



ECONOMIC STRENGTHENING TO KEEP AND REINTEGRATE CHILDREN INTO FAMILIES (ESFAM)

MATCHED SAVINGS ACCOUNTS

A LEARNING BRIEF

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Introduction

In Uganda and elsewhere, poverty is one of the key drivers of child-family separation and is linked to other, more specific constraints on the ability of families to provide for their children's basic needs, including food, shelter, hygiene and access to health care and education. Caregivers' inability to pay for costs associated with children's education, in particular, is a challenge for the poorest families in Uganda. Lacking the means to pay for education,¹ caregivers sometimes place their children in residential care institutions in the hope that they will be able to access free education.

A well-intentioned but inappropriate response to orphaning due to the AIDS epidemic, residential care institutions proliferated over the past 20 years. Needing to maintain a group of younger children in order to attract funding, some institutions began recruiting children.² A body of evidence from multiple countries, however, indicates that institutionalization of children is widely linked to adverse cognitive, physical and social child development outcomes, as well as potential abuse and psychological distress.³ Institutional placement is generally a poor substitute for family care.

ChildFund International implemented the Economic Strengthening for Families (ESFAM) Project in Uganda's Kamuli, Luwero and Gulu Districts. ESFAM was funded by USAID's Displaced Children and Orphans Fund (DCOF) through FHI 360's Accelerating Strategies for Practical Innovation and Research in Economic Strengthening (ASPIRES) project from November 2015 to June 2018. Its aim was to pilot and assess different economic strengthening interventions in programming aimed at preventing child-family separation and reintegrating separated children with their families. The project's theory of change hypothesized that equipping families with the means to improve their economic situations would also improve their abilities to keep children in the household. The 700 families targeted by the project (611 identified to be at very high risk of separation and 89 with children who had been placed in residential care institutions and then subsequently reunified with their families) were invited to participate in one of three intervention packages, based on an assessment of the level of their economic vulnerability and anchored on particular economic interventions:

- Limited-term cash transfers plus optional participation in a saving group,
- A bank savings account in which ESFAM matched households' deposits (matched savings account, or MSA) or
- Participation in a village-based saving and lending association (VSLA).

Each of these packages also included case management support to the child and family, development of family plans, and home visits including counseling and coaching on social and economic issues by para-social workers, training on child protection and parenting skills, and psychosocial support. Families

¹ Average school fees for one child in a government-aided primary school for one year are about UGX 150,000 (USD 40). Other school materials such as uniforms, text books, and writing books will cost an additional UGX 250,000 (USD 160).

² Williamson and Greenburg, "Families, Not Orphanages". Better Care Network, 2010. Accessed November 1, 2018 at <https://bettercarenetwork.org/library/particular-threats-to-childrens-care-and-protection/effects-of-institutional-care/families-not-orphanages>.

³ Changing the Way We Care and CRS. Finding Families: The State of Residential Care for Children and Implications for Development—A Research Review. N.d. Accessed December 6, 2018 at <https://bettercarenetwork.org/library/the-continuum-of-care/residential-care/finding-families-the-state-of-residential-care-for-children-and-implications-for-human-development-a>

reintegrating children also received a reunification package including food, bedding, clothing and funds for school uniforms.

This Learning Brief draws on information collected via focus group discussions, individual interviews, and project data to describe ESFAM’s experience with and learning from its MSA intervention, which aimed to encourage families to save for educational expenses, so that they would not have to send their children to residential care institutions for school.

Selection of Households for the Intervention

ChildFund staff facilitated a transparent and participatory rapid appraisal process with community members to identify households at risk of separation in their communities based on the following criteria:

- Ability to pay for basic necessities, including education;
- Extent and predictability of income streams;
- Possession and retention of assets such as animals, tools, land or savings;
- Presence or absence of productive/working adults;
- Food security; and
- Risk tolerance.

ESFAM then assessed these at-risk households using a multi-dimensional Family Status Vulnerability Index (FSVI) and Child and Caregiver Integration Status Tools (see box) and enrolled them in the project. In the three target districts, both families with children who had been reunified by ChildFund and others that reunified spontaneously with no support were assessed with the FSVI tool and enrolled. Prior to starting interventions with the families, ESFAM classified each household based on its overall FSVI score (a proxy for risk of separation) and its economic vulnerability and social vulnerability scores derived from the FSVI tool. ESFAM then invited the households to participate in an intervention package assigned based on the household’s assessed level of economic vulnerability. Economic vulnerability classification followed the PEPFAR characterization of households as destitute, struggling and ready to grow⁴ and ESFAM targeted households it classified as destitute or struggling for project support. The struggling group was divided into two and the MSA was made available to the 155 higher-scoring struggling households, categorized as “Struggling 1.”⁵ Details of participant classification are in Table 1 below:

The Family Status Vulnerability Index (FSVI)

is a tool that measures, at the household level, five Core Program Areas:

- Household economic livelihood security
- Access to basic needs (food, shelter/housing, education)
- Health and care,
- Psychosocial support and basic care, and
- Child protection and legal support

The Child and Caregiver Integration Status Tools (CIST and CGIST), administered to an index child and a caregiver in the household, addressed domains of child well-being that the literature and practice wisdom identify as central drivers of family-child separation. The CIST was used to assess some child-level outcomes.

⁴ See PEPFAR. 2012. Guidance for Orphans and Vulnerable Children Programming. Accessed December 6, 2018 at <https://www.pepfar.gov/documents/organization/195702.pdf>.

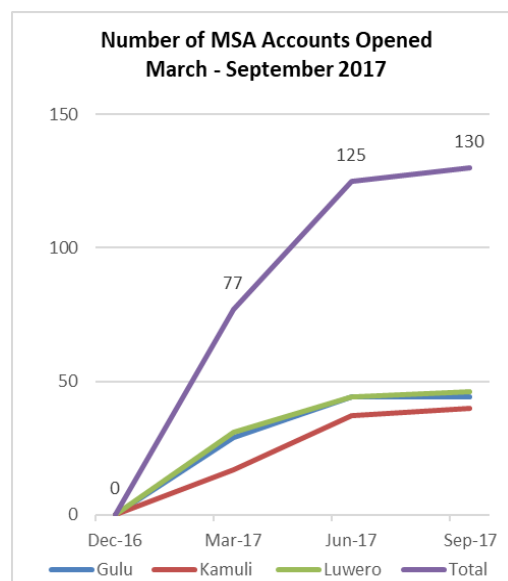
⁵ In the design phase of the project, it was felt that destitute households would not be able to come up with the necessary funds to participate in the matched saving intervention. Struggling households (slightly less vulnerable than destitute), were broken into two categories: “Struggling 1” and “Struggling 2”. Struggling 1 households were assigned to the MSA intervention and Struggling 2 households to VSLA.

Table 1: Household Economic Vulnerability by District and At-Risk/Reunification Status

Participant categories				
	Category	Prevention	Reunified	Total
Luwero				
	Destitute	131	3	134
	Struggling 1	49	3	52
	Struggling 2	42	5	47
Luwero Total		222	11	233
Kamuli				
	Destitute	109	32	141
	Struggling 1	29	24	53
	Struggling 2	30	10	40
Kamuli Total		168	66	234
Gulu				
	Destitute	127	6	133
	Struggling 1	47	3	50
	Struggling 2	47	3	50
Gulu Total		221	12	233
Grand Total		611	89	700

Following the identification of the 155 Struggling 1 Households, community-based project Economic Strengthening Facilitators (ESFs), supported by Para-Social Workers (PSWs), facilitated financial literacy training with the families using the first seven sessions of the *Catalyzing Business Skills for Caregivers* curriculum developed for ESFAM by Making Cents International. These sessions focused on money flow, managing needs and wants, reasons to save, where and how to save, managing household money flows, borrowing money in the community and managing financial emergencies. ESFs and PSWs also promoted the MSA product the project had developed with PostBank Uganda, a local financial institution with which the ESFAM Project had established a Memorandum of Understanding for this purpose.⁶

As caregivers completed their financial literacy training, ESFs worked closely with PostBank Uganda and participating families to help caregivers open bank accounts. The MSA accounts were opened in a child’s name to remind caregivers of the main intent or purpose of the MSA.⁷ However, since the children were under age, the accounts were accessed and utilized by caregivers, with close coaching and monitoring by ESFs and PSWs. The



⁶ ChildFund Uganda released a request for proposal for this task; PostBank Uganda was the sole respondent.

⁷ The children named in the accounts were the children identified as household index children for monitoring and research purposes; either the reunified child or child thought to be most vulnerable in an at-risk household.

project committed to matching family savings 1:1, up to UGX 490,000 (USD 132) saved by families in the accounts opened in girls' names and UGX 420,000 (USD 113) in accounts opened in boys' names. One hundred thirty of the 155 targeted households (115 at-risk households, or 93% of the at-risk target and 15 reintegrating households, or 47% of the reintegrating target) chose to open a matched savings account between March and September 2017.⁸

PostBank Uganda provided households with free small metal banks into which caregivers could place their savings in their homes. PostBank Uganda staff kept the key to these banks, so there was no possibility of family members' removing the funds and spending them. This helped households resist the temptation to spend their savings.

Every three months or so, PostBank Uganda staff, supported by ESFAM district-level Social Workers, went to the villages to pick up the money from the small metal banks and deposit the funds into each participant's account. ChildFund then matched these savings and caregivers could then withdraw and use funds in their accounts. If caregivers withdrew funds prior to the match, the funds withdrawn would not be matched. Economics Strengthening Facilitators educated caregivers through the project's financial education component about how to make informed financial decisions and about the importance of savings and investments in children's education.

In addition to financial literacy training and promotion of MSAs, targeted families received home-based training in business skills, parenting skills and child protection and ongoing psychosocial supportive counseling through regular visits with sessions lasting approximately one hour. On average, each ESFAM-supported household received 2-3 visits a month with training and support.

ESFAM disbursed savings matches in May 2017, August/September 2017 and January/February 2018. The project concluded activities with participating families at the end of March 2018.

Assessing Results of the Matched Savings Account Intervention

To assess the results of the intervention, the project used direct indicators (children's remaining in the household) and proxy indicators (measures of vulnerability, savings, income, access to basic needs such as nutrition and services, likely resilience to shocks, etc.). Endline results for households participating in the MSA intervention showed that the proportion of households assessed to be at high risk of separation based on composite FSVI score had dropped from 3% to 0% from baseline to endline and households assessed to be at medium risk of separation had dropped from 97% to 87%. The percentage of reunified children who remained in their households for at least 10 months at the time of the endline was 95%. The percent of MSA households reporting children attending school at least 3 times per week increased from 52% to 83%. The average reduction in social and economic vulnerability scores (FSVI) overall for households participating in the matched savings account intervention package was 34% from baseline to endline. The average household savings of MSA beneficiaries increased by 74%. Average MSA household income increased by 57%.

⁸ Most Struggling 1 reintegrating households (26 of 32) were located in Kamuli district, so this district drove the gap. In addition to the 130 households reported in this learning brief, three additional Kamuli households opened accounts in January 2018, two months before the end of project activities; their data are excluded in this brief since end-of-project data collection was taking place as they opened their accounts and change in their status cannot be attributed to the intervention.

Findings

Finding 1: The MSA intervention helped households to mobilize savings.

Project households mobilized substantial savings between January 2017 and January 2018. All of the 130 participants that opened MSA accounts saved some amount of money. Average household savings increased by 74% over baseline after 12 months. The household with the smallest savings, in Kamuli District, saved UGX 5,000 (USD 1.07), in addition to the required UGX 5,000 account balance. A household in Gulu District led savers at UGX 2,580,000 (USD 693), well beyond the amount that the project would match. The average amount saved per HH for the year was UGX 429,000, or approximately USD 115. Among the 130 participating households, the percentage of households with the ability to pay for sudden unexpected expenses without eroding their asset base increased from 42% at baseline to 52% at endline.

Table 2: Cumulative Household Savings Per District Over Time, Not Including Match

District	As of April 2017		As of September 2017		As of January 2018		Total per district	
	UGX	USD	UGX	USD	UGX	USD	UGX	USD
Gulu	3,748,726	1,003.60	5,811,472	1,555.84	12,623,436	3,379.52	22,183,634	5,938.96
Luwero	1,478,300	395.77	7,223,600	1,933.89	10,139,400	2,714.50	18,841,300	5,044.16
Kamuli	3,067,300	821.17	4,973,300	1,331.44	8,097,000	2,167.71	16,137,600	4,320.33
Total all districts	8,294,326	2,221	18,008,372	4,821	30,859,836	8,262	57,162,534	15,303.45

Finding 2: Savings and matches were used for intended purposes by MSA households.

Overall, beneficiaries of the MSA clearly understood the link between the MSA and education. All caregivers were aware that they were receiving the money primarily to support them to keep their children in school. According to individual interviews and FGDs with caregivers, the savings in most cases, including the match, were used to cover school-related expenses such as school fees/functional fees for those in schools and scholastic materials. Information obtained from social workers' quarterly reports suggest that 63% of the MSA expenses were education-related. Caregivers acknowledged the positive effects of the intervention on their households, particularly in terms of contributing to a habit of saving for education.

After school costs were paid, caregivers used some of the money for other expenses. For example, the match enabled some of these households to improve their diets and some households reported eating meat more frequently. Some participating HHs used part of their matched savings to contribute to costs

for better shelter, such as replacing roof thatch or building brick houses. Families also reported using their savings to pay for household necessities such as soap and productive investments such as animals (goats) and renting land. These changes were attributed to the MSA intervention that led to participants' saving more money because the intervention provided an incentive.

Finding 3: Some participants had difficulty finding the money to open accounts.

Identification and mobilization of matched savings account Struggling 1 households started in September 2016, and households began opening accounts in January 2017. Each household needed UGX 10,000 (USD 2.65) to open an account and UGX 4,000-6,000 (USD 1 to USD 1.60) for the photographs of the caregiver and the index child required by the bank for identification purposes. Some households were unable to mobilize the account-opening fees and were not able to open accounts; these households continued to receive other services from ESFAM. Others borrowed the money from friends, family or other financial institutions or took money out of other accounts. PostBank Uganda required account holders to keep a minimum balance of UGX 5,000 in their accounts.

...the very first time, to be honest, I even found it hard to get money for account opening. I opened [an account] but did not save anything, so I did not get any match for my very first time. I waited for the next time when I was at least better off. I went to my other [financial institution] where I do have some savings and I borrowed UGX 250,000 [about USD 67] and put it in the piggy bank (female caregiver, Luwero).

Finding 4: Rural people may have had previous negative experiences with savings projects, and trust may be an issue in convincing them to open bank accounts.

Some households did not open accounts because of previous negative experiences in other projects. Suspicions were allayed after the release of funds for the first match, and the target number of participant households was nearly met by the end of the project. ESFAM's experience suggests that projects need to understand prior experiences of households with savings projects by conducting a prior capacity assessment before implementation, in order to avoid misunderstandings and delays.

Actually, at the start, as much as they had told us that the money would come back, I had fears just like anybody else because there have been different organizations that have come to our communities, but they are not real. They only pretend to be helping us, yet they want to gain from us. That is why, at first, I put only 40,000/= [about USD 10.50] but when the money came back [the match deposit was made], I was so excited. Actually, our colleagues who put in a lot of money gained a lot and then I started regretting that I put in little money. This also gave me confidence that ChildFund is real and not like the other organizations and then I was motivated to increase my savings (male caregiver, Luwero).

Finding 5: The bank with which the project partnered was not conveniently located to project participant households.

PostBank Uganda branches were distant from the beneficiary households and the project and the bank had to assist more than originally anticipated. Bank staff came to the communities to pick up the savings and deposited them for the participants. When caregivers needed to withdraw funds to pay for expenses, ESFAM project staff transported them to the bank because of the prohibitive transportation cost. In this project, PostBank Uganda was willing to facilitate deposits because of its interest in reaching rural populations. This might not be the case with other banks.

The problem I have is that I have no one to pick money from the bank for me. My children are still young. The project people used to come to pick us up but if they stop, it means that it will become hard for me, though I would love to keep saving (62-year-old female caregiver, in Luwero).

Finding 6: More involvement from the financial institution and ESFAM staff was needed than was originally anticipated.

In the initial intervention design, ESFAM staff assumed that PostBank Uganda would do the mobilization and service provision outreach to target households. In the implementation, ESFAM staff discovered that the target households were far from the bank. This limited the bank's ability to do outreach because it was costly for them. Despite this cost, PostBank was willing to invest effort in outreach in order to build its rural customer base.

Additionally, on the paperwork side, ESFAM underestimated the effort required to manage the MSA intervention. ESFAM staff needed to coordinate with the PostBank Uganda staff to pick up the savings, obtain a bank statement from PostBank Uganda, reconcile the figures with the Master Ledger at ChildFund Uganda's Kampala office, then place a request for the match and follow it up with the

PostBank Uganda head office to have the funds transferred to the branches. This process was expected to be completed within a period of no more than 14 days, which was not possible. Consequently, the project was unable to provide the matches in a timely manner. Account holders were expected to receive savings matches before school terms began, but this was not achieved. In most cases, funds were made available two weeks into the new school term, which was within the schools' grace period for payment. In some cases, PSWs intervened to inform school officials that participants would be able to withdraw savings soon to pay school fees, so penalties were not applied.

One future solution to reducing the bank's cost to reach distant clients is agency banking. PostBank Uganda has plans to start this type of partnership with independent agents in the rural areas, and this may provide a solution for account holders and the bank. PostBank is aggressively exploring deploying bank agents in remote locations. This is a new concept, but it is starting to emerge as a possibility in rural Uganda through banking agents.

Agency Banking

Agency banking is a model that partners a bank with independent operators (agents) who offer a limited range of financial services to bank customers. These agents do not need full bank infrastructure like bank branches. They use remote methods like point of service terminals for depositing money into accounts and withdrawing money from accounts.

Conclusion

The MSA intervention package included financial literacy training, a matched savings account, and business coaching and training, as well as other supportive services, including parenting training, psychosocial support, and monitoring of child wellbeing. It reduced the risk of child-family separation, as measured by the proxy indicators, by helping families prioritize investment in education, which is one of the key drivers of separation, especially from the children's perspective. The percent of MSA households reporting children attending school at least 3 times per week increased from 52% to 83%. Investment in education of the reunified children to address the concern of uninterrupted education can play an important role in preventing re-separation.

ESFAM participants saw the value of savings and PostBank demonstrated effort to increase and sustain its rural banking clientele. However, the amount of work required by both the bank and project staff ESFAM staff may highlight a challenge ESFAM participants will face in continuing to use their bank accounts and that other projects might face in seeking to encourage vulnerable rural people to open and use bank accounts.