

An Overview of Savings and Self-Help Groups, Their Contributions to Improved Food Security, and How to Improve their Function

A Review of the Literature

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List of Acronyms

ASCA: accumulating savings and credit association

CARE: Cooperative for Assistance and Relief Everywhere

CFGB: Canadian Foodgrains Bank

CLA: Cluster Level Association

Classe-b: Community Learning and Action for Savings Stimulation and Enhancement & Business

CRS: Catholic Relief Services

FFH: Freedom from Hunger

FLA: Federation Level Association

IGA: Income Generating Activity

IRC: International Rescue Committee

MFI: Microfinance Institution

MIS: Management Information System

NGO: Non-Governmental Organization

OA: Oxfam America

Oxfam: Oxford Committee for Famine Relief

Pact: Private Agencies Cooperating Together

PSP: Private Service Provider

ROSCA: Rotating Savings and Credit Association

SEEP: Small Enterprise Education and Promotion Network

SfC: Saving for Change (Oxfam)

SfL: Savings for Life

SG: Savings Group

SHG: Self-Help Group

SILC: Savings & Internal Lending Communities (CRS)

VA: Village Agent

VSLA: Village Saving and Loan Association (CARE)

Table of Contents

Executive Summary	5
Introduction	8
Part I: An Overview of Savings and Self-Help Groups.....	9
Savings Groups – Origins and Description	9
Savings Group Models	10
Village Saving and Loan Associations (VSLA) (CARE)	10
Savings for Life (SfL) (World Relief US)	10
Savings & Internal Lending Communities (SILC) (CRS).....	10
Saving for Change (SfC) (OXFAM America)	11
WORTH (Pact).....	11
Self-Help Groups – Origins and Description.....	11
Part II: Saving and Self-Help Groups Impacts on Food Security	13
Savings and Self-Help Groups Direct Impacts on Food Security	13
Share-outs and Loans	14
Savings and Self-Help Groups Impacts on Sustainability	15
Education	15
Health	16
Integrated Education and Health Programming.....	17
Savings and Self-Help Groups Impacts on Productivity	17
Income Generating Activities and Agricultural Productivity	18
Assets	19
Impacts on Equality	20
Savings and Self-Help Groups Impacts on Resilience	23
Income Diversity	23
Income Smoothing	24
Insurance	25
Part III: Improving the Functioning of Savings and Self-Help Groups.....	27
Outreach efficiency	27
Cost-per-member	27
Viability of various Models of Replication in SG formation:	27

Sustainability.....	28
Financial Services remaining in project areas following exit of facilitating NGO	28
External capitalization and linkages to financial services	30
External Linkages in Savings Groups Models	30
External Linkages in SHG models.....	30
Importance of Legal Recognition for SHGs.....	31
Conclusion	32
Additional Tools and Resources	33
Work Cited.....	33
Annex 1. Summary Various Forms of Savings Groups and Self-Help Groups	38
Annex 2. Impact on selected indicators of Sustainability, Productivity, Equity, and Resilience as a result of SG participation:.....	39
Annex 3: Current Cost per Client Calculations in Selected Implementing Organizations	50
Annex 4. Previous examples of projects providing external linkages or inputs.....	52

Executive Summary

What are savings groups and self-help groups?

Savings Groups (SGs) and Self-Help Groups (SHGs) have emerged as viable alternatives to traditional microfinance for providing community-based financial services in poor, primarily rural communities in Africa, Asia, Latin America and the Caribbean. Savings Group models draw from traditional saving circle groups, rotating savings and credit associations (ROSCAs), first adapted by CARE Niger in the 1990s. The millions of individuals involved in these groups (over 10 million in Africa) follow a standard model in which groups of 15 to 30 self-selected participants meet regularly, contribute an agreed upon amount on a regular basis, and loan out the accumulated sum to their members at an agreed upon fee. Typically, Savings Groups share-out their savings, with accrued interest, to members on an annual basis. Share-outs are often timed for when households require additional cash.

Under the SHG model, primarily practiced in India, a similar methodology is followed. However, groups are typically linked with a formal banking institution under special loan arrangements provided through India's National Bank for Agriculture and Rural Development (NABARD). SHGs don't share-out their funds annually but some SHGs occasionally distribute a "dividend" to their membership. SHGs also play a vital role in their communities related to advocacy and mobilization related to issues of concern to their membership.

Effects of SG and SHG participation

This literature review focuses on the specific evidence for the contribution of Savings Groups and Self-Help Groups to improved food security, as well as the overall sustainability, productivity, equitability, and resilience of the foodscape¹ this food security is based on. This evidence comes from a review of the current literature, both academic (peer-reviewed) and grey literature (non-peer-reviewed) sources. The majority of these studies are based on the impacts of SGs/SHGs over their first 3-5 years.

The evidence that has been documented shows that SG and SHG participation has an overall net positive impact on food security. Based on an analysis of 18 reports of SGs and SHGs which included measuring food security in various ways, 17 indicated some degree of improvement in household food consumption, reduction in hunger months, increase in meals per day, increased dietary diversity, reduction in "suffering" due to food insecurity, or increases in food security indices. In cases where food security increases were identified, it was often attributed to profits from income generating activities (IGAs), the effects of income smoothing from group participation, and enhanced resilience due to increased levels of fungible assets such as livestock. In general, the syntheses of studies of SGs, and reports of SHGs, provide evidence of the positive effects of SG/SHG participation on members' household food security. However, more research is needed to determine the strength and consistency of this relationship in different contexts.

Both SGs and SHGs have been found to have some positive impact on access to education and health care of members which are social indicators of the sustainability of local foodscapes. However, the effectiveness of SGs/SHGs in these areas varies depending on the program, and differs between SG and

¹ The foodscape here refers to the social, economic, and environmental determinants of food security. This includes the places and spaces where people grow food, acquire food, prepare food, and eat food as well as other factors such as local livelihoods, politics, markets, culture and beliefs, and environment that have an impact on food availability and use.

SHG models. While some reports show increases in healthcare spending, evidence of SGs effects are not yet conclusive. Regarding SHGs, studies have reported increased access to healthcare through increased incomes. While participants often use a portion of loans, share-outs and increased incomes from group membership to improve their ability to afford educational fees, evidence for increased enrollment is lacking. The sustainability of the groups themselves is clearer, and both SG and SHG models are generally regarded to be sustainable, with reports confirming that groups continue offering financial services following the exit of facilitating NGOs. Groups are found to last longer when they are larger, with higher rates of loan taking, have flexible mandates and procedures, and when members have access to other financial services as well (such as banks or MFIs, or even other SGs or SHGs).

Impacts on the overall productivity of the local foodscape have also been noted as a result of SG and SHG programs. Reports have shown that group participation often leads to positive changes in financial wealth such as asset accumulation and business investment, and group participation may assist households with the purchase of agricultural inputs which can help to improve overall agricultural productivity.

The effects of SGs and SHGs on the equity of the local foodscape such as female empowerment and leadership development are difficult to measure through controlled trials and standard data collection, and vary depending on the level of integrated programming provided by the facilitating NGO. However, increased decision-making in the household is a common outcome of women's participation in SGs and SHGs, in addition to increased social capital. Both SGs and SHGs have been used as platforms for members to create change and facilitate outreach within their local communities. Within the SHG model, associations of SHGs, that link members from multiple groups together, can enhance members' legitimacy in their advocacy efforts with local governments.

SGs and SHGs have been largely successful in reaching poor and vulnerable populations, with several studies acknowledging the success of these groups in mobilizing the participation of the poorest within communities, the benefits created for these populations through their social integration with those of higher socio-economic status, and group strengthening as a result of the mixed representation of members from various levels of poverty and community status.

Finally, there is strong evidence in the literature for the positive impacts of SGs and SHGs on the resilience of the local foodscape as measured by indicators such as income diversity, income smoothing, and insurance. Income diversity is both from increased involvement in income generating activities, and from interest accrued through membership in the group (financial returns per member average between 25-30%). Income smoothing among group members has been cited as one of the primary benefits of SG and SHG participation, and income smoothing has been found to benefit household food security as well as other measures of wellbeing such as health and education expenditures.

Conclusion

Ultimately, community-based microfinance, in the form of SGs and SHGs, is generally regarded as an effective means of providing poor, rural households with a safe place to save, earn interest and access manageable loans, as well as providing increased social capital and solidarity among members. Practitioners typically advocate for models that are simple, easy to understand, self-capitalize, and have limited integrated programming or external linkages when groups are young. SGs and SHGs have been found to have the greatest results after groups have matured and been functioning independently for several years. SGs/SHGs can offer a platform through which meaningful information is provided,

members can be empowered and build leadership skills, and through which a culture of saving can be established in an accessible and sustainable way.

Introduction

Throughout the developing world, there was a proliferation of microfinance institutions in the 1980's and 90's which had some success in supplying credit to individuals in the developing world². However, these institutions, which had the mandate to provide financial services to small businesses and poor families, were often found to be inaccessible or unaffordable for many, burdening poor households with unmanageable amounts of debt and often requiring that scarce household assets be put at risk as collateral. Beginning in the 1990's, several models of community-based microfinance emerged in response to these concerns as approaches that provide poor households with small-scale, locally controlled access to credit. These savings and loans groups are tools primarily used to help poor households have better access to safe, reliable systems to build savings and better manage their financial lives. Savings and loans groups are designed to be wholly managed by local group members, and to reach impoverished people in remote rural areas who lack other financial services. Members typically apply for loans on a monthly basis, at a group determined interest charge paid back to the group itself. While there are many different models of savings and loans groups that are currently being promoted, all of these models can be divided into two main types, generally referred to as *Savings Groups* and *Self-Help Groups*.

A growing number of Foodgrains Bank member and partner organizations around the world are promoting some form of Savings Groups or Self-Help Groups into their work – either on their own or in conjunction with other programming. With the intention of learning more about Savings Groups and Self-Help Groups, and particularly the links between these groups and improved food security, the Foodgrains Bank organized a member delegation that took place in November, 2016. The Canadian Foodgrains Bank regularly organizes inter-member delegations for a number of reasons including assessing food insecure regions, planning and coordinating responses, and deepening members' understanding of innovative and effective programming. Examples of past delegations include the nutritional impact of kitchen gardens, and the effective use of cash and voucher food assistance. This specific delegation focused on learning from CFGB members, partners and others in the development community with Savings Group and Self-Help Group experience.

This literature review was prepared to assist the delegation in learning about Savings Groups and Self-Help Groups and in the formulation of recommendations for the future. The specific objectives of this literature review are to identify, collect, compile and synthesize the published and grey literature related to the nature and extent of use of Savings and Self-Help Groups in Agricultural and Livelihoods programming, and particularly in their linkage(s) to improving food security. The first part of this literature review looks at origins, descriptions, and examples of Savings Groups and of Self-Help Groups. The second part of this review has pulled together evidence from the literature on the impacts of both Savings and Self-Help Groups on food security directly, and by their impact indirectly on improving the sustainability, productivity, equitability, and resilience of local livelihoods.

² Allen, H. and Panetta, D. (2010) Savings Groups – What Are They? Washington: The SEEP Network.

Part I: An Overview of Savings and Self-Help Groups

Savings Groups – Origins and Description

Community-based savings clubs were observed as early as the late 19th century in West African countries (Ghana and Nigeria), as well as in Asian countries (China and India). They were described in 1962 by anthropologist Shelley Ardener as “an association formed upon a core of participants who agree to make regular contributions to a fund which is given, in whole or in part, to each contributor in rotation³”. These types of savings groups are referred to as Rotating Savings and Credit Associations (ROSCAs) or by regional names such as *Merry-Go-Round*, *Partners*, *Susus* or *Tontines*. In all of these groups, members have access to the group “pot” for a set period of time until each member has had their turn.

Savings Groups are an adaptation of these more traditional savings circle groups and were popularized by CARE Niger in the 1990’s with their Accumulating Savings and Credit Associations (ASCAs). The millions of individuals involved in these Savings Groups follow a standard model in which participants meet regularly, contribute a standardized amount at each meeting, and the accumulated sum can be loaned out to members at an agreed upon rate of interest. They are fundamentally different than traditional ROSCAs in that the money is not given to each member on a revolving basis but kept in a central pot for a period of 9-12 months, at which time it is divided out amongst participants. This ‘share-out’ is often timed to coincide with seasons where households require additional cash such as the planting season. Training is usually provided to groups for record keeping and governance. ASCAs offer advantages to members through the financial services they provide and the fees/interest they accumulate from loan-taking. ASCA’s are the basis for CARE’s current Village Savings and Loan Association (VSLA) model, which is promoted by several major NGOs and implemented in 73 countries, with over 12 million participants⁴. There are other Savings Group (SG) models in addition to the VSLA model, however all of the Savings Groups methodologies we’ve profiled have the following in common:

- Group members (usually 15 to 30) are self-selected
- Training is deemed essential to the sustainability and long-term quality of SGs
- Groups are time-bound with all savings and earnings shared out to members every 9 to 12 months (referred to as a *Share-Out*)
- If a member withdraws savings early, it is at face value
- Groups have regular meetings (usually weekly but can be fortnightly or monthly)
- Loans are provided for an agreed upon term (the maximum is usually 12 weeks) and the rate/fee is usually 2% to 10% per month
- Loans accessed by members can’t exceed three-times the amount they’ve saved
- A social fund that assists members at times of crisis (with regular, set members contributions)
- Limits are placed on ownership (weekly savings) so a few people cannot dominate the group (there is a minimum and a maximum savings amount for each meeting)
- Group members decide the details of their constitution which guides the business of their group (share price, loan terms, fines and social fund regulations)
- For transparency, all financial transactions are conducted during the group meeting

³ Ardener, S. (1964) The Comparative Study of Rotating Credit Associations, *Journal of the Royal Anthropological Institute*, Vol. 94, No. 2, pp. 201–229.

⁴ www.vsla.net

- Funds are kept in a locked box together with the group's supplies (calculator, counting bowls, markers, passbooks, notebooks, etc.)
- Members elect a leadership committee that usually changes annually
- Supporting organizations train groups throughout their first cycle (usually 9-12 months); groups then become self-governing, or "graduate", and have little or no further contact with their trainer
- Records are kept in passbooks (VSL, SfL), a central ledger (SILC, WORTH) or memorization (SfC)
- Programs have a strategy for low-cost outreach and long-term sustainability that require groups to self-capitalize and pay for supplies (savings box and contents) and training (village-level trainers).

Savings Group Models

Village Saving and Loan Associations (VSLA) (CARE)

The VSL methodology includes all of the Savings Groups elements listed above. CARE's VSLA manual details the timing and content of 3 initial community meetings and 7 training modules. VSLAs have a 5-member leadership committee consisting of a chairperson, record-keeper, 2 money counters and savings box keeper (there are also three key holders for the three locks on the savings box). Savings are tracked with passbooks and weekly contributions are made through the purchase of shares (1 to 5 shares per meeting). Members collectively decide on a share price and loan terms at the start of each cycle. After their first 9 to 12-month cycle, VSLAs graduate and are no longer supervised by their trainer.

To achieve low-cost sustainable outreach, VSL programs use the Village Agent model. Village Agents are selected from the initial groups trained by a Field Officer when entering a new geographic area. The Village Agents selected are savings group members with the education level and skills needed to form and train other savings groups. Field Officers train, supervise and encourage their Village Agents as they form and train new savings groups. VSLAs pay for their own kit (savings box and contents) and provide a fee to their Village Agent for their training. Village Agents are spread out geographically so they can train new groups for several years without reaching saturation. The VSLA manual and related tools are available in several languages (there is also a sharia-compliant version): (www.vsla.net).

Savings for Life (SfL) (World Relief US)

The Savings for Life curriculum adds Biblical outreach teaching to VSLA procedures for its community meetings and training modules. Savings Groups are also encouraged to add a brief Bible study to the start of their weekly meeting agenda. This curriculum was designed for use in World Relief US's church mobilization programs that focus on building the capacity of the local church and their volunteers to implement community development initiatives. Savings for Life is used by Christian implementers in communities where it is acceptable to deliver Christian messages publicly and the participation of the project's target population won't be negatively affected.

Savings & Internal Lending Communities (SILC) (CRS)

A key component of SILC is selecting skilled entrepreneurial trainers to be Private Service Providers (PSPs). The SILC manual documents PSP selection criteria and a rigorous training and selection process for the certification of PSPs. Initially PSPs work as paid Field Agents, and over their first year, gradually move to being compensated by the savings groups they train. SILC encourages trainers to develop a PSP

Network for support and maintaining quality after the project ends. Group records are recorded in a common ledger.

Saving for Change (SfC) (OXFAM America)

Oxfam America developed Savings for Change (SfC) together with Freedom from Hunger and the Strømme Foundation in 2005, and by 2014 had reached 650,000 group members in Mali, Senegal, Cambodia, El Salvador and Guatemala⁵. SfC is designed to work with illiterate communities and doesn't require written record-keeping as important information is retained through memorization. Members sit in a circle (in the same order each week) so at the end of a meeting members can remember their balance and their neighbour's balance for the next meeting. In communities with higher literacy rates, SfC groups often have a notebook to record group balances. SfC groups don't use a standard savings box like VSLAs; if a savings box is used, one member takes care of the key while another member takes care of the box. SfC groups are used to facilitate learning, providing encouragement and building self-confidence. Once savings groups have matured, teaching on health issues and social topics is often added.

*WORTH (Pact)*⁶

WORTH was launch by Pact in 1999 as the Women's Empowerment Program in Nepal⁷. Education is central to the WORTH model with literacy and numeracy training starting at the beginning of the program. WORTH has all female members and aims to encourage and support participants in their income generating activities and educational improvement, and provides training on health and other issues impacting families. WORTH groups are formed into Empowerment Clusters (made up of approximately 10 groups) and groups graduate after 12 to 24 months. At that point they become autonomous from Pact. Records are kept with a ledger and participants receive a dividend at the end of a cycle rather than a full share-out.

*Self-Help Groups – Origins and Description*⁸

Although the Self-Help Group (SHG) model is implemented in many countries in Asia and Africa in different variations, they originated in India where they are still the dominant community-managed microfinance model. Beginning in the 1980's, the Indian Mysore Resettlement and Development Agency (MYRADA) piloted providing credit to members of SHGs, who were primarily previous members of cooperatives setup by MYRADA. Members of these early SHGs often shared similar occupations and in many cases, owned collective assets.

In 1989 the National Bank for Agriculture and Rural Development (NABARD) provided funds for this initiative, and in 1992 launched the SHG-Bank Linkage Programme. As a result of this programming, the SHG model in India has been sustained with SHGs accessing external credit at reduced rates from the bank through local rural financial institutions⁹. These rural banking institutions benefit from an average

⁵ Ashe & Neilan (2014) In their own hands. Berett-Koehler Publishers Inc. p. 11

⁶ www.pact.org

⁷ Odell, Marcia, Pickens, Mark and Tubbs, Erika. (2004) Pact's WORTH model: A savings-led approach to economic security and combating HIV/AIDS, *Microenterprise solution for the worlds poorest Symposium*, Dec 9.

⁸ www.kindernothilfe.org/multimedia/KNH_INT/KNH_Englisch/Self+Help+Group+Approach+Manual.pdf

⁹ Seibel, H. D. (2001) SHG banking: A financial technology for reaching marginal areas and the very poor: NABARD's program of promoting local financial intermediaries owned and managed by the rural poor in India. *Working*

repayment rate of 90%, and a return on assets of between 1.5 to 7.5%¹⁰. As of 2009, there are over 5 million SHG's in existence in India (reaching well over 120 million Indians)¹¹, leading the Indian government to state that the bank-linked SHG model of finance is "the most potent initiative since Independence for delivering financial services to the poor in a sustainable manner¹²."

SHGs start with members meeting regularly (usually weekly or fortnightly) where each member contributes a set amount. Groups decide their savings amount and loan terms, and financial records are kept in a ledger or passbooks. In the Indian context, after a set period of time or when the group's savings have accumulated to a set amount, the bank will assess the group's performance and decide if they are eligible for a low-interest loan. If members require funds, they are encouraged to access a loan from the group and not withdraw their savings in order to allow the group's loan fund to build. Funds not loaned out to members are usually kept in a group bank account. SHGs do not have cycles or share-outs but often provide a dividend or pay interest periodically to members.

Field staff work with SHG members (15 to 30 per group) to set personal and group goals. Goals can be related to income generating activities, family, community or the environment. Training and activities are developed to assist SHG members to meet these goals. Over time, as *Cluster Level Associations* (CLAs, see below) are formed, the role of the program staff diminishes and eventually the CLAs take over their functions.

Cluster Level Associations (CLAs) start with a group of 8 to 10 SHGs in the same area. SHGs elect two members to represent them at the cluster level, and agree to pay a monthly fee to their CLA. CLAs develop their own by-laws but usually remain an informal organization and don't apply for legal status. CLAs focus on broader social and development issues in their area on behalf of their member SHGs and leave financial and income generating activities to the SHGs. CLAs can also encourage the formation of new SHGs, promote quality standards and facilitate capacity building.

Federation Level Associations (FLAs) start with a group of 8 to 10 CLAs and can grow to represent hundreds of SHGs. Each CLA pays fees and elects two members to represent them at the Federation Level. Federations are usually registered with the government in order to have official status. The Federation develops by-laws as well as a specific vision and goals. The Federation intervenes in relevant political and justice matters in order to solidify and sustain the social and economic efforts of their CLAs and SHGs.

paper/ University of Cologne, Development Research Centre, No. 2001, 3. Retrieved from <http://hdl.handle.net/10419/23697>

¹⁰ Fernandez, A. P. (2006) History and Spread of the Self-Help Affinity Group Movement in India. *Occasional Papers*. IFAD (July).

¹¹ Andhra Pradesh Mahila Abhivruddhi Society (APMAS) (2009) An Evaluation of Self-Help Affinity Groups Promoted by Myrada. Hyderabad, (August).

¹² Swain, R. B. (2009) Does Self Help Group Participation Lead to Asset Creation? *World Development* 37(10). 1674 – 1682. Doi: 10.1016/j.worlddev.2009.03.006

Part II: Saving and Self-Help Groups Impacts on Food Security

The Food and Agriculture Organization defines food security as existing "when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life¹³". This literature review focuses on the specific evidence of the contribution of Savings Groups (SGs) and Self-Help Groups (SHGs) to improved food security, as well contributions to the main pre-conditions to improved food security (improved sustainability, productivity, equitability, and resilience of agricultural production and livelihood systems). These outcomes are based on the findings of a variety of studies: SGs are analyzed by looking at the effectiveness of interventions from agencies such as CARE, OA/FFH, CRS, and Pact. In general, these are based on the impacts of the first 3-5 savings cycles, as there is a general lack of study of SGs beyond this time period¹⁴. The effects of SHG participation on the same factors are based on studies of SHGs in India under the traditional MYRADA model, as well SHGs implemented by Tearfund and Kindernothilfe in Eastern Africa.

Savings and Self-Help Groups Direct Impacts on Food Security

The evidence that has been collected to date shows that SG and SHG participation has an overall net positive impact on food security. Based on an analysis of 18 reports of SGs and SHGs which included measuring food security in various ways, 17 indicated some degree of improvement in household food consumption, reduction in hunger months, increase in meals per day, increased dietary diversity (indicated in only one study), reduction in "suffering" due to food insecurity, or increases in food security indices. In cases where food security increases are identified, it is often attributed to the profits from income generating activities (IGAs), the effects of income smoothing from group participation, and increased resilience due to increased levels of fungible assets such as livestock. In general, the syntheses of studies of SGs, and reports of SHGs, provide evidence of the positive effects of SG/SHG participation on members' household food security¹⁵. However, more research is needed to determine the strength and consistency of this relationship in different contexts.

¹³ Food and Agriculture Organization (FAO) (2001) *The State of Food Insecurity in the World*. United Nations Viale delle Terme di Caracalla, 00100 Rome, Italy.

¹⁴ Gash, M. and Odell, K. (2013) *The Evidence-Based Story of Savings Groups: A Synthesis of Seven Randomized Control Trials*. Savings-led Financial Services Working Group at SEEP.

¹⁵ Bureau of Applied Research in Anthropology and Innovations for Poverty Action (BARA and IPA) (2013) *Final Impact Evaluation of the Saving for Change Program in Mali, 2009–2012*. The University of Arizona and Innovations for Poverty Action; Beaman, 2014; Allen, H. (2009) *Impact and Programme Evaluation of Plan and UHIKI's joint VSL Programme in Tanzania*, Solingen, available on: [http://savings-revolution.org/doclib/Impact and Programme Evaluation of Plan and UHIKI's joint VSL Programme in Tanzania.pdf](http://savings-revolution.org/doclib/Impact%20and%20Programme%20Evaluation%20of%20Plan%20and%20UHIKI's%20joint%20VSL%20Programme%20in%20Tanzania.pdf); Boyle, 2009; Allen, H. and Hobane, P. (2004) *Impact Evaluation of Kupfuma Ishungu, Arusha/Harare: CARE*, available on: [http://edu.care.org/Documents/Kupfuma Ishungu Impact Evaluation Report.pdf](http://edu.care.org/Documents/Kupfuma%20Ishungu%20Impact%20Evaluation%20Report.pdf); Annan et. al., 2013; Allen et. al., 2010; Burnie, 2014; Anyango, E., E. Esipisu, L. Opoku, S. Johnson, M. Malkamaki, and C. Musoke (2007) "Village Savings and Loan Associations— Experience from Zanzibar." *Small Enterprise Development Journal* 18(1): 11–24; Valley Research Group & Mayoux, 2008; Meehan & Mengistu, 2016; Murray and Rosenberg, 2007; Deko, G. Y., Shibiru, D, Chibasa, T. (2014) *Self Help Groups in Ethiopia: Activities, Opportunities and Constraints*. *Tracking Trends in Ethiopia's Civil Society Sector (TECS) Project*; Swain, 2009; APMAS, 2009; EDA Rural Systems, 2006

Specific evidence on improvements in food security from SGs and SHGs share-outs and loans, income generating activities, and the addition of other programming elements (integrated programming) is found below.

Share-outs and Loans

Reports of SGs and SHGs often monitor the extent to which members use share-out and loan functions for household food expenditures. Many SGs time their share-out dates to correspond with periods where increased cash is required, such as immediately before crops are planted. While share-out funds may be used to purchase agricultural inputs, funds received at this time also enable families to purchase food to tide them over hunger months¹⁶.

Loans taken from both SGs and SHGs are frequently used for direct food purchases. However, the use of loans for food consumption may not indicate an overall increase in household food security, and may result in increased levels of indebtedness. Funds that can be accessed quickly and easily in times of emergency may provide a beneficial and appropriate short-term coping strategy for food insecure households. In addition, taking food consumption loans from a SG or SHG may reduce household reliance on alternative coping mechanisms, such as taking informal loans from family or moneylenders¹⁷. A prominent study conducted among CARE VSL participants in Malawi and Ghana identified food expenses as the first or second most common use of VSL loans in both countries, although no overall increase in food security among program participants occurred¹⁸.

Income Generating Activities

The contribution of Income Generating Activities (IGAs) to increased food security is not conclusive, although when IGAs are able to place more resources under the control of women, improved food security is often a result. Some studies have found a correlation between improved food security and increases in household income-generating assets as a result of SG and SHG participation, particularly livestock¹⁹. A study of MYRADA's members in 2009 found that 98% consumed three meals a day, versus 57% prior to joining²⁰. Another study highlighting the role of IGA participation and increased incomes in supporting household food security among SG participants in Tanzania, found only a minimal difference in food security (a slight increase in daily meals from 2.85 to 2.93; a slight increase in dietary diversity, a decrease in the consumption of high protein foods²¹). As another study noted, increasing incomes does not necessarily lead to significant increases in food security: a study of smallholder farmers found that increasing agricultural incomes by 10% only increased food consumption by 3%, caloric intake by 1.7%

¹⁶ Boyle, 2009

¹⁷ Meehan, F. and Mengistu, E. (2016) A study of Tearfund Self Help Groups in Ethiopia in the context of the El Nino drought 2013-16. Tearfund (June); Brunie, A. et. al. 2014. Can village savings and loan groups be a potential tool in the malnutrition fight? Mixed method findings from Mozambique. *Children and Youth Services Review* 47: 20014. 113-120. <http://dx.doi.org/10.1016/j.childyouth.2014.07.010>

¹⁸ IPA, 2012

¹⁹ EDA Rural Systems (2006) Self Help Groups in India. A study of the lights and shades: EDA Rural Systems; Beck, M. 2013. Impact of Accumulating Savings and Credit Associations on Child Well-Being. (Masters Dissertation). Philipps-Universität Marburg, Marburg. Retrieved from http://www.worldvisioninstitut.de/downloads/allgemein/Theorie_und_Praxis_11.pdf

²⁰ APMAS, 2009

²¹ Allen et al., 2010

and improved dietary diversity by 1%²². Among Savings for Change members in Mali, increased household food security was found to be correlated with improved household income smoothing and spending but not with income increases from business activities²³.

Integrated Programming

The integration of SGs and SHGs with other programming focusing on food production and nutrition appears to have a positive impact on household food security, based on the small number of studies focusing on such programs. For example, among Tearfund SHGs involved in integrated programming in Ethiopia, SHG participation was associated with greater household food consumption²⁴. This effect was stronger depending on the length of involvement in SHGs. Within SGs using the VSLA model in Mozambique, those who participated in savings in addition to an integrated rotating labour scheme (under which members would trade off supplying labour on each other's land, or completing another activity of group members' choice), food security increased for all involved. (However, household dietary diversity increased significantly more for those involved only in SGs, and not in both programs²⁵.)

Savings and Self-Help Groups Impacts on Sustainability

The sustainability of an agricultural production system or livelihood has been defined in many ways, but the most frequently quoted is from *Our Common Future*²⁶ (also known as the Brundtland Report): meeting the needs of the present without compromising the ability of future generations to meet their own needs. For agricultural systems, a common way to assess this is by looking at natural capital (i.e. soil, trees, water) and whether these resources are being maintained or improved.

For more general livelihood systems, investments in health care, training and education (which we have used for this literature review) are also useful indicators of sustainability. Both SGs and SHGs have been found to have some positive social impacts such as improved access to education and health care of members. However, the effectiveness of programs in these areas varies depending on the program, and differs between SG and SHG models. Typically, SHGs focus primarily on social cohesion and mobilization, while SGs focus primarily on financial procedures training and not all SG models add additional trainings and mobilization.

Education

While some studies have reported little or no negative changes in school enrollment, there are others that show a positive impact of SGs and SHGs on education. Gash and Odell assess that there is some supporting evidence that school enrollment increases as a result of SG membership for the first one to three savings cycles, but note that little evidence exists supporting increases in school enrollment rates,

²² Benfica, R. and Kilic, T. (2016) The effects of smallholder agricultural involvement on household food consumption and dietary diversity. *IFAD Research Series* 04 (May). Retrieved from <https://www.ifad.org/documents/10180/0d80885e-afc3-4b63-92af-f217d9bfbf9a>.

²³ Beaman, L. et. al. (2014) Saving for a (not so) rainy day: A randomized evaluation of savings groups in Mali. *NBER Working Paper Series*. Cambridge, National Bureau of Economic Research: (October).

²⁴ Mengistu and Meehan, 2016

²⁵ Brunie et. al., 2014

²⁶ Report of the World Commission on Environment and Development (1987) *Our Common Future*. Available at: <http://www.un-documents.net/our-common-future.pdf>

particularly in the long term²⁷. In later cycles, Gash and Odell identify primary school enrollment and education spending as an anticipated, but not yet realized outcomes of SG membership, based on limited data from these later cycles and the need for additional research.

Particularly in Africa, many studies have identified the educational aspirations of parents involved in savings groups, however shortages of household finances, as well as agricultural obligations, impede their ability to afford and accommodate children's education. While direct comparisons are difficult, studies from several countries have shown that SG loans and share-outs are partially used by SG members for education²⁸. For example, participants in CARE programming in Ghana and Uganda used 14% and 27% of their share-outs on education, respectively. Members in Uganda also used 24% of their loans towards paying educational expenditures²⁹.

While on average less than four percent of SHG loans were used to pay for education among MYRADA SHG's in India in 2009, 30% of social activities revolved around education. These initiatives include supplying furniture, construction work, white washing walls, and advocating for qualified educators within public schools³⁰. Based on a qualitative analysis, Tearfund also found increases in educational expenditures in Ethiopia to be one of the top two effects of SHG participation³¹. While studies of both SGs and SHGs often reference households increased use of SG funds for educational expenditures (timely payment of school fees), proof of increases in educational enrollment is lacking.

A research report from Plan in Ghana highlights the importance of income smoothing (through SG participation) on children's education. Despite this study finding no immediate evidence of increased school enrollment or education investment in the short-term, increased income smoothing through parents' participation in savings groups was seen to have a long-term positive impact on reducing school absence. Households' increased ability to pay school fees in a timely manner meant that students missed less school over the long-term due to a reduction in absences caused by late fee payments (it is common for schools to send students home if their fees are delinquent)³². This finding affirms Gash and Odell's assessment of educational enrollment as a long-term benefit of SG participation, as it may take several years for the benefits of participation (such as income smoothing, increased profits from IGAs, etc.) to influence educational enrollments over the long-term.

Health

There is some evidence that SG loans and share-outs have assisted with the overall affordability of family health expenditures. However, similar to household educational effects, strong evidence of increased access to health care as a result of increased spending on health care is lacking (for more information on different models' effectiveness on health spending outcomes, see Annex 2). Among participants of SHGs, spending on health care using financial services offered through their membership is significant since

²⁷ Gash and Odell, 2013; Gash, M. (2013) Pathways to change: The impact of group participation. *Savings Groups at the Frontier* ed. Candace Nelson. Rugby, Practical Action Publishing Ltd.: 117.

²⁸ Allen and Hobane, 2004; Allen, 2005; Brannen, 2010; Dills, 2009; Mine, S. et. al. (2013) Post-Project Replications of Savings Groups in Uganda. Datu Research L.L.C. (November). Retrieved from http://www.daturesearch.com/wp-content/uploads/DatuResearchUgandaReport.WEB_lr.pdf; IPA, 2012; Cameron and Ananga, 2015

²⁹ IPA, 2012

³⁰ APMAS, 2009

³¹ Tearfund, 2016

³² Cameron & Ananga, 2016

among India's poor population, health care expenditures are largely 'out of pocket'³³. A study analyzing SGs in India found a positive correlation between the likelihood of households seeking out private health care, and incomes measured through household expenditure. Findings showed that a one percent increase in household expenditure is positively correlated with the probability that health care will be sought, translating to a four percent increase in seeking health care for acute illness, and a seven percent increase for chronic illness³⁴. Despite these positive results for SG in India, it is more probable that households will invest in care for male children (0-13 years of age) than females, and they are more likely to invest in adult males (14-55 years of age) than adult females³⁵.

Integrated Education and Health Programming

While generally SHGs focus on social cohesion and mobilization and SGs focus on financial procedures training, some SG agencies also promote integrated programming. For example, within some OA/FFH's SfC programs, facilitators deliver 30-minute presentations on issues apart from the SGs' core functioning (i.e. teaching malaria prevention). Within SILC programming, integration is emphasized, and SG participation is offered to 70% of beneficiaries of other CRS programs³⁶. Other agencies also promote various social and educational programs which are in many cases attached to SG participation. For example, Pact's WORTH program includes literacy and business training components for SGs. As a result of this programming, 83% of participants exposed to Pact's programming reported an increased ability to send children to school, as well as improved literacy. IRC programming in Burundi included a 'VSLA+' model, which combined SG training with literacy, and entrepreneurial and family-based interventions titled "healing families and communities." Within this programming, spending on children and food consumption increased, harsh disciplinary practices decreased, and there was an overall 30% decrease in poverty among members³⁷. SEEP's Program Quality Guidelines for Savings Groups, acknowledge that SGs are rarely seen as stand-alone initiatives but caution that when additional activities are planned that they be demand-driven, respectful of the autonomy and resources of the SGs and provide quality products and services.³⁸

Savings and Self-Help Groups Impacts on Productivity

The productivity of a household is a measure of its production capacity and economic efficiency. The main indicators of household productivity we looked at were activities and purchases designed to increase agricultural productivity or income, and the increase in physical assets and income that resulted from those activities.

³³ Raza, W. A., Van de Poel, Ellen, Panda, P, Dror, D; Bedi, A. (2016) Healthcare seeking behavior among self-help group households in Rural Bihar and Uttar Pradesh, India. *BMC Health Services Research* 16(1). 1-13. Doi: 10.1186/s12913-015-1254-9

³⁴ Raza et. al., 2016

³⁵ Raza et. al., 2016

³⁶ Beaman, 2013

³⁷ Annan et. al., 2011

³⁸ SEEP Savings-Led Financial Services Working Group (SLWG) (2015). Program Quality Guidelines for Savings Groups. Seep. Retrieved from <http://www.seepnetwork.org/program-quality-guidelines-for-savings-groups-resources-1571.php>

Income Generating Activities and Agricultural Productivity

For Savings Groups, the use of share-out funds for agricultural inputs is important, since SGs are not designed to carry sufficient credit levels for many or all group members to take out loans at the same time³⁹. Timing the group's share-out of accumulated savings and interest with the planting season provides agricultural households with additional cash to purchase seasonal inputs. This may result in the purchase of higher quality agricultural inputs, or increase the likelihood of purchasing chemical fertilizers (such as in the case of SGs in Malawi under a VSLA model, and in Burkina Faso under a Plan model)⁴⁰.

Membership in SGs and SHGs does help ensure access to sufficient credit for investments in income generating activities (IGAs). As only 27% of Indians had access to formal credit as of 2005, the majority of farmers' credit, for the purchase of agricultural inputs, has been identified as coming from SHGs⁴¹. For example, among members of MYRADA's Self-Help Affinity Group model, 63% of loans taken are for IGAs, and of these IGAs just under 40% involve the purchase of agricultural inputs.

Increased IGA investment was identified by Gash and Odell as one of the primary effects of SG participation, with almost every report confirming this finding. Among participants of CRS's SILC programming in several African countries, increases in IGAs were confirmed by three different studies⁴². Reports analysing the effectiveness of programming by Plan, Pact, and World Vision have also shown evidence of increased IGA investment as a result of SG participation⁴³. While several SG programs include integrated programming such as providing agriculture, literacy, and marketing or other business training, many SG practitioners have warned against the risks of overwhelming groups with too much information or co-opting groups' core functions with an over-emphasis on income generation. Some also suggest waiting until a savings group has matured (is functioning well independently) before other program activities are added⁴⁴.

Findings from SHGs in Ethiopia are similar, however, in addition to increases in investment in household IGAs, reports show increases in collectively owned businesses, such as bulk purchasing and storing agricultural commodities, animal fattening, and the running of kindergartens. Groups also identify collective cash crop farming and investing in grinding mills as common IGA investments⁴⁵. In India, 63%

³⁹ Innovations for Poverty Action (IPA). (2012). Impact Assessment of Savings Groups: Findings from Three Randomized Evaluations of CARE Village Savings and Loan Associations programs in Ghana, Malawi and Uganda.

⁴⁰ Boyle, P. (2009) Evaluation of Impact of the Tougouri Pilot Project and Establishment of Baseline Data for Phase II. Plan Burkina Faso, 2009; Ksoll, C., H. B. Lilleør, H. J. Lønborg, and O. D. Rasmussen, (2013) Impact of Village Savings and Loans Associations: Evidence from a Cluster Randomized Trial. *Study Paper No. 56*. Rockwool Foundation Research Unit.

⁴¹ Fernandez, A. P. (2006). History and Spread of the Self-Help Affinity Group Movement in India. *Occasional Papers*. IFAD: 2007 (July).

⁴² Ferguson, M. (2012) SILC Innovations Research Brief 3: Group Performance in Fee-for-Service Savings Groups. Catholic Relief Services; Beijuka and Odele, 2007; Odera and Muruka, 2007

⁴³ Boyle, 2009; Valley Research Group and Mayoux, 2008; Beck, 2013

⁴⁴ SEEP Savings-Led Financial Services Working Group (SLWG) (2015). Program Quality Guidelines for Savings Groups. Seep. Retrieved from <http://www.seepnetwork.org/program-quality-guidelines-for-savings-groups-resources-1571.php>.

⁴⁵ Deko et. al., 2014; Meehan & Mengistu, 2016

of SHG loans on average are used for IGAs, as of 2009. This figure is far greater than the proportion used for consumption (17.6%) or the meeting of social needs (12.6%)⁴⁶.

It is important to note that while many studies noted increased investments in agricultural inputs and IGAs as a result of SG and SHG participation, evidence is lacking for the overall impacts of these investments, and their contributions to food security. Investing in agricultural inputs can have overall negative impacts on food security in the case of a poor harvest due to drought or other natural disaster. Similarly, not all IGAs are successful and investing in an unsuccessful IGA reduces the amount available for other needs, including food security.

Assets

Due to SGs' and SHGs' focus on savings and credit, increased access to credit, and changes in members' ability to save are the expected primary outcomes of members' participation. Access to these financial services in turn often leads to positive changes in many measures of asset accumulation. These positive changes have been observed among members of both SGs and SHGs and are often correlated with length of membership. A common theme among SG and SHG participants is the investment of additional funds into livestock. The use of livestock as stores of household wealth has been linked, among SG members, to better performance on food security indices during periods of environmental shocks⁴⁷. Participants in IRC supported SGs in Burundi saw increases in livestock ownership, averaging one extra head of cattle per project participant after two years⁴⁸. CARE SG participants in Zimbabwe saw an increase in ownership of several varieties of livestock after four years, the majority of which were owned and controlled by women⁴⁹. Plan SG participants in Burkina Faso saw significant increases in livestock ownership (with increases of up to 174% in sheep ownership versus a 2% decrease in control groups, and a 53% increase in poultry versus a 19% decrease in control groups). Among SHGs under the MYRADA model in 2009, a small but substantial portion of loans were identified as being used for asset accumulation, resulting in investments in milk producing livestock, poultry, and pigs among nearly 50% of SHG members⁵⁰. In all these cases, ownership was dependent on the length of SG participation (and was therefore higher among participants of one or two years or more)⁵¹.

While the increases in livestock ownership are on average relatively small, indicating increases of one to two head of livestock per household, they are frequently higher than the changes in livestock ownership in control populations. Investments in other assets has also been seen: participants in Plan SGs in Tanzania saw increases in land ownership of 12% following program participation⁵². These benefits build over time so the sustainability and quality of SG/SHGs is essential for members to realize the potential long-term benefits of their participation.

⁴⁶ APMAS, 2009

⁴⁷ Demeke & Zeller, 2011

⁴⁸ Annan et. al., 2013

⁴⁹ Allan & Hobane, 2004

⁵⁰ APMAS, 2009

⁵¹ Boyle, 2009

⁵² Allen, 2009

Impacts on Equality

While equality in a social context usually refers to all different groups (men, women, ethnicities, religions, etc.) having equal benefits and rights, the most common equality issue is between men and women. For this report, we specifically looked for evidence of women's empowerment (local, equitable leadership) and increase in social assets (community cohesion, and group membership).

Many SG and SHG programs specifically target women. Programs' targeting of women is likely due to a variety of reasons including the original involvement of women in traditional ROSCAs, and CARE's targeting of women in their original ASCA programming in Niger. SGs are generally seen as a vehicle for promoting women's leadership development, as well as improving gender relations. Given the key role women play in managing household food security, many implementers focus on women's empowerment and leadership skills as they plan SG and SHG programming⁵³. Increased involvement in decision-making in the household and economic empowerment are frequently identified effects of both SG and SHG participation for women in several country contexts. Increase in women's decision-making in the household is noted in reports of OA/FFH, CARE, and Pact facilitated SGs⁵⁴. Among Pact supported groups in Nepal, 55% of female participants cited increased confidence in household decision-making as the primary way SG participation had changed their lives. Among CARE group members in Zimbabwe, participants reported 20% increases in joint decision-making in marital relationships (Allen and Hobane, 2004). Within Plan supported VSLs in Burkina Faso, women identified having greater control over household assets and financial resources, increasing with length of VSL membership (Boyle, 2009). These findings are significant not only for women's empowerment, but also for overall household resilience, which increases as women feel empowered within their households and have access to more resources⁵⁵. (See Annex 2 for more information on specific project's impacts on women's empowerment.)

CARE SG programming in Malawi, Anyango (2005) found that while not originally targeted by programming, women became the main focus due to their experience working in community groups which provided support to one another⁵⁶. In terms of social capital, women within SGs commonly cite increases in solidarity, networks of friends, and bonds with other community members⁵⁷. Women in SHGs frequently discuss increases in social capital through strengthened networks of solidarity, which may be particularly relevant in the contexts of Eastern Africa and India, where significant disparities in gender equality exist.

A recent study from Burkina Faso investigating the factors women most commonly attributed to creating household resilience, found a correlation between women's empowerment within their own household, and overall resilience. The study, which reported relatively high instances of domestic violence (measured through wives' fear of their husbands), found that household resilience increased when women experienced less domestic violence, and were more empowered to make decisions within their homes.

⁵³ Doka et. al., 2015

⁵⁴ Boyle, 2009; Allen & Hobane, 2004; Abebe & Selassie, 2009; Bermudez, 2010; Valley Research Group & Mayoux, 2008; Ashe and Parrot, 2010

⁵⁵ Gray et. al., 2015

⁵⁶ Anyango, 2005

⁵⁷ Odera & Muruka, 2007

Among female participants of SHGs, results appear similar. A synthesized study of both qualitative and quantitative reports of SHGs in Latin America, Asia, Africa and India found correlations between SHG membership and the social, economic, and political empowerment of women. According to this study, SHG participation had a positive effect on women's decision making abilities within the household, particularly pertaining to reproductive behavior and family planning⁵⁸. Women also identified greater economic empowerment, measured in this study as increases in ownership and access to and control of resources. Increases in economic empowerment were statistically significantly greater among SHGs members when additional training in economic empowerment and income generation was included in the program⁵⁹. Among participants of Self-Help groups in India, members polled in 2009 noted increases in ability to decide on matters of household infrastructure, asset purchases, family savings, children's marriages, and the purpose of loans. Among sampled participants, 70% reported equal participation in decision-making on family savings, in comparison to the 25% who reported the same, prior to their participation in the SHGs. Women participants in SHGs were also found to be involved in local government, with one women out of every four SHGs included in the sample attempting to run for local office (half of the women who did run for election tended to be office bearers, or in positions of leadership within the SHG).

Women's increased participation in community groups and leadership positions, in addition to SGs' and SHGs' roles in providing a vehicle for greater social advocacy, is also noted within several studies. In an analysis of SGs that have received additional integrated programming beyond saving and lending, the groups themselves were found to become both transformational and instrumental⁶⁰. Of particular note was the power of facilitating NGOs to supply members with training on matters of HIV/AIDS or women's empowerment, enabling members to transform themselves and their communities, and of SG structures themselves being used as a platform for advocacy through which to assist vulnerable populations within group members' communities⁶¹.

This transformational capacity of SGs and SHGs can occur through members' access to additional advocacy training, or through the groups' own volition. For example, in Peace Corp implemented and OA/FFH-supported community banks in Ecuador, members took the initiative to establish themselves as strong leaders in the community, hosting community-building activities such as raffles and bingos, in addition to trips together as a group. These activities have been effective in establishing the banks as important entities within their communities, facilitating social events such as holiday celebrations, as well as providing relief to disadvantaged community members in need⁶². While this group acted out of their own volition, other SGs which receive formal training often use this learning to engage in advocacy efforts. For example, among members of Project Concern International (PCI)-supported SGs in Guatemala, WASH (Water Sanitation and Hygiene) training was provided. Group members used this training in health, and also advocated to the government for the development of sanitation infrastructure

⁵⁸ Gray et. al., 2015; Brody, C et. al. (2016). Economic self-help group programmes for improving women's empowerment: a systematic review. *International Initiative for Impact Evaluation* (January). Retrieved from <http://www.3ieimpact.org/en/evidence/systematic-reviews/details/236/>

⁵⁹ Brody, C et. al. (2016) Can self-help group programs improve women's empowerment? A systematic review. *Journal of Development Effectiveness*.

⁶⁰ Rippey, P., and B. Fowler (2011) "Beyond Financial Services: A Synthesis of Studies on the Integration of Savings Groups and Other Developmental Activities." Aga Khan Foundation.

⁶¹ Rippey and Fowler (2011)

⁶² Fleischer Proaño, et. al. (2010)

in their communities. One group visited the Ministry of Health directly, while others worked together with local government officials and university students to organize a local campaign against unsanitary garbage practices. Women in Pact-supported SGs in Nepal who received training in literacy and advocacy, have become very involved in efforts for issues within their communities such as child marriages, girls' schooling, and women's economic rights.

Among SHGs in Ethiopia, women cite increases in community participation, as well as their involvement in advocacy for women's rights (including speaking out against child marriages and female genital cutting) as effects of their participation in SHGs. Through the Federation Level Association function of SHGs, members are able to formally register with government bodies, providing a means through which to advocate on issues affecting SHG members. Among SHGs in India, issues which involve specific actions (such as preventing bigamy, obtaining compensation, and prevention of child or orphan marriages) were found to be more effectively addressed through SHG activism as opposed to issues such as domestic violence and sexual abuse⁶³. Women in SHGs have also been identified as having a greater understanding of local political contexts as a result of their group participation, with many viewing SHG participation as a stepping stone to participation in decision-making at the community level⁶⁴.

Among participants of SHGs in India and select African countries, the inherent integration of social programming assists groups' social cohesion in a variety of ways. Since models of SHGs in both regions target the social cohesion and integration between members and the wider community, the inclusion of education in disaster risk reduction, advocacy, gender and the environment, are common. Therefore, participants in these models are not only better able to afford social services such as health and education, but also build the capacity to advocate for these services at community and municipal government levels. For example, among SHGs in Ethiopia, the integration of conservation agriculture education helped protect members against the effects of El Nino floods in 2015/16. With the formation of CLAs and FLAs, Self-Help Groups in Ethiopia have lobbied for education, built kindergartens, supported orphans in the community, and participated with both labour and funds to improve community infrastructure. Groups under a *mutuelles* model of SHG in Haiti used the collective power of FLAs to file petitions within the judicial system, demanding birth certificates for members, as well as recourse for a policeman who violated his position of power. Among SHGs operating under the MYRADA model in India, studies have shown that SHGs participate in an average of five social activities per group. These include initiatives in education, community infrastructure, mediation, and participation in local government.

In addition to the positive effects of SG and SHG participation, some unintended negative consequences have been noted. Several studies have recorded slight increases in child work as a result of parent's SG participation⁶⁵. More specifically, as a result of parent's increased investment in IGAs, families rely on children to assist with income generating businesses, or with increased household or farm chores due to additional demands on parent's time. Evidence also suggests these responsibilities fall on girls to a larger extent. For example, one study found slight increases in school enrollment among males, and a decrease in enrollment among females whose parents are involved in Plan facilitated SGs⁶⁶ (no SHG reports reviewed noted these changes).

⁶³ EDA Rural Systems, 2006

⁶⁴ Brody et. al., 2016

⁶⁵ Allen (2009), Bundervoet et. al. (2011) and Beck (2013)

⁶⁶ Allen, 2009

SGs and SHGs have been largely successful in reaching poor and vulnerable populations whose needs were previously missed by MFIs⁶⁷. Several studies have acknowledged the success of SGs in achieving the participation of the poorest within communities, the benefits created for these populations through their social integration with those of higher socio-economic status, and group strengthening as a result of their mixed representation of members from various levels of poverty and community status⁶⁸. Among participants in VSLAs in Uganda, researchers found no difference in the proportion of benefits between higher income and lower income participants in the SGs, indicating that despite differences in household incomes and assets, no members were benefiting at the expense of others in the group⁶⁹. The restriction on share purchases (i.e. a maximum of 5 shares at each meeting) protects VSL groups from having a few members financially dominate the savings group. Within SHGs in India, SHGs under the traditional model have been largely successful in providing loans to the poorest populations⁷⁰, though some issues have been created when groups divide between caste lines, with some SHGs receiving increased support from local politicians⁷¹. A large-scale study conducted amongst SHGs in several Indian provinces assessed that over 50% of group members lived below the poverty line, although the same study found leaders within groups tend to come from families which are better off⁷². However, between provinces, groups have differing access to formal banking with SHGs in states like Andhra Pradesh citing 94% of groups as having access to loans, while 26% of groups in Maharashtra having access to the same services⁷³.

Savings and Self-Help Groups Impacts on Resilience

Resilience is the ability of an individual, household, or society to absorb change, to self-organize, and to innovate, experiment and learn. In terms of food security, it refers to the capacity to maintain a consistent food supply when faced with stressors such as drought, seasonal food shortages, or economic shocks; and the capacity to change and transform when a particular livelihood strategy no longer meets needs. Income diversity, income smoothing, and insurance are good indicators of the first capacity. (Perceived well-being and increased ability to change and transform are often used as indicators of the second: this was not specifically looked at in the literature review, but are addressed in the associated Delegation Report).

Income Diversity

Having a number of different income sources allows households and communities to respond better to drops in commodity prices, droughts, or other shocks. The literature we looked at identified both

⁶⁷ Allen & Panetta, 2010; Burlando & Candido, 2015; IPA BARA, 2012; Annan et. Al., 2011; Ksoll et. al., 2013; Gash & Odell, 2013

⁶⁸ Allen, 2009; Bundervoet et. al., 2011; Beck, 2013

⁶⁹ Burlando & Canidio, 2015

⁷⁰ Murray and Rosenberg, 2007

⁷¹ Fernandez, 2006

⁷² EDA Rural Systems, 2006; APMAS, 2009

⁷³ Reddy, K. R. and Reddy C. S. (2012) *Self Help Groups in India: A study on quality and sustainability*. Retrieved from <http://www.apmas.org/pdf/Self%20Help%20Groups%20in%20India%20-%20A%20Study%20on%20Quality%20and%20Sustainability.pdf>

increases in agricultural income diversity, as well as an additional sources of income from participating in the SGs and SHGs themselves (e.g. IGA profits and interest earned on savings).

In Mozambique, SGs under World Vision's ASCA model identified a strong positive correlation between diversity in agricultural production, and the percentage of household income earned through agriculture. However, this increase was attributed more to the agricultural livelihood programming and education attached to the SG methodology, and not to participation in SGs themselves.

There is concrete evidence on increased household income from return on investment through participation in SGs and SHGs. A study in Mali among OA/FFH SGs found a 30-40% return on investment for participants⁷⁴, while a study among CARE SGs in Zanzibar found a return on investment of 53%⁷⁵. An aggregated study of SILC, CARE, OA/FFH, and Plan SGs in 2009 found averages of over 40% returns on investment across African countries, and just under 20% in SGs in East Asia⁷⁶. According to VSL Associates, who aggregate data from the large majority of SG programs implemented around the world, returns on assets are averaged at 29.1% for all SG members⁷⁷ and, the average return on savings is 26.2%⁷⁸ from the accumulated SAVIX data for over 18 Facilitating Agencies. Among SHGs in India, returns on internal investments, or returns on member contributions to the groups' internal funds have been reported to be anywhere from 2% to 15% depending on the location and the facilitating NGO⁷⁹.

Income Smoothing

Income smoothing, which can increase the ability of households to meet their daily needs and plan for future expenses, has also been identified as a positive effect of SG and SHG participation⁸⁰. Informal discussions with group members show they value having a safe place to save when they have funds after a harvest, the sale of an asset or a period of employment; and having a secure place for extra funds, away from the home, protects household resources from cultural pressures to respond to non-emergency requests from relatives and neighbours and spending excessively at times of celebration. General improvements in household financial management as a result of SGs and SHGs promoting a "culture of savings" is also mentioned in various studies as contributing to household resilience⁸¹. This savings culture, through the funds available to group members, provides an alternative to other coping mechanisms, including the selling of assets such as livestock, cutting expenditures on education and

⁷⁴ IPA & BARA, 2012

⁷⁵ Anyango, 2007

⁷⁶ Goss & The Melinda Gates Foundation, 2010

⁷⁷ www.vsla.net

⁷⁸ www.thesavix.org

⁷⁹ EDA Rural Systems, 2006

⁸⁰ Anyango et. al., 2007; IPA/BARA, 2013; Annan, 2011; Ferguson, 2012; Beck, 2013; Meehan and Mengistu, 2016; APMAS, 2009

⁸¹ Fleischer Proaño, L., Megan Gash, and A Kuklewicz. (2010) "Strengths, Weaknesses, and Evolution of the Peace Corps' 11-Year Old Savings Group Program in Ecuador." In: *Freedom from Hunger Research Report No.13*. Davis, CA: Freedom from Hunger; Cameron, S. and Ananga, E. (2015). Savings Groups, Livelihoods and Education: Two Case Studies in Ghana. *Journal of International Development* 27(7), 1027-1041. Doi: 10.1002/jid.3067; Anyango et. al., 2007

health, or taking loans from money lenders, friends or family. When households acquire alternatives to these high-risk coping mechanisms, they are generally regarded as being more resilient⁸².

Increased household resilience, through the smoothing of income and increases in IGA and asset investment, has been noted in studies of both SG and SHG programs. The SG/SHG benefit of increased household resilience is particularly relevant keeping in mind the large portion of SG/SHG participants engaged in agriculture-related livelihoods, within a context of an increasingly variable environment, vulnerable to climatic shocks. For example, among Tearfund SHGs involved in integrated programming in Ethiopia, SHG participation was associated with increased household resilience (since households reported fewer forced sales and livestock losses), as well as greater household food consumption⁸³. Other studies of SHGs in both Ethiopia and India identified increases in livestock assets as contributing to SHG participants' resilience during periods of hunger⁸⁴.

Insurance

An important component of SGs (not typically included in SHG programming) is the group social fund. Group members make regular contributions to this fund which is intended to be a self-managed micro-insurance against shocks and emergencies. The fund is typically distributed as a grant with no required repayment for emergency health and funeral expenses. While social funds are commonly accumulated and distributed among SG members themselves, variation in this model occur in some programs. For example, among CARE-supported SGs in Niger, US\$.50 is donated by each SG member to a fellow member every time they marry off a child, in addition to the wedding gift or donation. This system enables households to stay out of debt following family celebrations, contributing to overall household resilience⁸⁵. While typically a feature of SG models, some SHGs have also been known to adopt social funds. For example, some longer-running SHGs in Ethiopia (up to six years old) form "drought resistance funds" to respond to environmental variability, enabling those within their community to be more resilient⁸⁶.

As a response to environmental shocks and periods of need in communities, reports have cited instances where out of group interest, with no encouragement or assistance from facilitating agencies, members have participated in community infrastructure or disaster response efforts. For example, response to natural calamities, as well as investment of time and money into public health services is noted in almost 20% of SHGs. 18 World Relief Canada SGs in Burundi provided financial assistance to families impacted by flooding which had occurred in a neighbouring community, and several more regularly allocated a portion of their social funds to vulnerable individuals outside of their group who they identified as needing assistance⁸⁷. Women within CARE-supported SGs in Mali have helped assist displaced families following violence in Timbuktu, collecting household goods, providing housing and preparing meals⁸⁸.

⁸² Gray, B, et. al. (2015). How do you know "resilience" when you see it. *CGAP Working Paper*. Retrieved from <https://www.cgap.org/sites/default/files/How%20do%20you%20know%20resilience%20when%20you%20see%20it.pdf>

⁸³ Mengistu and Meehan, 2016

⁸⁴ APMAS, 2009; Meehan & Megistu, 2016

⁸⁵ Doka et. al., 2015

⁸⁶ Meehan & Mengistu, 2016

⁸⁷ Karsgaard, J., Nicimpaye, C., Mnjama, A. (2014) Evaluation of the Partnering for Microfinance Development and Impact II Program. World Relief Canada.

⁸⁸ Doka et. al., 2015

CARE has also reported a general tendency among their SGs of supporting vulnerable members within their communities by sharing resources or providing credit or grain⁸⁹. The financial assistance, in-kind support and encouragement that SGs provide vulnerable members of their community (orphans, handicapped and widows) is generally deemed to be more appropriate, well targeted and sustainable than the support implementing agencies can provide to vulnerable community members.

⁸⁹ Doka et. al., 2015

Part III: Improving the Functioning of Savings and Self-Help Groups

Outreach efficiency

Cost-per-member

Measuring the effectiveness of SGs and SHGs using indicators of efficiency alone can create misleading results. For example, indicators such as cost-per-member incurred by facilitating agencies is difficult to measure and compare, due to various geographic and economic factors as well as differences in project structures between countries and organizations. The components of project spending that are included in measures of cost-per-member vary significantly between projects, further skewing the apparent cost between project models. While certain agencies, such as CARE, may include the total value of their grants spent on all beneficiaries both direct and indirect, other groups such as CRS focus on actual annual expenditures, and only for those members currently supported. Whether or not measures of cost are time-bound, or include beneficiaries both past and future influences reported project costs. In fact, measures of project efficiency in terms of cost-per-member are most likely irrelevant unless projects are also assessed for their overall quality⁹⁰. Common measures of quality include assessments of return on savings, members' access to loans, percentage of funds in circulation, attendance rates, and group longevity⁹¹. (See Annex 3 for more information on different agencies' measurement of program costs).

Based on measures of SG projects over the first three to five years of programming, VSL Associates assesses average cost-per-member (under the VSLA model) to be US\$22.2 (ranging between US\$10 and \$40)⁹². For popular models of SHGs in India, the average cost-per-member is similar, averaging up to just over US\$30 per-member⁹³. Among Tearfund supported SHGs in Africa, cost-per-member is assessed at £50 (US\$60) over the program period⁹⁴. Program costs include £20 per member for SHG formation, and £30 for long-term institutional support (CLA and FLA levels)⁹⁵.

In addition to the various methodologies used by facilitating NGOs to measure project cost-per-member, additional factors influencing cost-per-member depend on the local context and structure of the programming (i.e. staff experience, community accessibility and population density, levels of additional training, target groups, existing levels of education and literacy, and previous exposure to savings groups). Overall however, the cost-per-member for SG and SHG models is generally much lower than the cost-per-client for MFIs, which in various African countries, has been assessed at US\$73 to US\$218 annually.

Viability of various Models of Replication in SG formation:

Evidence suggests that both the success of SG formation and the quality of the groups formed is improved by using formally trained Village Agents (or Private-Service-Providers (PSPs) (SILC)) paid on a fee-for-service basis. A study from Uganda which revisited sites where VSLA and SILC model SGs were previously introduced found that the quality of the groups' savings and lending functions were better

⁹⁰ Zollman, 2009

⁹¹ Zollman, 2009

⁹² www.vsla.net

⁹³ Murray and Rosenberg, 2007

⁹⁴ Venton, C.C. Tsegay, E., Etherington, K., Dejenu, M., Dadi, T. (2013). *Partnerships for Change: a cost benefit analysis of Self Help Groups in Ethiopia*. Teddington, Tearfund: 2013.

⁹⁵ Venton et. al., 2013

where groups had been trained by a Village Agent rather than informally by community members⁹⁶. Formally trained groups typically experienced higher share-outs and higher levels of financial growth between share-out periods, indicating greater savings ability and effective loan taking. These groups also had lower rates of default, and were found to be at lower risk of elite capture⁹⁷.

The effectiveness of SG training and support services provided by fee-for-service Private Service Providers (PSPs) has been identified in the analysis of several SILC and SfC groups. For example, among SILC groups in Tanzania, Kenya and Uganda, 13%, 32%, and 64% more participants, respectively, were recruited per month using PSPs, compared to those trained by Field Agents paid for by NGOs⁹⁸. Groups that were trained through this model of replication were also noted as performing better on several indicators, including individual savings and group assets. Among SfC participants in Mali, trainings led by member-paid agents, trained and certified by OA/FFH, were also found to be more successful in recruiting project participants. In addition, much like the SILC beneficiaries, those trained by member-paid replicating agents performed better in terms of savings, food security, and asset holdings such as livestock⁹⁹. In Kenya, SILC PSPs were found to improve project sustainability through the implementation of an apprentice system, capable of creating and certifying new trainers of a high quality even after the project had ended¹⁰⁰.

Sustainability

Financial Services remaining in project areas following exit of facilitating NGO

A key characteristic of SGs is their ability to exist following the exit of a facilitating NGO, sustaining not only their own members, but assisting in the formation of new groups. In some cases, replication of groups is through ongoing trainings from local NGOs, or as a result of access to fee-for-service providers. However, for some groups spontaneous replication occurs due to informal training or direct exposure to existing SGs through family members or friends. According to VSL Associates, 89% of groups continue to operate more than five years after receiving training, and on average double their self-capitalization and average loan sizes¹⁰¹. Several studies conducted in Nepal, Tanzania, Cambodia and Uganda have observed groups which have been successful in sustaining themselves, as well as replicating additional groups. These reports have also helped to identify the key factors contributing to SG sustainability post-NGO exit.

A study of the Pact-WORTH program in Nepal discussed the sustainability of SGs (in this case Village Banks) following the exit of the facilitating NGO due to the Maoist insurgency of 2001. The study, conducted in 2006, found that with little to no contact with external NGOs, one quarter of SGs had helped start at least one new group, with an estimated 425 new groups in the project area¹⁰². A report analyzing the sustainability of CARE's SG programs in Zanzibar saw a growth rate of 37.5% in SGs every year over

⁹⁶ Mine et. al., 2013

⁹⁷ Mine et. al., 2013

⁹⁸ Ferguson, 2012

⁹⁹ Beamen, 2014

¹⁰⁰ Ng'weno et. al., 2015

¹⁰¹ www.vsla.net

¹⁰² Valley Research Group & Mayoux, 2007

a four-year period in which CARE had been absent¹⁰³. In Cambodia, rates of groups dissolving after a four-year separation from OA/FFH, CARE, and Pact implemented programs were observed as 45%, 45%, and 56%, respectively¹⁰⁴. Groups which had dissolved on average did so after a period of 17 months for Oxfam, 26 months for CARE, and 7 months for Pact. However, many of these groups, particularly those implemented by Pact, were found to have re-formed later¹⁰⁵.

The sustainability of SGs following the exit of facilitating NGOs is contingent on many factors. Groups tend to last longer if they are larger, have higher rates of turnover (indicating strong self-selection), have higher rates of lending to members, have activities beyond group mandate (such as group economic endeavors), have flexible group mandates and procedures, and access to alternative financial services (such as MFIs). Reports also note how in some cases, group members will assist in the formation of new groups, in order to have an additional source of savings and credit for themselves¹⁰⁶. In addition, the SEEP network's Savings-Led Financial Services Working Group (SLWG) has recommended facilitating NGOs develop clear exit strategies when planning their programs. This includes clearly planned and communicated exit timeliness, culturally appropriate post-project contracts, carefully designed oversight structures, and responsive redress mechanisms¹⁰⁷¹⁰⁸.

In regard to SHGs in India, reports of group sustainability are similarly positive, though discussed in different ways. Due to the formal linkages created with financial institutions, SHGs may have greater incentive to carry on their operations. Based on a 2006 report from CARE, CRS, and USAID which analyzed 214 SHGs in 108 Indian villages, 48% had operated for five years, with 12% operating for more than 8 years. Of the 214 groups in total, only 7% were found to be either operating under poor management (with zero or negligible savings), or had broken¹⁰⁹. Groups may break when one or more members repeatedly fail to pay back their loans, creating a situation where the culture of saving and trust is broken, and other members no longer have incentive to save. The study also reported that groups which include members with varying levels of poverty and castes may experience difficulty building a culture of savings, due to lack of trust in particular members' ability to repay internal loans¹¹⁰. SHGs formed through government are also less likely to succeed compared to those promoted by NGOs, or by the groups themselves¹¹¹.

Within the Indian SHG model, external program support can typically end once 60% of those in the project area are engaged in an SHG. In Nazareth Town, Ethiopia, Tearfund estimated that it would have taken them 16 years to reach 60% saturation but their program was financially sustainable after only ten years. However, this is rare and may be related to their high membership growth rate (20% annually).

¹⁰³ Anyango et. al., 2007

¹⁰⁴ Mine et. al., 2013

¹⁰⁵ Mine et. al., 2013

¹⁰⁶ Mine et. al., 2013; Valley Research Group & Mayoux, 2007

¹⁰⁷ For more information, visit <http://www.seepnetwork.org/program-quality-guidelines-for-savings-groups-resources-1571.php>. Also see Annex 2 for information regarding projects which include external linkages & inputs

¹⁰⁸ SEEP, 2015

¹⁰⁹ EDA Rural Systems, 2006

¹¹⁰ Reddy & Reddy, 2012

¹¹¹ Reddy & Reddy, 2012

Capacity building support is also provided at the Federation Level for the Ethiopian program as an ongoing external input¹¹².

External capitalization and linkages to financial services

Unlike the Indian SHG model, which emphasizes linkages with formal financial institutions within its methodology, SG models do not directly encourage groups to seek out external loans. However, largely due to demand from within, mature savings groups sometimes seek access to greater amounts of capital. SGs promoting NGO's such as CARE and CRS are piloting various projects linking SGs to various forms of banking, insurance, and mobile services providers. According to a recent report put out by the agencies supporting "Banking on Change," projects that establish links to banks experience increases of 40 to 100 % in individual members' savings, and commonly experience a doubling in member profits¹¹³. However, other SG practitioners are more critical, and point to the various failed attempts at linking SGs with external funding (an overview of many past and present SGs linked with financial institutions or provided with external funding are reviewed in Annex 3).

External Linkages in Savings Groups Models

CARE, through its experience with "Banking on Change", lists eight principles for facilitating NGOs who wish to work on linking SGs with financial institutions. These include linking groups instead of individuals, linking only groups mature enough to handle the change (at least one savings and share-out cycle), working with groups which focus on the needs or demands of the groups rather than bank interests or supplied financial products, and emphasizing the protection of core group savings over external relationships which may put the groups' savings at risk. CARE also advocates that groups start with savings, building up to external linkages, maintain conservative savings to credit ratios, and lastly, minimize the amount of internal savings that are put up as collateral for external loan taking¹¹⁴. The project enables groups to set up no-fee savings accounts, and receive loans larger than would otherwise be approved¹¹⁵. CARE's Sustainable Access to Financial Services for Investment (SAFI) project in Rwanda (informed by the failures of the CLASS-b program) links existing SGs with *Vision Finance Company* (VFC), a subsidiary of World Vision. Within this relationship, banks emphasize working with groups rather than individual members, who together open a no-fee savings account, and are required to deposit 10% of the value of the loan it will receive (interest rates are set at 2.5% per month¹¹⁶. Also in Rwanda, CRS is working on establishing a relationship with *Réseau Interdiocésaine de Microfinance*, which will provide credit to CRS's SILC SGs¹¹⁷.

External Linkages in SHG models

There are over 80 million Self-Help Group members in India with formal links with financial institutions¹¹⁸. In regard to the traditional Indian models of SHGs, there are three primary means of group facilitation. Either a bank provides funding as well as training of SHGs, a bank provides funding with an NGO supplying the training and support, or finally, an NGO provides training as well as facilitates the

¹¹² Venton et. al., 2013

¹¹³ Allan et. al., 2016

¹¹⁴ CARE, 2011

¹¹⁵ Allen et. al., 2013

¹¹⁶ CARE, 2011

¹¹⁷ Rippey et. al., 2012

¹¹⁸ Allan et. al., 2016

linkage between the SHG and a financial institution¹¹⁹. Some reports find the second option, in which the NGOs provide the training of SHGs with no involvement in external linkages to banks, most efficient and most effective in achieving social benefits for members¹²⁰. However, other reports find NGO facilitation between SHGs and financial groups helpful¹²¹. This model has implications for the sustainability of SHGs should the NGO want to phase itself out. More recent studies have also found Indian banks increasingly unwilling to lend to SHGs, or that SHGs are increasingly unwilling to apply for loans¹²². Banks have identified the burden of administration necessary to lend to SHGs, and some have begun to require group deposits in return for loans. Some NGOs have questioned the supply driven approach of SHG facilitators, who may emphasize the opening of external bank accounts and taking of external loans before groups are ready¹²³. Due to these issues, some are recommending a switch from this traditional model to ones that value internal savings above external capitalization¹²⁴. The rationale is that money accumulated through hard work and savings is seen as "hot," and therefore more valued by members, whereas "cold" money accessed through institutions is less dear to members, and less likely to be safeguarded by members. In the same way, funds accumulated through external loans are less flexible and lack the personal relationship to other group members. Governments can also provide SHG services through initiatives from local authorities. However, issues associated include setting of unrealistic financial targets in order to meet government goals, the co-opting of groups by local politicians as 'their own,' and a tendency to favor particular castes¹²⁵.

Though the Indian model of SHGs promotes linkages with formal banks, SHGs in many African countries do not have access to the same type of financial service. Therefore, among SHG's in Ethiopia, Tearfund promotes linkages to MFI's, financed by the NGO itself.

Importance of Legal Recognition for SHGs

Within the Indian SHG model, SHGs, CLAs and FLAs receive recognition from government, and are encouraged under the MYRADA model to create bank accounts and receive loans. CLAs commonly create Community Managed Resource Centres, which can function as small business centres, as well as provide support for linking groups to financial institutions and education regarding legal rights. With African SHG models, formal linkages with government and financial institutions can be more difficult to establish. This occurs since countries like Ethiopia lack the sufficient legal infrastructure for group registration, preventing groups from creating formal bank accounts. Legal recognition for CLAs and FLAs has been deemed important by organizations such as Tearfund, who claim that this recognition allows groups "the ability to influence public policy as united groups, rather than as scattered entities¹²⁶." Since the legal environment for registration and the necessity for group functioning differs, Tearfund and

¹¹⁹ Fernandez, 2006

¹²⁰ CGAP, 2007

¹²¹ Swain, 2009

¹²² Wilson, 2013

¹²³ EDA Rural Systems, 2006

¹²⁴ Wilson, 2013

¹²⁵ Fernandez, 2006

¹²⁶ Deko et. al., 2014

Kindernothilfe recommend that registration be completed whenever possible, since legal status contributes to group sustainability following the exit of implementing NGOs¹²⁷.

Current Opportunities for External Linkages and Technology

For both SG and SHG models, opportunities for linkages with banking institutions through mobile technology is currently being explored. Through mobile banking, groups are able to store money on their phones free of charge, paying fixed fees to withdraw and transfer funds to other phone users. In Rwanda, mobile banking is widely used, but does not yet replace the use of physical cash within SGs¹²⁸. In Kenya, Zimbabwe, and Tanzania SG members use mobile services through popular cell phone providers to store group funds in a “mobile wallet,” accessed by select members of the group in order to reduce the risk of theft¹²⁹. While opportunities to expand the use of mobile banking are currently being explored, proponents of SGs still encourage caution in their replacement of physical cash savings in group transactions¹³⁰. Financial institutions are interested in digitizing savings group transactions and often invest in testing applications that will provide digital saving and loan repayment histories of potential customers at a low-cost to the bank. Implementers promoting these tools are encouraged to disclose to groups various risks to privacy such as how their information will be shared.

Conclusion

This review of SG and SHG impacts highlights the importance of long-term membership for realizing the full potential of group participation. Long-term SG/SHG membership is only possible if groups maintain a high level of quality and are able to be sustainable beyond NGO involvement. Jeffrey Ashe, of Oxfam America, has nine guiding principles for SG programs developed from his work with Saving for Change¹³¹:

- 1) Start with a vision of scale, and design for viral replication
- 2) Less is more, and the simpler the better
- 3) Build on what is already in place
- 4) Be sustainable
- 5) Keep costs low
- 6) No giveaways
- 7) Insist on local control
- 8) Establish high performance standards and insist on meeting these standards
- 9) Embrace learning and innovation

SGs and SHGs can be a tremendous resource for those who lack financial services and struggle to meet the basic needs of their families. They can also be a vehicle for delivering valuable and often life-changing information, empowerment and skill-building if they are well designed to efficiently deliver quality training, with a structure and input level that can reach sustainability.

¹²⁷ Carter, I. (2016) Releasing Potential: A facilitator’s learning resource for self-help groups. (Tearfund: forthcoming).

¹²⁸ Rippey et. al., 2012

¹²⁹ Hanouch & Chen, 2015

¹³⁰ Rippey et. al., 2012

¹³¹ Ashe & Neilan, 2014

Additional Tools and Resources

www.savings-revolution.org/sgs-and-oas/2016/1/31/sg-manuals Savings Group Manuals, provided by Paul Rippey. This database includes manuals for VSLA, SILC, and SfC models.

<http://www.seeplearning.org/sg-guidelines/tools/> Seep Tools Program and Quality guidelines. This database includes a variety of training tools, including: program assessment and monitoring tools, tools for combining Savings Groups and other activities, tools for financial linkages, tools for measuring inclusiveness.

<http://www.seepnetwork.org/program-quality-guidelines-for-savings-groups-resources-1571.php> Program Quality Guidelines for Savings Groups. This manual includes eight primary principles for quality savings group implementation, including promoting linkages with external finance, and how to create responsible exit strategies

<http://www.vsla.net/> As the VSLA model remains a key SG methodology, guidelines included in VSL Associates' database are important resources (various languages and a sharia-compliant version)

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Annex 1. Summary Various Forms of Savings Groups and Self-Help Groups¹³²

Program	VSLA, Sfl, SILC	SfC, WORTH	SHG
Primary focus – activities	Financial services	Financial services	Non-financial training, social mobilization
Secondary focus – activities	NA - unless part of an integrated program	Non-financial training & social mobilization	Financial services
Timeframe	9-12 months & cycles repeat, a full share-out of the groups funds at the end of every cycle.	12-24 months to graduation (WORTH gives a dividend rather than a full share-out at the end of a cycle)	Long-term, funds remain in the loan fund. Some groups provide a period dividend
Advocacy	No	Possibly some	An important objective for the group is change in society
Need for training	Standardized training of initial groups, diminishing as time goes on. Field methodology for staff training during project.	Some - Facilitator needs training in multiple areas.	Less standardization in training and more flexibility exercised in implementation.
Expected impact	Economic improvement	Economic and social improvement	Broader economic and social improvement.
Costs	Low	Low to medium depending on involvement of facilitator.	Medium to high, if not a large degree of volunteerism.
Efficiency (outcome/inputs)	High	High- medium. Social mobilization can lead to lower risk of failure for the group.	Medium - low. Efficiency must be measured along other project elements and their planned impact and value.
Sustainability strategy	Groups graduate after first cycle (9 to 12 months), project staff train member-paid Village Agents or PSPs (SILC) who remain in the area after the project ends. SILC encourages PSPs to form networks.	Groups graduate after first cycle (12 to 24 months). WORTH encourages groups to form clusters. SfC has VAs in Mali ¹³³ but not in other countries.	SHGs form CLAs. CLAs encourage the formation of new SHGs & form FLAs. FLAs register with the government to give the organization legal status. Long-term objective is for the FLA to become sustainable (10 years (TF in Ethiopia) but usually 10+ years).

¹³² Mersland, Roy and Eggen, Øyvind. You cannot save alone, Study report financed by Norad, October 2007 p. 42

¹³³ SEEP Savings Groups: What are they? June 2010, Annex 4

Annex 2. Impact on selected indicators of Sustainability, Productivity, Equity, and Resilience as a result of SG participation:

<i>SG Initiative</i>	<i>Sustainability</i>		<i>Productivity</i>		<i>Equity</i>		<i>Resilience</i>	
	<i>Education</i>	<i>Health</i>	<i>Assets</i>	<i>IGA Investment</i>	<i>Women's Economic Empowerment</i>	<i>Leadership Development</i>	<i>Savings</i>	<i>Consumption Smoothing</i>
CARE: Ghana Innovations for Poverty Action, 2012	Increase in primary school enrollments. Indication of small portion of SG loans being used for education	No significant impact	No significant impact	(Aggregated for 3 countries) 1.9% difference in fraction of women running their own business between treatment and control villages (negligible). Women in treatment groups 13.6% more likely to take loans for enterprise (compared to control group)	(Aggregated 3 countries) 4.5% improvement in share of women having high degree of control over business decisions. No change in women's participation in other groups, or perception of own role and influence in the community.	(Aggregated for 3 countries) No significant impact on community participation or frequency of conversation with authority figures.	\$13.75 savings among members of SGs; \$9.81 among member of control	No significant impact in households' non-food expenditures
CARE: Malawi Innovations for Poverty Action, 2012	No significant impact	No significant impact	Increase in ownership of fowls (5.6 to 6.2 per house	(Aggregated for 3 countries) 1.9% difference in fraction of women running their own business between treatment and	(Aggregated for 3 countries) 4.5% improvement in share of women having high degree of control over business	(Aggregated for 3 countries) No significant impact on community participation or frequency of conversation	\$17.07 savings among members of SG; \$11.09 among control	No significant impact in households' non-food expenditures

				control villages (negligible). Women in treatment groups 13.6% more likely to take loans for enterprise (compared to control group)	decisions. No change in women's participation in other groups, or perception of own role and influence in the community.	with authority figures.		
CARE: Uganda Innovations for Poverty Action, 2012	Increase in use of SG loans for financing education	Higher portion of SG participants using loans for financing health expenditures compared to control group (3% vs. 1.9%). 3.8% drop in share of HH drawing from savings to pay health expenses	No significant impact	(Aggregated for 3 countries) 1.9% difference in fraction of women running their own business between treatment and control villages (negligible). Women in treatment groups 13.6% more likely to take loans for enterprise (compared to control group)	(Aggregated for whole study) 4.5% improvement in share of women having high degree of control over business decisions. No change in women's participation in other groups, or perception of own role and influence in the community.	(Aggregated for whole study) No significant impact on community participation or frequency of conversation with authority figures.	\$41.09 savings among members; \$34.05 among control	No significant impact in households' non-food expenditures
CARE: Zanzibar Anyango, 2007	Education expenditures were cited as among the	Not included	Among benefits of VSL participants, 20% of	58% of loans allocated to business investments, as	Not included	Not Included	\$90 savings average	Members identified increases in ability to cope

	primary three uses of savings pay-outs in 13% of project participants and of loans in 2% project participants.		members noted improvements to physical household, and 13% identified household assets	well as 31% of share pay-outs				with emergencies (14% identified as major change)
CARE: Zimbabwe Allen & Hobane, 2004	Investment in school fees the “single most important service provided” by participation in CARE-supported savings groups, namely through the provision of credit	64% of participants noted improved access to, and use of health care facilities. (Was noticed this was particularly due to increased incomes from IGAs)	Substantial increase in household and productive assets. These assets primarily took the form of semi-liquid stores of wealth, which were controlled by women. Among those who were members of the savings groups, ownership of chickens, goats increased by 65% and 39% respectively, indicating an average increase of 5 chickens and 1 goat.	IGA’s per household increased by 45% (increasing by more than 2 per HH: most significant was market gardening and small-scale trade, with 46% of existing IGA’s reporting being more stable than they were before (based on qualitative survey data)	Study noted increases in stores of wealth controlled by women, increased control over IGA income from women. Increased access to financial opportunities associated with increased participation in social events offering women networks of reciprocity	Among group members who were part of other social organizations, ascension to positions of leadership rose by 77%	While during the periods of study Zimbabwe’s economy faced massive inflation (350% per year) and savings in traditional ROSCA’s diminished, participation in CARE-supported groups increased. Increases in savings within these groups based on anecdotal evidence from qualitative research	Not included

DCA: Malawi Ksol et. al., 2016	No significant impact (2% to 3% of loans and share-outs used for education expenditures)	No significant impact (2% to 3% of loans and share-outs used for health expenditures)	Significant increase in size of housing measured by number of rooms per house.	While the study noted an increase in savings among VSLA members, IGAs in total decreased	Not included	Not included.	Average value of savings of \$69.27 USD (interest rate of 4-5% per month/ 60% annually. Savings increased 153% from baseline	Increases in of consumption 4.8%, using USAIDs Poverty Assessment Tool
FFH: Mali IPA/BARA, 2012	No significant impact, only 1% of share-outs identified as being used for educational expenses	No significant impact	IPA observed increased expenditure on livestock ownership (\$6.22 more than within control village), as well as value of livestock (13% more valued than control, averaging \$1,016 compared to \$869). No difference in ownership. No difference in household or agricultural assets.	No significant increase	BARA reported perceived impact among participants in women's participation and position in community, as well as decision-making power in the household. However, IPA found no change	Not included	Overall increases in savings in treatment villages of \$3.65, participants were also 4% less likely to take loans from family and friends	Women perceived SfC as a mechanism for smoothing consumption during months where food stocks typically deplete. All households agreed that SfC loans allowed them to increase resilience against shocks

FFH: Mali Beaman, et. al., 2014	No significant impact. Slight increase in educational expenses among treatment group, averaging 8% more than control.	No significant impact	Women participants had \$5.93 more in agricultural value, signifying an increase of 23%. Value of livestock increased by 13%.	NO statistically significant increase in small enterprise profits	No significant impact	Not included	Increases of \$3.65 in treatment villages, however, slight decreases in savings in formal financial institutions	increases in \$3.65 in treatment villages – although slight decrease in amount of savings in formal institutions
IRC: Burundi Bundervoet et. al., 2013	Education expenses rose by 115% among VSLA members, compared to 82% in non-participants. The provision of additional education support led to a reduction in harsh disciplinary practices, benefiting children.	Decreased spending on children's health (however, it is identified that this could indicate earlier treatment, therefore less need for additional healthcare costs)	VSLA membership led to increase in asset index of .22, corresponding to one extra head of cattle per VSLA participant.	Not included	Not included	Not included	Average of 36% return on savings for VSLA participants.	Net increase of monthly expenditures of 40.6 USD per household of 5.8 among VSLA participants.
SILC: Kenya/Uganda/ Tanzania Ferguson, 2012/2013	Not included	Not included	Group asset ownership was higher among groups trained by private	Households trained by private service providers significantly	Not included	Not included	No difference in savings between those trained by private service	Households supported by field agents more likely to enjoy more

			service provider. However, investment in the household greater among field agent trained members, as opposed to business investments	more likely to invest in, own, and borrow to support businesses			provider or field agent	immediate income smoothing benefits, such as increased purchasing power for direct food consumption. However, future household resilience may be greater among the private service provider supported households investing more in business ventures
SILC (CRS): Uganda Beijuka & Odele, 2007	Not included	Not included	Study identified general increases in household and community physical assets, but attributes this to other factors in addition to SILC participation,	The majority of assets identified were income-generating	Some evidence of women's political empowerment, although moderate	56% of SILC group leaders surveyed identified as women. Participation in management committees, and leadership in community groups and churches among	Average profit per member \$3.16	Not included

			due to relatively short period of SILC membership			female members.		
SILC (CRS): Kenya Odera & Muruka, 2007	Members reported increased ability to afford school-related expenses	Not included	No significant changes, however indication that accumulated savings likely used for educational or food expenditures rather than household assets.	Savings have enabled greater spending on micro-businesses.	Project increases women's participation in leadership and decision-making. Some groups reported borrowing for the purposes of group IGA activities (such as bulk buying, and marketing products)	60% of leaders were women, this figure is attributed to SILC methodology and by-laws. Also reported increases in women's self-confidence and self esteem	Increases of 17.2% on savings	Not included
Pact – WORTH: Nepal Ashe & Parrot, 2001	Not included	19-24% of increased income from businesses used for health related expenses	Not included	Increase in business ownership, from 14% of members owning IGAs to 71%	Out of 130,000 trained members, 89,000 reported increased decision-making authority (family planning, children's marriages, buying and selling property, girls	Female leadership in SGs, extending to their families and their communities a key part of programming. Not quantifiably measured.	Average return on savings of 18 to 24%. From 1999 to 2001, savings rates of SG increased from \$.20 a month to \$.45	General increases in incomes noted, however, much more likely to have increased for the better off, and better schooled members. Poor members more likely to buy food and clothing with increased

					schooling). 55% of women ranked increased self-confidence and decision making as primary impact of SG			earnings, rather than invest in businesses
Pact – WORTH: Nepal Valley Research Group & Mayoux, 2008	12% of groups cited increases in ability to pay for education, 83% reported they were better able to send children to school	86% responded they were better able to obtain access to health services	Village banks average assets of over \$3,100 more than three times their original holdings six years before. 38% of members reported improvements to household assets or housing.	Almost half of the groups planned to engage in business ventures including vegetable gardening, candle or soap production, etc.	Women reported “freedom from domestic violence” as a primary effect of SG participation, along with greater physical mobility to interact within their communities. Women reported increases in decision-making abilities as a result of accumulated assets, as well as	Nearly half of the groups reported members of management committees going on to lead other community groups, including community development groups, other savings groups, farmers’ associations and cooperatives.	Increases of \$15.36 in savings for participants over 6 years.	77% reported increased ability to provide food for families.

Pact – WORTH: Kenya Mersland, 2007	Not included	Not included	Not included	Not included	Not included	Due to the local church's emphasis on literacy and education, the program focussed on providing training to group leaders rather than the whole group.	\$30 or less saved per week on average	Not included
PLAN: Burkina Faso Boyle, 2009	Small difference but expected to increase. Increase in female children's participation in IGA's likely have a negative effect on school participation. Girls participation in IGA's increased from 22 to 62% in three years.	Significant relationship between VSL membership and affordability of health care services	Significant differences in impact of programming between younger and older members of SGs. 174% increase in sheep, 53% increase in poultry, and 12% increase in goat ownership, as well as 18% increase in chemical fertilizers among older members. 14% sheep, 7% goat, and 12%	SG members appeared to invest more resources into existing IGA's, but neither participants nor non-participants began new IGA's. The study noted increases in child labour (possibly as a result of these increased labour requirements	Higher awareness of women's economic rights among VSL participants. Control over women's' IGAs greater among SG members of 2-3 years compared to 1-2 years. Authors note more work to be done in education efforts. No difference in feelings of self-confidence.	Not included	Not included	Participation led to increased household consumption of a variety of foods. In addition, majority of loans were used for IGA's rather than immediate household consumption

			poultry ownership increase amongst younger members. Increases in assets considered substantial when compared control groups.					
PLAN: Tanzania Allen, 2009	While school enrolment increased among males, absence from school more than doubled among participant's female children, while declining to zero for non-participants. This is referred to as evidence for increasing IGA's among participant households negatively affecting female	26% of participants recorded increased access to health services compared to 14% among non-participants. When asked why access increased, 52% responded it was due to increased income	Small changes in asset ownership except for land, which increased by 12%, averaging 4.18 acres among participants.	33% increase in participation in IGAs, averaging one IGA per participant households. However, this study voices concerns over the implications of child labour due to the 79% increases in household labour allocation to IGA's.	9% increase in control over household financial resources among participants, in comparison to 0% change in control group	13% increase in political participation among participants, 3% increase among those in control groups	Members savings described low or in some cases, negative. Attributed to a possible issue of data collection. Discrepancies between MIS and field reports	Not included

	school enrolment							
World Vision: Mozambique Beck, 2013	Children of SG participants attended school more regularly, and performed better. 56% of children identified no change in household workload. 31% identified increases in children's work load as a result of SG membership	94% reported health expenses were more affordable following SG participation	Significant investments in household improvements. Over half of participants identified investing in household assets following SG membership	While the majority of members claimed to have increased IGA's owned, statistical evidence is lacking. Participants averaged participation in 2.2 IGAs	More success in participation among men. Higher rates of dropouts identified among female participants. Increase in shared decision-making in the household (84% regarding the household, 77% joint-decision making regarding SG participation)	Members cited increases of 66% in civil society participation as a result of SG participation	Not specified	SG participation found to have a significant and positive impact on impact on incomes. 24% of share-outs allocated to household expenditures, the majority of loans used for business inputs
SCORE: Uganda Burlando & Canidio, 2015	Not included	Not included	Not included	Not included	Not included	Not included	Members earned a return of 13% for every shilling saved (averaging 98, 790 UGX, or just under \$100 USD by the end of the third cycle)	Not included

Annex 3: Current Cost per Client Calculations in Selected Implementing Organizations¹³⁴

<u>Organization</u>	<u>Current Cost: Calculation Method Reported</u>	<u>Consistency Throughout Organization</u>	<u>Accuracy and Consistency Challenges</u>	<u>Organization's Current Efficiency Benchmarks</u>	
Catholic Relief Services (Africa only)	Actual annual country and partner fiscal year expenditures / number of members currently supported	In Africa, yes, but this is not consistent with CRS savings group programs in South Asia and Latin America.	All regional and HQ support costs are covered with core funding and are not included in cost per client calculations. Some local CRS staff salaries are not included in cost per client calculations. Data not 100% reliable as not all country programs track ratio inputs accurately. Members of "self-replicating" groups are not included.	1000-2000	\$150
				5000-10,000	\$20-50
				More than 10,000	\$20
Oxfam, US	Total cumulative program costs since onset (includes all countries together and excludes only non-essential research) / Cumulative number of all members reached directly and indirectly since program onset	Yes	Data collection on indirectly replicated groups over time is likely to become more challenging. Cost per client calculation is standardized within the organization, but other performance indicators from groups can be misleading due to variable savings patterns.	Aim for partner level costs of \$15-20 per member served. Projected total cumulative per member cost as of 2008 is \$29, which is projected to fall to \$26 by 2011.	
Plan International	Grant expenditures / current membership served	No; regular calculation of cost per client is just beginning. Contact could only speak for West Africa.	All regional and HQ support costs are covered with core funding and are not included in cost per client calculations, which currently only use grant projections or expenditures. Field agents inputting data into the MIS sometimes neglect to archive graduated VSLAs that are still being monitored, which	<i>Not Available</i>	

¹³⁴ Based on Zollman, J. (2009) Apples to Apples: Standardizing cost per client calculations to measure and promote efficiency in the expansion of savings-led microfinance

			can distort numbers for both current clients and savings levels/savings start dates.				
CARE	Total grant value / direct and indirect members served over grant period	No	Some CARE program staff salaries are covered by grants or unrestricted funds outside the specific project grant, and those additional costs are not consistently added into total program costs. Because of these challenges some offices do not calculate the cost per client ratio. Tracking total viral/self-replicating groups not particularly easy and continues beyond timeframe of grant.	Period	18 mo.	36 mo.	5 years
				Cost per member	\$100 - 125	\$40 – 60	\$15 – 40
				Generally, say that initial \$10,000 can reach 60 members over 18 mo., with minimal supervision thereafter.			

Annex 4. Previous examples of projects providing external linkages or inputs¹³⁵

Country	Facilitating Agency/Program	Nature of Integrated program/ Outcome
Kenya	CARE: “Community Savings Mobilization” (COSAMO) 2004-2008	<p>Various programming implemented, based on SG members needs/wants. Majority of groups existed 2 years following project departure/ large majority derived from splintering/fracturing of existing groups. Model based programming off of groups’ wants – resulted in groups forming IGAs based on their member’s interests.</p> <p><i>Reports on the project recognized the effectiveness of groups using IGAs and community assistance efforts (supporting vulnerable members of community) in reinforcing group cohesion.</i></p>
Bangladesh	Maxwell Stamp PLC: “Chars Livelihood Program” (CLP) 2004-2010	<p>Integration of SG methodology with a multi-input programme (including the provision of cash and productive assets to SG participants). 80% of groups still operating after 2 full cycles.</p> <p><i>Report found that group savings did not decrease following withdrawal of project’s cash stipend.</i></p>
Tanzania	CRS & Mwanza Rural Housing Program: “Chickpea Promotion Project” 2005 – 2009	<p>SILC groups had dual function as SGs & marketing cooperatives, negotiating cash crop purchases. Due to large group size, SGs depended on more complex bookkeeping systems (however, too poor to afford professional management and outside financial audit).</p> <p><i>Groups were found to suffer from substantial elite capture, became targets for fraud and mismanagement.</i></p>
Uganda	Uganda Women’s Effort to Save Orphan’s (UWESO): Community Organization for Rural Enterprise Activity Management (CREAM) 2007-Present	<p>To protect SG’s following project departure, trainers who would have been previously supported by facilitating NGO’s were converted into “Village Agents.” Agents joined with local community enterprise, selling solar lamps in addition to receiving fee-for-service compensation from established SGs.</p> <p><i>Groups found to face significant challenges moving into a commercial area (due to lack in commercial sales experience).</i></p>
Zimbabwe	CARE: Internal Savings and Lending (ISAL) 1998-Present; Agribusiness	<p>In 2004, CARE Integrated ISAL (SG methodology) with AGENT programming (which worked with farmers to create linkages with input providers and markets).</p> <p>Study concluded that SGs were not natural vehicles for collective agricultural input purchases, due to the variation in farming livelihoods and needs of SG members.</p>

¹³⁵ Based off of: Rippey, P., and B. Fowler (2011). “Beyond Financial Services: A Synthesis of Studies on the Integration of Savings Groups and Other Developmental Activities.” Aga Khan Foundation.

	Entrepreneur Network and Training (AGENT) 1995 - Present	<i>It was concluded that other existing groups, such as production-oriented groups were better vehicles through which to collectively link farmers to input providers or marketers.</i>
Niger	CARE: Mata Masu Dubara	SGs were introduced to MFI's, which had little respect for needs of the SGs or their low levels of literacy. <i>Project found to result in group fracturing due to member loss and stress among those in the group.</i>
Rwanda	CARE: Classe-b/ Access Africa	Under Classe-b program, groups linked to local branches of Rwandan credit union. CARE supplied fund to the local branches which could be used to lend to SGs. The Access Africa program was developed, based on lessons learned from the failures of the Classe-b project. Under Access Africa, SGs are linked to a subsidiary company of World Vision (Vision Finance Company) within which savings accounts are established, and loans taken. <i>Project was accused of pushing groups to borrow, and focus on loan taking from external institution took away from the emphasis on internal group savings.</i>
Central America	CRS: Agriculture for Nutrition (A4N)	CRS Implementing partner agencies were encouraged to promote SG methodology among groups already involved in A4N programming, which offered education in improved agricultural techniques, group organization and management, and agricultural marketing External provision of inputs such as veterinary and agricultural inputs were included in A4N programming Problems that were created among these groups were attributed to the tension between the self-reliance promoted through SG methodology, and dependence on external support within the A4N programming. <i>Ultimately, group's emphasis on raising money for the purchase of agricultural inputs brought in more revenue for farmers than the SG did, leading to a reliance on these unpredictable sources of cash.</i>