

Chapter 6: Pathways to Change

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INTRODUCTION

Much time and energy has been put toward understanding the impacts that savings groups have on members and their families. Implementing organizations have created and refined theories of change (TOCs) to help explain the process and timeline for impacts, and many studies have attempted to measure these impacts. Several additional studies are currently under way; results from at least six randomized control trials (RCTs) should be available in 2012 and early 2013. Due to their methodological rigor, the results of these studies are likely to receive much attention, while adding needed depth to the current evidence. But what does the current evidence already tell us, and why is it important to assess it at this point? Having a good understanding of current conclusions is useful because we can quickly see if the RCT results differ and we can consider how to reconcile those differences. Furthermore, the current evidence can help explain the “why” behind the changes the RCTs capture, it speaks to issues not covered in the RCTs and it lets us see what questions still remain. In essence, it is valuable to understand what the *entire body* of evidence on savings group impact tells us, not just one study or group of studies.¹

This chapter summarizes the current evidence in savings group research by reviewing results from several studies and identifying the likelihood that group participation creates impact in a variety of specific areas. The analysis first includes a review of key research questions and TOCs from various implementing organizations. After taking methodological issues into consideration, it identifies trends in several areas of expected impact, and ends with a discussion of what there is still to learn. The analysis is limited by the complexity of the studies reviewed; the collection spans a wide variety of program types, time frames, geographies, and methodological rigor. The results speak best for impacts on the most common profile studied—an adult African female who has been in a basic savings group for two years. However, much insight is provided for impact speaking to longer membership. The scope was not exhaustive and does not include studies on traditional accumulated savings and credit associations (ASCAs), rotating savings and credit associations (ROSCAs) or the self-help group movement in India. The current evidence suggests that while there are likely financial and social impacts to participation, there is more impact in some areas rather than others, and that length of membership is an important aspect in demonstrating results.

¹ This reiterates the point that Kathleen Odell has made in her work, *Measuring the Impact of Microfinance: Taking Another Look* (2011). She reconciles differences in outcomes from several studies of different rigor on microfinance. See references section for full citation.

KEY RESEARCH QUESTIONS

What are the key questions that guide savings group impact research? What do organizations want to know? Outside of the most common question, “What is the impact of savings group participation?”, questions guiding impact research tend to focus on specific areas of expected member- and household-level impact. Most impact questions are closely linked with a facilitating organization’s TOC, which is presented further in the following section of this chapter. There are also often key questions which are not directly linked to a TOC but help determine whether the organization is meeting its mission, such as knowing whether the program reaches the very poor.

Examples of common impact questions include the following:

- What is the impact on the lives of the members of the savings groups that are a result of the program?
- How are the members benefitting financially? Do they have more income, savings and assets?
- Are they investing loans or their savings in income-generating activities (IGA)? Are they starting new IGAs or investing in existing ones?
- What has changed about their economic activity outside of the savings group? Are they still participating in traditional community savings mechanisms? Are they simultaneously using formal savings and credit institutions?
- Do the members and their families have increased access to health care and education?
- How are the members benefitting socially? Do they provide mutual support to each other? Are they gaining leadership skills and taking on more leadership roles in other groups in their communities? Are group members taking on other activities collectively in the community?
- Are they empowered? Do they have greater self-confidence? Do they have more decision-making power in their household?
- Are they more food-secure? Are members and their families eating more and/or better food?
- Are additional services bringing additional benefits? Are they gaining knowledge from specific education programs? Is domestic violence being reduced?
- Is participation making members wealthier?
- What are the characteristics of those who participate in savings groups? Who benefits the most from participating?

Several of the studies reviewed attempted to answer these specific questions, which is further discussed in the Findings section of this chapter. The RCTs currently underway will provide further evidence to these issues, as well as others. As general impact questions are answered, and basic savings group programs further develop program components, new key questions will come to the forefront and guide future research agendas.

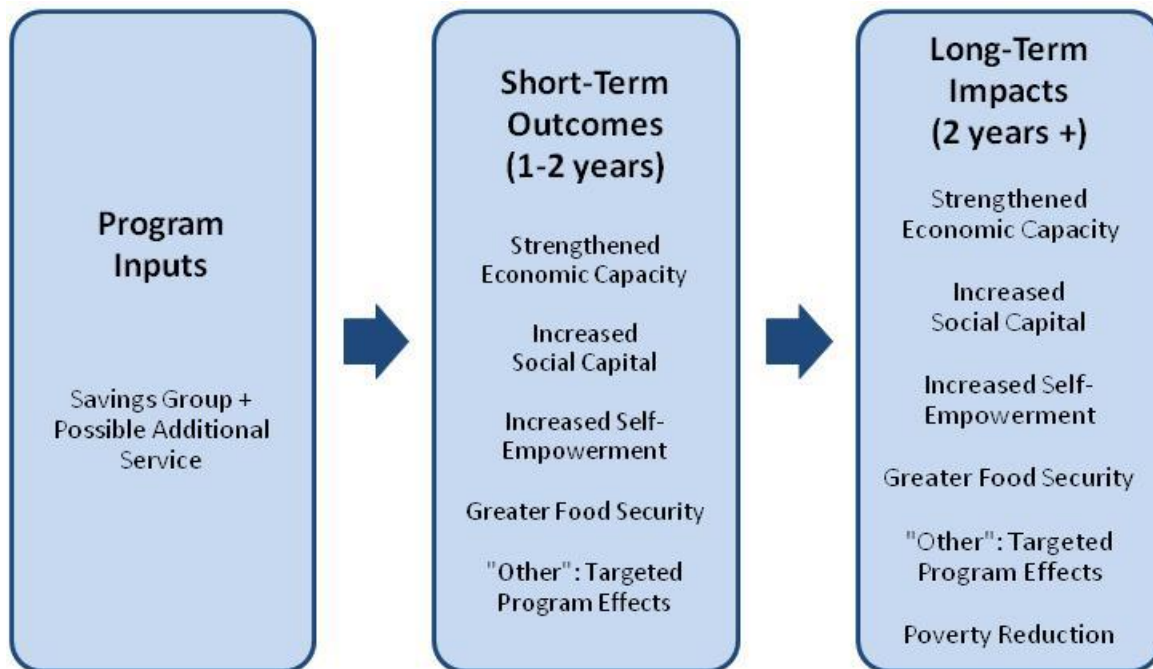
GENERALIZED THEORY OF CHANGE FOR SAVINGS GROUPS

Many current implementing organizations theorize that savings groups will produce certain short-term outcomes in the first years of group participation that will lead to long-term impacts

as participation continues over time. In this analysis, the difference between outcome and impact is somewhat an issue of time, but also an issue of depth and magnitude. For example, access to loans may first help a member acquire inexpensive assets, such as new cookware, but after savings accumulate over time (either for pay-out or more loan capital), a member will be able to afford to purchase more expensive assets such as furniture or jewelry. The short-term outcome and the long-term impact are both asset accumulation, although the difference was the cost. Also, the short-term outcomes and long-term impacts discussed should not be confused with process outcomes, which do not tell us about effects resulting from the program but describe outputs, such as the number of savings groups formed or the number of women reached. Some organizations include only a few broad categories of short-term outcomes or long-term impact in their TOCs while others involve detailed lists of several specific indicators. Another difference is time: some TOCs estimate specific time frames for when specific impacts will be observable, whereas others only indicate a progression from one phase to the next, without any demarcation of time. Overall, though, many organizations have framed their TOCs to show outcomes and impact in the following areas: economic capacity, social capital, self-empowerment, food security and poverty reduction.

A “generalized” theory of change for savings groups based on that of several facilitating organizations is included in Figure 1. The figure attempts to take into account both areas of impact and time.

Figure 1: Generalized Theory of Change for Savings Groups



The diagram progresses from program inputs on the left to long-term impacts on the right. At minimum, program inputs include savings group formation, but could also include additional services provided by the implementing organization such as education or empowerment programs. The second stage contains a list of five general domains of short-term outcomes,

which should emerge within one to two years of program participation. The Findings section of this chapter explores 14 specific areas that fall into these domains. By domain, these areas include the following:

1. Strengthened Economic Capacity: Assets, consumption smoothing, IGA investment, income, management of finances, savings.
2. Increased Social Capital: Solidarity (with other members), collective activities taken on by members, increase in leadership roles taken on by members in the community.
3. Increased Self-Empowerment: Increased self-confidence, greater decision-making power in the household.
4. Greater Food Security: An increase in food consumption and/or a greater variation in diet.
5. “Other”: Changes due to targeted programs, such as increased specific knowledge or changes in behaviors.

The third and final stage lies on the far right and lists long-term impacts that should appear after 2 or more years of participation. The list of general domains for the second stage are almost identical to the third, with the one difference being poverty reduction. Whereas economic changes may occur in the first two years of a program, several organizations agree that changes in the level of poverty of a member or her household would most likely not occur until at least after a few years of participation. Many of the same areas of results, which exhibit themselves in the first two years of program participation, continue in later years but develop further and sometimes build upon each other. For instance, a woman may first have money to pay the school fees for her child for one semester or year, but as she accumulates more money (and confidence) over time, she may negotiate for more control over long-term decisions about her child’s education. The concept of specific timing for the short-term outcomes and long-term impacts is important to the TOC, but difficult to delineate much further than the two-year mark, for now.

Since this framework focuses on member- and household-level impacts, impacts at the community level, such as changes in the enabling environment, are not included, even though they may affect the lives of participants and their families. As more research projects continue, this angle should be added to the TOCs. This framework provides guidance for current and future impact research for savings group participation, but should be amended as new research results come out.

EVALUATION METHODS

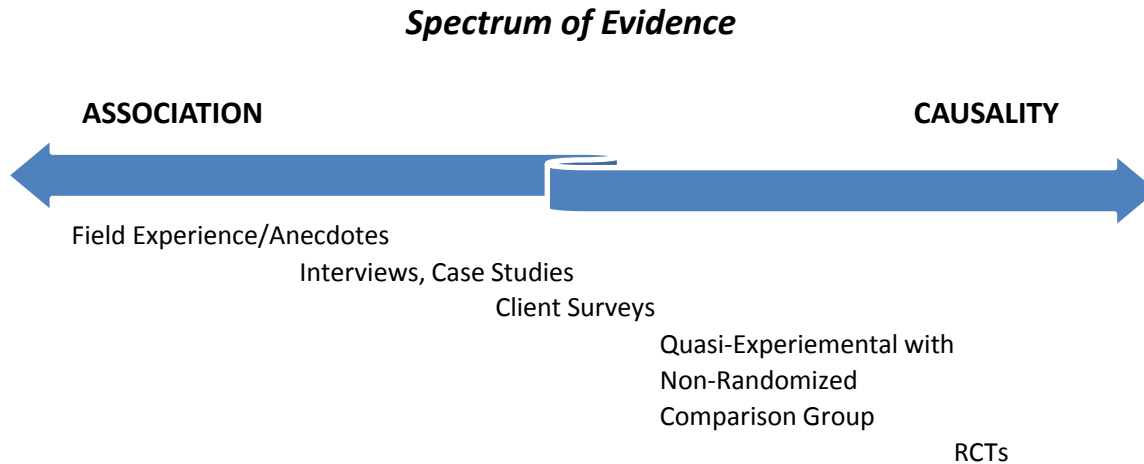
Before discussing the findings from the various studies reviewed, it is important to consider how research methodology influences the validity of reported results. Much research has been done or is currently under way in the area of savings groups, but not all studies have, or will produce, the same results. An important question to ask is: How we will reconcile the differences? Whereas we can easily assume factors such as length of membership and country context explain some differences, the study design plays a less obvious, yet significant role in what conclusions can be confidently made. The studies reviewed here utilize several different research designs, and it is important to keep in mind a few technical issues in order to better compare results from both the past studies and the upcoming RCTs.

One significant issue to consider when reviewing all studies is knowing the ability to which a study design can prove causation or eliminate outside factors that could otherwise explain the results. In general, impact studies try to do this by comparing the group that got the treatment or program (e.g., joined a savings group) with a similar group of people that did not receive the treatment, otherwise called a control group. Baseline and follow-up surveys are conducted with both the treatment and control groups, and results are compared to show what happened while in the program and what happened in the absence of the program. However, these control groups are often created without taking into consideration less obvious but important factors that make them different than the treatment group. These differences are called selection biases, and two important ones to recognize here are self-selection bias and non-random program placement bias. Self-selection bias refers to the systematic differences in characteristics of people voluntarily join a program compared to those who did not. These characteristics can make them more likely to succeed in the program, such as someone already has strong savings habits or someone who enjoys community activities. Non-random program placement bias is the bias which occurs when villages are specifically chosen for a program because they have characteristics that are desired by the NGO's operational plan, such as having a high rate of low-income residents (Karlan and Goldberg, 2007). Again, these characteristics can make a program more likely to succeed in those villages. RCTs, or studies with an experimental design, randomly assign villages or people to treatment and control groups, thus removing selection bias. Since these biases are removed, results coming from RCTs are regarded as more valid and reliable than results from many other designs that do not remove these biases. Non-randomized control group designs (quasi-experimental designs) and simple interviews or case studies (non-experimental designs) do not remove selection biases, and likely create overestimated results. Therefore, both quasi-experimental and non-experimental designs are considered better at showing association rather than proving causality of impacts.

A useful way to further think about the link between methodologies and their ability to prove causation is to consider where the methodology would fall on a spectrum, as shown in Figure 2.² The farther the methodology is to the right-side arrow, the better it proves causality, and the farther it is to the left-side arrow, the less it proves causality and only shows association. Even though not all studies included in this review prove causality, there is still a valuable place for them in the body of evidence on savings groups (see Annex 1 for a description of methodologies used for the studies included in this analysis). The quasi-experimental and non-experimental studies give indications of where impact may lie and help identify important questions that can be more confidently answered with experimental studies. Their results can also hint at the “why” for results we see in experimental studies that are not explained otherwise. The longer-term studies on savings groups give us an idea of additional impacts that may emerge as participants stay in groups for longer than the one- to three-year span of the current RCTs. In the future, we can use quasi- and non-experimental studies, or even monitoring systems, to check if similar results from the RCTs are showing up in other programs. In essence, all three designs complement each other by filling in gaps and triangulating data.

² The “Spectrum of Evidence” is courtesy of Kathleen Odell, Assistant Professor of Economics, Brennan School of Business, Dominican University. Presentation at the Global Microcredit Summit, November 2011, from the workshop, “The Debate on Outreach and Impact of Microfinance: What Do We Know and How Do We Know It?”

Figure 2: The Spectrum of Evidence



The last technical issue to consider for interpreting results overall is specific to understanding how RCTs analyze results. Many measure the intent-to-treat effect (ITT) instead of the effect on an individual participant. This is a significant issue because results are likely to show less impact for savings group participation than expected, and less impact than what was observed in several non-experimental and quasi-experimental studies (including personal field observations). Measuring the ITT effect is beneficial, though, because it allows for capturing spillover effects, or effects on others in the community who did not join the program but have been affected positively (or negatively) by the existence of the program. Karlan and Goldberg’s *Impact Evaluation for Microfinance* (2007) includes a good discussion of this issue, but essentially they point out that to afford for spillover effects and simultaneously control for selection biases, the analysis requires comparing samples of both savings group participants and non-participants in each village to each other. Therefore, the results reflect the impact of the *access* to savings groups instead of *participation* in a savings group. Thus, they will show a lower estimate of impact rather than looking only at participants. This type of analysis may seem as though it is not showing the full impact of participation, but it is necessary to maintain methodological rigor. This level of rigor is important to several stakeholders, but more importantly, it helps practitioners understand what savings groups realistically can and cannot do for the poor.

FINDINGS

The following section highlights general trends in 14 areas of interest within the six domains of short-term outcomes and long-term impacts, as described in the generalized theory of change. Although many studies in this review use mixed methods to gather evidence from a variety of sources, most of the analysis focuses on the results of the quantitative survey component, which measured the member- and household-level impact (although some were purely qualitative). The analysis evaluates the evidence and estimates the likelihood that savings group participation will produce the outcome or impact. For a list of studies reviewed, see Annex 1.

There are several considerations in the method for estimating likelihood. Not all studies measured the same areas of outcomes or impact, and sometimes results were only mentioned if they reflected a positive change. Therefore, it is difficult to fairly conclude that some studies found an effect when others did not. For instance, a 2010 study by DAI reported financial effects of savings groups, but did not comment on social ones, and most would argue that there is a very strong likelihood that social benefits occurred at the same time as the financial benefits. Because this was not the focus of this study does not mean that the women did not benefit socially. This line of reasoning should not lead one to assume there are several other impacts occurring but never measured; it simply stresses that frequency of evidence is an imperfect measure for judging likelihood. Other aspects considered include the dynamics of savings group functioning, how the outcome develops, interaction with other outcomes, the length of program exposure, the type of program and the methodology of the research. The idea behind making these estimations is not to be highly precise or to speculate the magnitude of an effect, but simply to hypothesize about the likelihood that the outcome or impact will occur.

Other considerations are more contextual in nature. The likelihood estimations speak for the most common situation studied: self-reported results from an African female adult participant in a savings group for approximately two years, with no or minimal additional services. Results for men were rarely mentioned, although some programs evaluated had male members. There was little variation in world region; out of the 15 studies reviewed, one was based on a program in Nepal and another in Ecuador, but the other 13 are in West and East Africa. Some programs also included additional services, such as education or empowerment programs, and results regarding those aspects are noted when relevant. Most of the results focused on aspects one would expect from a basic savings group membership. It can be argued that a group that has an additional service requires them to work together in such a way that builds a deeper solidarity than they would have in a savings group alone, which leads to stronger outcomes or impacts overall, but are very few studies that set up that comparison and can argue that point. More importantly is the difference in studies that look at members who have been in a program for more than 2 years. Four of the studies include or focus on members who have been in a savings group from four to seven years, and demonstrate some significant differences from what is seen after two years. Many of these considerations are reiterated throughout the findings.

Strengthening Economic Capacity

Asset Acquisition

Asset acquisition is a very common finding among the studies reviewed, although type varies and seems related to length of membership. Odera and Muruka (2007) found that in Kenya, newer members buy inexpensive items such as wrappers (*lessos*), cooking utensils, chicken and goats, and few members were able to report a solid growth in physical assets, likely due to being in the program for only a year. Boyle (2009) looked at two cohorts of members, one in the program for one to two years and another for two to three years, and saw some differences in their asset growth. Many purchased both productive and non-productive assets, such as a goat, sheep, poultry, agricultural inputs, utensils, storage trunks and festival attire (dresses), but the older group showed more purchases of expensive items such as bicycles and jewelry. It would be logical to see that as members accumulated larger savings over time, or took larger loans from a greater pool of money, they could purchase more expensive assets.

Consumption Smoothing

Consumption smoothing, or the use of savings and borrowing to cover the costs of short- and long-term expenses, is the most common outcome for savings group participation for all of the studies reviewed. It is highly likely that consumption smoothing will prove to be a short-term outcome with savings group participation in the upcoming RCTs. Every study reviewed in this analysis cited that loans and/or money from distribution are used to help manage day-to-day expenses as well as plan for future purchases. Common expenses covered include food stuffs, small household items, social activities (such as festivals and ceremonies), home repairs, education expenses and health care. Helping to cover the cost of education and health care is especially important because it could potentially lead to an increase in use of these services. Many studies reported members having a perception of increased access to health care, but the issue is complicated. Likely this increase in access is not an actual increase in services available (the typical definition of access), but simply the perception that one can afford more or better services. Perhaps they feel they can seek care for an ongoing problem they ignored before, or put more money towards preventive services that they previously considered a luxury, or that they can seek private instead of public care. A few studies mention that members greatly appreciate the reliable source of credit during emergencies, especially medical crises (Bermudez and Matuzseski, 2010), and that they see the availability of emergency loans as insurance (Proaño et al, 2010). Perhaps members have a perception of increased access because they have either emergency loans, or regular loans, available for this purpose. None of the studies reviewed measured either the incidence of use or type of health care service used to see whether members accessed them more often or different ones than before program participation, but the upcoming RCTs may be able to shed some light on this issue.

A similar issue applies to education access or changes in school enrollment. Although members frequently reported that they used savings group money for school expenses, there was no change in perception of increased access to education. Allen (2009) and Allen and Hobane (2004), nevertheless noted that lack of money was no longer a reason to not send children to school. Potentially what has happened is that members are putting additional money towards health care expenses (creating an addition effect), but use money from their savings group instead of money from other sources for school expenses (creating a substitution effect). Another possibility is that members are spending more money on school expenses like buying more or better supplies (the addition effect), and just not reporting it as so. More detailed information on how members manage these expenses would be useful to help determine what is the exact impact or change occurring here.

IGA Investment

Another result with a high likelihood of occurring is the investment in new or existing income-generating activities (IGA). All studies that reported on IGA investment reported an increase in new and/or existing IGAs due to the money from loans or from accumulated savings. As Bermudez and Matuszeski (2010) mention, women describe an increase in their small commerce, as well as more money invested in their commercial and agricultural activities, and claim higher returns on these investments. Although this IGA investment is generally a very positive outcome, this expansion or new investment can lead to other consequences, such as an increase in household labor allocated to IGAs (Allen and Hobane, 2004), and even an increase in child labor

devoted to those IGAs (Boyle, 2009). Allen (2009) found that this increase in child labor accounted for an increase in absenteeism for girls in school in Tanzania. Potentially, girls are encouraged to stay at home to either help with the IGA or are given chores to do that the mother cannot since she is busy with the IGA. Boyle (2009) observed a similar situation in Burkina Faso and suggests that only when these households reach a much higher level of affluence, and outside labor can be hired, can girls return to school at a level equal to that of boys. It would be ideal if these women found other sources of inexpensive labor, such as help from other members of groups, instead of it affecting the education of their daughters.

Income

Likely all groups can claim an increase in income based purely on interest or dividends received at distribution, but a second and less likely aspect to the issue of increased income is whether members have invested their money in IGAs or other vehicles in such a way that it has translated into increased earnings. Only a handful of the studies cited that at least some members directly reported an increase in income, and the members usually explained that it was a result of the increased ability to buy more IGA inputs from the loans or money received at distribution (Anyango et al., 2007, Valley and Mayoux, 2008 and Abebe and H/selassie 2009). A few other studies infer that income has increased by observing either an increase in non-productive assets (reasoning that this indicates an increase in disposable income), or an expansion of an IGA (Allen and Hobane, 2004 and Allen et al., 2010). Although these changes could be a result of increased income, it would be better to prove it through a more precise look at the overall income for members and their households. Moreover, BARA and IPA (2010) saw women take repeated loans to sustain the same IGA and co-mingle IGA profits with general household income, making it unclear whether the IGA is growing or the income is increasing. BARA and IPA noted that the few women they observed who have been able to realize transformative economic growth through savings group participation enjoyed relative wealth and stability before the program. Considering the lack of clear evidence on income growth to date, it should be assumed that this is an area of low expected impact from savings group participation.

Management of Finances and Use of Financial Instruments

Most of the studies reviewed reported that members started to manage their personal finances differently as they gained new accounting skills and built up savings in their groups. Some of these changes pertained to better money management at home and others involved the use of other financial instruments. BARA and IPA (2010) cited that women often mentioned a shift in their savings mentality, and that participation in the savings group motivated them to save more than previous systems they used. Proaño et al. (2010) found members valued the discipline imposed by the group mechanism, the ability to save for different goals, and how participation fostered a culture of savings in their communities. Regarding the use of other financial instruments, Boyle (2009) saw savings group loans replace loans from other sources, as did Allen (2009). Allen (2009) saw a dramatic shift in the use of savings groups as an alternative source of money rather than family, friends, ROSCAs and banks. He also noted that microfinance institution and savings and credit cooperative organization (SACCO) penetration was very low, and assumed that participants abandoned these institutions in favor of savings groups. Allen and Hobane (2004) saw a 30 percent reduction in the use of formal sector and traditional savings instruments in favor of savings group membership in Zimbabwe. They attributed the change to the failure of other instruments to provide a return that compensated for

the astronomical inflation (estimated at about 350 percent per year at the time). Upcoming research will likely shed further insight on these changes in general household finances and use of other instruments.

Savings and the Creation of Lump Sums

Since all savings programs require members to save, the accumulation of savings is considered a process outcome of the program, although when members access these sums varies. Some groups distribute only the earned interest and put the bulk of their money back into the next cycle to build more loan capital while others distribute the entire pot. Smaller sums received at share-out tend to go towards consumption smoothing, and larger sums are often used for larger purchases or investments, such as furniture, vacations, and more significant home repairs. Boyle (2009) found in Burkina Faso that members most often invest all or part of their share-out monies in their IGAs and animals, then they are likely to spend it on school-related expenses, food for the family, and social/festive purposes (depending on the season and timing of social needs). Proaño et al. (2010) found that the sums accumulated by many members enabled them to buy furniture, pay for trips, cover Christmas expenses and pay off other debts, such as those resulting from purchased appliances. Valley and Mayoux (2008) found that after seven to eight years of participation, a savings group had average total assets of more than three times its holdings at the beginning, signifying that there is a lot potential for members to build lump sums over time. Although there is potential here, a closer look at the lump sums would be useful. Do members consider 7-8 years a long time to triple their money? Is the amount still relatively small compared to their overall household assets? Savings groups clearly help members accumulate savings, but it is likely that the size and utility of the lump sum varies per member.

Social Capital

Solidarity

The most salient areas of outcomes, besides strengthening economic capacity, is clearly in social capital, with the most prominent feature being that members appreciate the solidarity with other group members. Several studies mentioned how women valued the cohesion of the group as well as the friendship and support of other members. Odera and Muruka (2007) found that “social asset” strengthening among members is one of the greatest achievements of the program and that it seems to be the motivation for participation rather than mere savings collection and borrowing. The DAI study (2010) suggested that stability of the governance and leadership rules of the group added to social solidarity and mutual commitment enjoyed by members. Miller and Gash (2010) found that new members mentioned solidarity more often than mature members as a benefit of membership. Perhaps this suggests that while members are still new to the methodology, the newfound support and the revelation that the group can function together is in the forefront of their minds, but as members build on this solidarity, other benefits become more salient. While overwhelmingly positive, the discussion of solidarity in these studies primarily comes from women. It would be interesting to understand if this aspect is as valuable to male members.

Collective Activities

Since some programs include a “social goal,” which can take the form of a collective or community-oriented activity, it is difficult to discern an increase in collective activities apart from what is expected from the group program. Taking this into consideration, it is still insightful to report that a few studies noted examples of collective activities. One of the most impressive examples was in Ecuador, where Proaño et al. (2010) saw groups that were highly active in spontaneous community activities. Most groups played bingo at weekly meetings as well as hosting the occasional raffle, athletic game or dance. The members saw the activities as a way to raise money for the bank, but also to relax, have fun, build friendships and support each other. Bermudez and Matuszeski (2010) found that savings group-based collective labor partially or wholly replaced village-wide collective labor. The WORTH programs in Ethiopia and Nepal, which both explicitly promote collective action, saw women working together to tackle issues that affect communities as a whole, such as working against harmful traditional practices, HIV/AIDS, gender-biased violence and trafficking in girls through collective activities such as rallies and demonstrations, door-to-door campaigns and street dramas (Valley and Mayoux, 2008 and Abebe and H/selassie, 2009). In Nepal, many groups also contributed to infrastructure projects such as the construction of a community building, clinic, school, library, well or bridge, often using their own funds and sometimes attracting additional support from local government or other organizations (Valley and Mayoux, 2008). Since some of the strongest examples came from older programs, perhaps collective activities are more likely to occur after members have built strong relationships with each other and their communities over time.

Leadership Roles

Another expected outcome is for women to take on leadership roles in community activities. Some women gain confidence and experience from participating in the management committee of their group and become leaders in other community groups, whereas others who were already in those roles in other groups bring their experience to savings groups. Bermudez and Matuszeski (2010) spoke with women who previously only worked in their homes or fields, who had become group presidents, replicating agents or representatives at commune-level associations. Allen et al. (2010) found in Burundi that nearly half of members surveyed held administrative positions in community groups, and in Zimbabwe, Allen and Hobane (2004) found that accession to leadership or committee membership in additional groups increased by 77 percent. Odera and Muruka (2007) also saw participation in management committees improve leadership skills of women, with the majority holding leadership positions in other community groups, churches and welfare associations. Further, many studies observed gains in levels of respect and status within their households and the wider community, which likely gave them the confidence and ability to become leaders in other areas.

Self-Empowerment

Self-Confidence

The studies reviewed often addressed issues of empowerment differently, with some commenting on self-confidence and self-respect and others on increased independence or mobility. The strongest outcomes came from the studies of older groups. Bermudez and Matuszeski (2010) found several outcomes related to self-confidence. They found that the

Malian women from mature groups had a new prominence within their households and communities, and expressed pride, which sometimes translated into an improvement of their personal appearance, and therefore of their self-respect. The authors noted that many group members exhibited increased ambition and drive through their various projects and goals (such as soap-making, shea butter production, cloth dying and working at mills), and exhibited an avid interest in learning new business skills and exchanging ideas with other group members. Valley and Mayoux (2008) found that respondents said the program had helped give their work greater recognition in the community, had increased mobility, increased their self-confidence and strengthened their ability to make decisions. Experience with public speaking led to more confidence for various members as well (Valley and Mayoux, 2008 and Proaño et al., 2010). Even so, Boyle (2009), who looked at younger groups than the Bermudez and Matuszeski, Proaño et al. and Valley and Mayoux studies, found no clear significant difference in regards to self-confidence. This seems to indicate that changes in self-confidence become most evident after a minimum of three to four years of participation.

Decision-Making Power in the Household

A fair number of studies claimed an increase in women's decision-making power in the household. Most frequently, a woman's newfound ability to make decisions about her own IGA demonstrated an increased in decision-making power, but it also manifested in a greater ability to make decisions about the affairs of her children and management of household expenses. Men appreciated the women's confidence and ability to manage finances and care for their children (BARA and IPA, 2010), and a gain in decision-making power may come about by this appreciation of the increased contributions from women (Bermudez and Matuszeski, 2010). Valley and Mayoux (2008) saw that women began to play more significant roles in household decision-making, and sometimes even became sole decision-makers in place of their husbands. Abebe and H/selassie (2009) saw an increase in decision-making power in other areas such as children's marriage, buying and selling household properties, sending children to school, attending public meetings and family planning. Despite these reports, Allen et al. (2010) found no significant impact on empowering women to have more control over household decisions, and hypothesizes that female empowerment at the household level tends to emerge when the economic impact becomes clear, usually after two-and-a-half to three years (the 2010 study looked at participants with two years of participation). This hypothesis is in line with Boyle's finding (2009), in which control over a woman's IGA was higher for those in the program for two to three years rather than for those in the program for one to two years. The increase in decision-making power seems often to be a joint decision between the husband and wife, and can potentially lead to improved marital relationships, as Bermudez and Matuszeski (2010) and Allen and Hobane (2004) found.

Food Security

Some studies showed positive outcomes for food security, especially in regards to consuming more food and/or a more varied diet (but not in terms of access to and utilization of food, as food security is traditionally measured). This finding makes sense in terms of strong outcomes reported for consumption smoothing. The study by Allen et al. (2010) in Burundi showed members eating comparably 20 percent more meals per day and have substantially higher food stocks. Allen and Hobane (2004) and Bermudez and Matuszeski (2010) found increased

consumption and increased variety of all food types. Boyle (2009) found greater consumption and variety in foods for all members in the study, but found greater food security for women in the program three years as opposed to those in the program for two years. Even though Miller and Gash (2010) found that many women in the program for six months to two years suffered from high rates of food insecurity, members in the program longer scored as more food-secure than newer members. As with several other outcomes, results for food security are affected by membership length. There could be various reasons to explain a greater stability in food security over time, such as more consistently available cash to buy food, an increased ability to grow more food because they invested in their agriculturally oriented IGA or having learned from other members about growing crops. Although there is evidence to suggest increases in food availability, more evidence would be helpful to demonstrate that members and their families eat regularly, share food throughout the entire household and that they worry less about its availability. Recognizing these aspects, greater food security is considered a somewhat likely outcome from participation.

“Other” or Outcomes from Additional Services

About half of the savings group programs examined either included additional services, such as health education and empowerment programs, or were programs added to other non-savings programs to strengthen them, such as assistance for displaced people or assistance for those living with HIV/AIDS. Some of the studies looked at indicators specific to the “other” program, and only a couple of them set up a design in which the savings group alone could be compared against the savings group with the additional service. Therefore, it is difficult to understand which effects are due only to the additional service or only to the savings group. The level of effectiveness of the other program likely has much to do with the strength of the additional service, but it is also possible that the time that members spend in meetings and the solidarity built through the process of saving and managing financial resources together adds to the effectiveness of the program.

Nevertheless, it is useful to report that many of these additional services showed strong outcomes. Annan et al. (2011) found that although child well-being increased in savings group participation (village savings and loans associations [VSLA] only), there was a greater increase in VLSA plus the International Rescue Committee (IRC) family-based discussion group series that addressed risks for children who are returned refugees to Burundi. Participation in savings groups and the discussion series reduced harsh physical and verbal discipline at home, reduced the incidence of family problems, and improved the mental health of children whose caretakers participated in VSLAs plus the series. Both Valley and Mayoux (2008) and Abebe and H/selassie (2009) showed strong outcomes for the PACT WORTH women’s empowerment and literacy program, citing changes in women’s ability to deal with domestic violence, helping women learn to read, changing their attitudes about literacy education, and in Ethiopia, increasing the number of children sent to school. Allen et al. (2010) showed that an HIV and AIDS care and prevention program, coupled with a savings group program, resulted in having more family members tested for HIV, more of their children aware of the ways to transmit HIV and an increase in the groups that have reached out to provide support to community members with HIV/AIDS. Although we have yet to see a study that closely compares the effectiveness of integrating these types of programs into savings groups as compared to another type of financial

service group, overall it seems that savings groups can be an effective platform for delivering additional services.

Poverty Reduction

In the studies reviewed, there is very little evidence that participation in savings groups has clearly changed the poverty levels of members. The one study that does show this was with savings groups of returned refugees in Burundi. Annan et al. (2011) found that although only 4 percent fewer of the treatment households fell below the poverty line at the midterm evaluation in the study (63.5% as compared to 67.7% at the baseline), the percentage of the control group living below the poverty line increased by 10 percent from baseline to midline. Participation in savings groups seemed to have helped households avoid a downward economic trend in rural Burundi, resulting in a net impact of a 14 percent reduction in the percentage of families living below the poverty line (proving to be statistically significant). This finding is striking, and is especially meaningful because it is a change which can be confidently attributed to program participation due to the experimental design of the study.

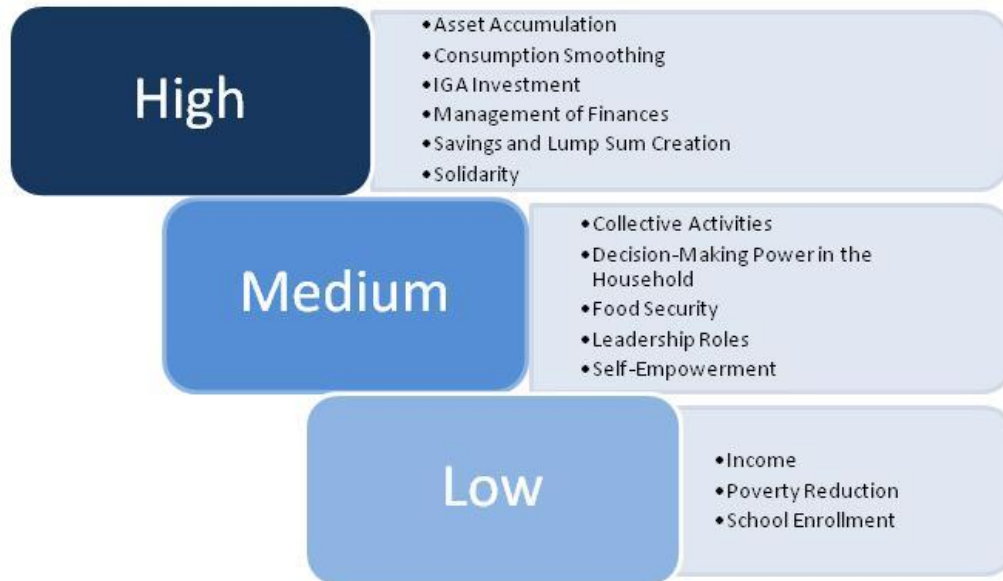
Unfortunately, none of the studies in this review which include mature or longer-term programs had a baseline that included a solid measurement of poverty levels of participants. Both the Nepal and Ecuador study noted that many current members may have been poor but were not very poor, and it is unclear whether there was a change in poverty status during participation in the program. There is evidence that savings groups can and do include and attract the very poor, but it is important to note that they also appeal to the not-very-poor. Outreach to the poor is further presented in Chapter 2 of this book. Moreover, asset accumulation and increases in income could eventually lead to changes in poverty level, but at this point, there are no programs reporting clear economic transformation for poor members.

Summary

Overall, we can speculate that savings group participation is welfare-enhancing by the creation of both financial and social benefits, while impacts being stronger in some areas than others. Considering these findings, the areas in which there is the greatest likelihood of impact are asset accumulation, consumption smoothing, IGA investment, management of finances, savings and lump-sum creation and solidarity with other members. There is a medium or fair expectation to see outcomes in the areas of collective activities, decision-making power in the household, food security, leadership roles and self-empowerment. Finally, there is a low or small expectation that savings group participation will result in clear changes in income, poverty reduction and school enrollment. There are two small exceptions to note. Even though school enrollment was not treated as a separate result in the Findings section of this chapter, it is included in the TOCs of multiple implementing organizations and needed to be assessed in terms of likelihood for to occur. Additionally, the category of “other” for additional services is not included in this ranking since the likelihood of impact depends greatly upon the service delivered, and does not speak to the results for a basic savings group participation (since the additional service extends beyond what is “basic”). Figure 3 attempts to represent these outcomes pictorially. It should be further emphasized that these conclusions are based on a review of studies that, with the exception of one study, do not control for selection bias and likely overestimate impacts. This commentary also does not try to define the magnitude of the effects expected. Rather, this analysis

summarizes what researchers and practitioners have seen, and projects what is likely to be seen again.

Figure 3: Likelihood of Expected Member- and Household-Level Impacts for Savings Group Participation



STILL TO LEARN

Current evidence to date has shown that we can hypothesize about several areas of expected short-term outcomes and long-term impacts. However, gaps remain in those areas, and a certain level of uncertainty remains in what we think we know due to the inability of the research designs to confidently attribute results to the programs. The upcoming RCTs will address many of these issues, but as discussed in the Evaluation Methods section, the results could be surprising. Considering this, what is there still to learn?

In order to identify if the upcoming research will fill in the remaining gaps in the current evidence, it is helpful to articulate some of the unanswered questions. For example, are members accessing health care services more often since they now feel they are more affordable? Are girls' enrollment rates truly dropping with the expansion of IGAs? Are members using money for new expenses (addition), or simply not using money they would have otherwise (substitution)? If women's IGAs are expanding, are they bringing in more profit? Are women feeling more confident and taking on leadership roles and more collective activities? What are the characteristics of those who participate and those who don't? With time, are members buying larger assets, earning more income, engaging in more collective activities with members, feeling more confident, gaining more respect and decision-making power at home, eating more on a consistent basis, benefitting from better nutrition, and becoming wealthier? Addressing these

nuances will help get at some of the most basic questions about savings group impact and will further verify the TOCs of several implementing organizations.

What about wider questions that tie some of these outcomes together? For instance, at the Arusha Savings Group Summit, Stuart Rutherford posed the following questions about the utility of savings groups as a financial tool for the poor: How well do savings groups help the poor manage day-to-day finances? How well do they motivate them to save, and to accumulate lump sums for both expected and unexpected events? Rutherford stated that he thought savings groups help motivate members to save, and somewhat help with managing day-to-day finances, but that the question about the accumulation of lump sums still remains. This review answered that question to a certain extent—that savings groups build lump sums better for some than for others—but it would be good to know more about the dynamics involved. Considering these issues, do implementing organizations feel satisfied with the ways that savings group participation helps members with financial management, or are there some tweaks that can be added to make them more effective? Experimentations in operations, along with appropriate evaluation activities, could help answer these questions.

In addition to these concepts, new trends in savings group services beg new questions of impact. Some questions coming out of new innovations are listed below:

- What is the impact of new additional services, such as financial education or empowerment programs?
- What are the characteristics of these members?
- What is the impact on individual members of linking with formal financial services?
- How does delivery channel, such as the private-service provider or the village agent models, effect the magnitude of member- and household-level impacts? Or does it matter?
- What are the differences in impact of programs in different geographic areas?

There are ongoing studies now which will answer some of these questions that still remain from current evidence as well as speak to some of the newer issues emerging. It is important to note that although some of these studies have baseline data available, most (with the exception of the midterm outcomes from the IRC study) were not included in the analysis of current evidence because they did not speak to observed impacts. Studies to soon follow include:

Table 1: Ongoing Savings Group Studies, as of Early 2012

Organization	Type of Program	Country	Evaluator	Methodology & Projected End Date
CARE	VSLA	Multiple; across Africa	NGO	Quarterly client survey (includes poverty data); ongoing system
CARE	VSLA	Uganda, Malawi and Ghana	3 rd party	Experimental; end date 2011; data available in early 2012
CRS	Savings and Internal Lending Communities (SILC)	Kenya, Uganda and Tanzania	3 rd party	Experimental; compares private service provider to field agent delivery channels; two-year study, end date 2012
IRC	VSLA + discussion series	Burundi	3 rd party	Experimental; end date 2012, midterm data available now

Oxfam America and Freedom from Hunger	Saving for Change (SfC) + malaria education	Mali	3 rd party	Mixed methods with experimental quantitative survey, financial diaries, and quasi-experimental qualitative component; end date 2012
Oxfam America	SfC	Cambodia	3 rd party	Mixed methods with quasi-experimental quantitative survey; end date 2012; baseline data available
Oxfam America	SfC	Guatemala	3 rd party	Mixed methods with quasi-experimental quantitative survey; end date 2012; baseline data available

In addition to these specific studies, some implementing and supporting organizations have learning agendas that include exploring additional topics. FSDK has a long research agenda for the coming two years that includes a cost-effectiveness study (involving CARE, Catholic Relief Services and the Aga Khan Foundation), a poverty census study, a study of marginalized areas, an impact study of savings groups at the meso or community level, a major comparative study of delivery models that looks at cost as well as quality and a financial diaries study to help examine a financial education component for savings groups. Also, the Aga Khan Foundation plans to collect client surveys across multiple countries, and World Vision Canada is doing a study in Mozambique with an emphasis on child well-being. Between the current evidence, the ongoing studies and the future plans, the impact of savings group participation should be well understood and documented.

CONCLUSIONS

This review has created solid hypotheses on the likelihood of expected member- and household-level impact, and allows us to better understand where upcoming research results will fit into the body of evidence on savings group impact. In a general sense, the domains with the strongest likelihood of demonstrating impact are financial and social—namely strengthened economic capacity and increased social capital. More specifically, there is a high likelihood of impact in the following areas: asset accumulation, consumption smoothing, IGA investment, management of finances, savings and lump-sum creation and solidarity with other members. The areas with a medium or fair expectation to show impact are collective activities, decision-making power in the household, self-empowerment, food security and leadership roles. And lastly, the areas with a low or small expectation of impact are in income, school enrollment and the reduction of poverty. The great variation in type and context of the studies made it challenging to make these conclusions, but they should hold true for basic savings groups in a variety of settings. Much of this is already known, but there is value in examining the dynamics of each area of expected impact. Understanding the likelihood of these impacts is useful for setting realistic expectations about what savings groups can and cannot do for the poor.

There is, of course, more to learn. Further explanation is needed to understand the nuances of the financial and social benefits, and to predict impact based on length of membership. Questions remain regarding regional differences, how useful savings groups are as a financial tool for the

poor and how various additional services and financial linkages modify impact. Upcoming research will speak to some of these issues, but will likely surprise us by showing impacts less than what we expected (due to high expectations set from overestimated effects in non- and quasi-experimental studies and a perceived “dilution” of impact by measuring the ITT effect). Other questions will remain unanswered, but this analysis leaves us with an important framework. The generalized theory of change, coupled with the insight from older groups, gives us a foundation to shape future thinking about savings groups and what impact can be expected with continuous participation. Understanding these long-term impacts may be the key to knowing if savings groups are the agent of change they are hoped to be.

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Annex 1

Author Reference and Study Title	Organization; Type of Program	Average Length of Time in Program as of Report	Country	Type of Evaluator	Methodology of Study; End Date If Ongoing Study
Abebe and H/selassie, 2009: <i>Report on Impact Evaluation of Worth Literacy-led Savings and Credit Program</i>	PACT Ethiopia; savings groups + WORTH literacy, business training and collective action program	2 yrs	Ethiopia	3 rd party	Mixed methods with non-experimental quantitative survey
Allen, 2009: <i>Impact and Programme Evaluation of Plan and UHIKI's Joint VSL program in Tanzania</i>	Plan Tanzania; VSLA	1-2 yrs	Tanzania	3 rd party	Mixed methods with quasi-experimental quantitative survey
Allen and Hobane, 2004: <i>Impact Evaluation of Kupfuma Ishungu</i>	CARE; VSLs	2-4 years	Zimbabwe	3 rd party	Mixed methods with quasi-experimental quantitative survey
Allen et al., 2010: <i>Impact Evaluation of Shigikirana Savings for Life</i>	World Relief; VSLA + HIV/AIDS care and prevention program	2 yrs	Burundi	3 rd party	Mixed methods with quasi-experimental quantitative survey
Annan et al., 2011: <i>Urwaruka Rushasha: A Randomized Impact Evaluation of Village Savings and Loans Associations and Family-Based Interventions in Burundi</i>	IRC; VSLA + Healing Families and Communities discussion series	1 year	Burundi	3 rd party	Experimental; end date 2012
Anyango et al., 2007: <i>Village Savings and Loan Associations – Experience from Zanzibar</i>	CARE: VSLs	2 yrs	Tanzania (Zanzibar)	3 rd party	Mixed methods with non-experimental quantitative survey
BARA and IPA, 2010: <i>Baseline Study of Saving for Change in Mali: Results from the Segou Expansion Zone and Existing SfC Sites</i>	SfC + malaria education	2-4 years	Mali	3 rd party	Mixed methods with experimental quantitative survey and quasi-experimental qualitative component; end date 2012
Bermudez and Matuszeski, 2010: <i>Ensuring Continued Success: Saving for Change in Older Program Areas of Mali</i>	Oxfam America; SfC + malaria education	3-4 years	Mali	NGO + consultant	Mixed methods with quasi-experimental quantitative survey
Boyle, 2009: <i>Evaluation of Impact of the Tougouri Pilot Project and Establishment of Baseline Data for Phase II</i>	Plan Burkina Faso; VSLs	Cohort 1: 1-2; cohort 2: 2-3 years	Burkina Faso	3 rd party	Mixed methods with quasi-experimental quantitative survey

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Brannen, 2010: <i>An Impact Study of the Village Savings and Loan Association (VSLA) Program in Zanzibar, Tanzania</i>	CARE; VSLs	5 years	Tanzania (Zanzibar)	3 rd party	Mixed methods with quasi-experimental quantitative survey
DAI, 2010: <i>Group Savings and Loans Associations Impact Study</i>	FSDKenya; CARE Group Savings and Loan program (some financial literacy training included)	2 yrs	Kenya	3 rd party	Mixed methods with quasi-experimental quantitative survey
Miller and Gash, 2010: <i>Saving for Change Impact Stories Research Extended Report</i>	FFH; SfC + malaria education	6 mo-2yrs	Mali	NGO + consultant	Non-experimental
Odera and Muruka, 2007: <i>Savings and Internal Lending Communities (SILC) in Kenya: Program Review</i>	CRS; SILC (as part of APHIA II, OVC PEPFAR and The Children Behind (TCB) HIV/AIDS programs)	1 year	Kenya	3 rd party	Non-experimental
Proaño et al., 2010: <i>Strengths, Weaknesses and Evolution of the Peace Corps' 11-Year-Old Savings Group Program in Ecuador</i>	Peace Corps Ecuador; savings groups	3-11 yrs	Ecuador	3 rd party	Mixed methods with non-experimental quantitative survey
Valley and Mayoux, 2008: <i>Women Ending Poverty: The WORTH Program in Nepal</i>	PACT Nepal; savings groups + WORTH literacy, business training and collective action program	7 years	Nepal	3 rd party	Mixed methods with quasi-experimental quantitative survey