help fill in research gaps around SGs, especially regarding child-level impacts. To make meaningful contributions to the body of knowledge about SGs, donors should include a robust learning agenda in project planning that articulates the need for a research and dissemination plan, and time and funding for learning activities within project parameters. Robust monitoring and evaluation can help ensure that the benefits of SG and SG+ programs reach children in households to help achieve program goals—healthier and happier children.

ADDITIONAL RESOURCES

Children, Youth, and Economic Strengthening- http://www.seepnetwork.org/children--youth-and-economic-strengthening-pages-20202.php

SEEP Savings-led Financial Services Working Group - http://www.seepnetwork.org/savings-led-financial-services-working-group-pages-10020.php

Savings Group Database - http://savingsgroups.com/

Innovations for Poverty Action – http://www.poverty-action.org/

Center for Social Development – http://csd.wustl.edu/Pages/default.aspx

FHI 360 Economic Development - http://www.fhi360.org/economic-development

Aga Khan Foundation - http://www.akdn.org/akf_beyond_financial_services.asp

SAVIX – http://thesavix.org/ or www.savingsgroups.org

USAID Microlinks - https://www.microlinks.org/search/apachesolr_search/savings%20groups

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