

Savings Groups at the Frontier
Chapter 5 – Savings-Led Development

DRAFT: February 15, 2012

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The chicken lays an egg and the egg hatches a chicken. So it is with groups. Savings begets confidence and confidence drives savings. Pinpointing which happy behavior sparks which in a virtuous cycle of thrift and empowerment challenges the wisest expert. None has untangled the sheer power of thrift and borrowing from the sheer power of confidence and cohesion.

Though financial and social benefits might appear in yin-yang relationship, as far as groups are concerned, they can and do exist separately. Many groups, particularly those in South Asia might meet for months, even years, before saving or borrowing a cent. In contrast, savings groups in Africa or Haiti, particularly those urged on by NGOs, begin saving and lending at birth. And then there is a third way found in parts of Central America, where members meet and save from the get-go, but rarely lend their funds.

Let us assume for the rest of this chapter that most groups save and lend soon into their journey and that development emerges from member confidence and group unity as well as from access to savings, loans and investment. When we speak of development, then, we are speaking of a person's growth, which includes the pride that accompanies achievement, the ability to seize new opportunities, and the chance to coalesce with others around a common cause.

Chapter 6 nicely summarizes what we can say and not say about the developmental impacts of savings groups on households. Chapter 5 is more an essay about what groups themselves and NGOs do to promote development, using groups as "the rails" for their projects.

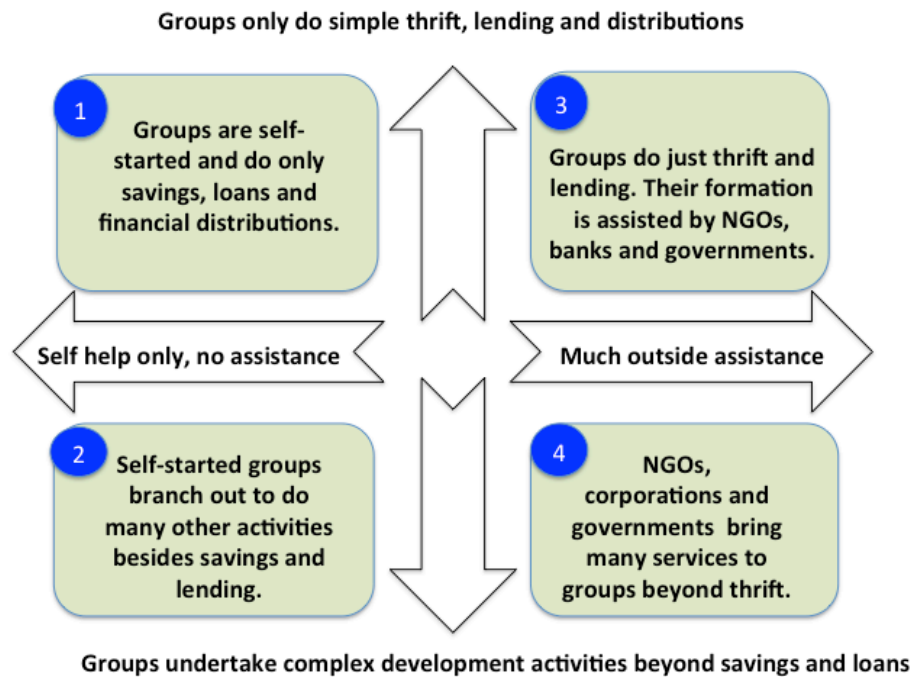
*This chapter is in two parts. Part 1, "Groups Develop Their Members, Themselves and Their Communities," explores how groups without assistance from external actors (though they may have been formed by external actors) catalyze local development. Part 2, "NGOs and Others Offer Development Assistance to Groups," explores external support to groups via development activities. The chapter concludes with this thought: once formed, **NGOs might do well to leave groups alone to manage their own development.***

Preamble

The diagram that follows illustrates some important extremes. In some instances savings groups are completely self-formed, though they may have drawn their inspiration from other groups or NGOs, mosques or church groups. The first quadrant of the diagram shows that some

of these savings groups are all business, strictly financial. For example in two villages of rural Assam, India, households belonged on average to five savings groups, with total amounts invested of \$35. (Sharma and Matthews) The second quadrant shows that some self-engineered groups also generate their own development, with little *intentional* assistance from the outside. In the same area of rural Assam savings groups flourished without government or NGO assistance. These groups transformed from weaving groups to savings groups to lucrative singing and prayer groups over the course of forty years. The third and fourth quadrants show that NGOs both form groups which save and lend, some become conduits for other NGO or government development activities. These are likely the groups readers will know best. They are the groups formed with outside assistance and which becomes an endpoint for aid projects or for the distribution of commercial services.

Figure 1: A diagram – Self-help versus outside support



Typically, groups do not exist in isolation of support, and are neither wholly assisted nor wholly self-forming.

Part 1 – Groups Develop Their Members, Themselves, and Their Communities.

Groups often form at the behest of others. NGOs might bring the idea of savings groups to communities. Banks and governments might push their services through groups. Or, members of savings groups, impassioned by their own experience, might ignite the creation of new circles of savers. Regardless of how groups materialize, they can spark the development of their members and strengthen themselves as an entity, often drawing in resources from the outside.

Groups Develop Their Members

Tens of thousands of examples would fall short of illuminating the manner by which savings groups usher members along a path of personal growth. Groups care for members, shame them, honor them and occasionally dish money from a social fund to ease them out of a dire circumstance. Let us examine just a few ways whereby groups aid the individuals that constitute them. In her book *Microfinance Self Help Groups In India: Living Up to Their Promise*, Frances Sinha points to story after story extracted from in depth qualitative analysis of how groups aid membership, their communities and themselves, often without external prompting of any sort.

Doorstep development

Savings groups can and do customize the development of their members. Ten, twenty, even forty people can get to know one another well inside a few months and most groups have fewer than twenty-five members; little time is needed for groups to know which member is doing what and what might be ailing them. Chances are many knew each other well before the group sprouted, but get to connect further while participating in meetings and conducting financial activities.

Using an array of carrots and sticks groups customize support individual members. And while at times gentle healers, savings groups can also be stern purveyors of tough love, wielding threats at members, ordering them to shape up or ship out. “Don’t accept the abuse of your spouse or stop drinking,” are commonly heard directives.

Consider the Birthday Officer in Porvenir, Guatemala. This is a role the group designed just for Lidia, to boost her sense of self. Speaking of her new office she reports, “I never learned to read and write, but I have an excellent memory. I never forget a birthday.” (Andrews) Then, there is the group in the environs of Swat, Pakistan that used mild force to persuade a few of its members to use savings to purchase bangles for themselves, as they were “too giving to others and not seeing themselves as deserving of gifts.” Such examples can be found in many NGO-sponsored programs and in self-forming ASCAs as well. Actions of customized support may spring from human kindness or from a practical view to keeping members happy. After all, happy members - ones rid of addiction, confident in their ability to save, or feeling worthy of a few bracelets - are loyal members likely to protect group rules and norms.

Dignity is development

While many groups are all business, and focus on financial activities, others, especially those spawned by NGOs, also manage some kind of social fund. In Haiti for example, a red box, whether real or symbolic, delimits money designed for life-giving support to members. In Mali,

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special bowls or baskets divide the social fund from the internal savings and loan pool. Cash from the former is typically granted while cash from the latter is lent.

The social fund can save lives. Members report that their special bowl or box bailed them out of medical crises (Kenya) or supplied cash to buy food (El Salvador) and in the process preserved the dignity of desperate members. Before joining a group, they would have had to hurry from neighbor to neighbor, patching together the needed sum, or would have rushed straight into the arms of an expensive moneylender.

But dignity arises just as poignantly from simple savings and lending activities. For example, Coumba from Senegal declares, “During the first year that I belonged to a SILC group, I was like a person set free from jail. Now, I can decide what I will do with the money that I earn from the business I run.” (Sonko and Sobhani). Claims Ebenezer from Ghana reporting on the farming loans taken from his group, “This year I did not go to disgrace myself by borrowing from friends.” (Asambobillah)

Household justice

Groups fight the good fight, again and again, on behalf of members. They stop domestic violence such as the beating of wives or abusive dowry practices. Some efforts involve shutting down the sale or even use of alcohol. Or engaging legal and political systems that individuals would have had difficulty accessing on their own. In Haiti’s hurricane trampled Southern Peninsula for example, petitioned local politicians and the court system for restitution of young girl, the daughter of a member, raped by a local policemen. The group rallied the rest of the community and served as the child’s legal representative going up against a formidable system of patronage, dominated by men. The officer is now in jail.

Many women prior to joining groups do not see themselves as worthy of living a life without pain but as part of a savings group, they begin to see themselves whole, especially when groups take action on their behalf.

Perhaps the most stunning example of groups staging acts of social justice on behalf of members revealed by WORTH groups in Nepal. (See Box 1, Groups as Champions of Justice)

Box 1, Group as Champions of Social Justice in Times of War

Marcia Odell writes of the remarkable achievements of 288 groups that survived Nepal’s political upheaval and severe human rights violations between 2001-2007. All funding for group support had ceased in 2001. “Not only had these groups survived, but group membership had grown, from an average of 23.1 members in 2001, to 26.6 in 2007.” Odell continues, “by 2007, many village bank members (group members) had become leaders in their communities. More than ninety-five percent of the management committees said that their groups had undertaken social action of some kind. Half reported organizing local social and human-rights campaigns. Responses from interviews with the committees of the 288 Village Banks revealed that groups were providing local emergency assistance,

working to reduce discrimination, directing group funds toward charitable purposes, and drawing on group support to cope with the war.”

Source: Odell

Groups Develop Themselves (As Groups) and Their Communities

Groups without assistance from external agents can be self-contained catalysts of their own development, moving beyond custom solutions for individual members in order to seize opportunities for the group as a whole. That is not to say agents and facilitators are not helpful. They are. But groups themselves can be wellsprings of change for their membership.

Do-it-yourself development (with lots of help from the outside)

Problem-solving is critical to evolution, else groups would be sentenced to an existence defined by the agent who formed them or, if self-forming, to the initial rules it fixed into place. The box below illustrates an example of two groups, eager to improve the wellbeing of its membership. Drawing on their own knowledge and contacts, the pressed into service a community facilitator, a housing NGO, a mobile money platform and a bank.

Box 2: Groups as Magnets for Development Services

In Kibera, one of Kenya’s largest slums, the Gatwikera Railway Savings Club has taken matters into its own hands. Consisting of fifty women and men, the club has divided its membership into more manageable savings groups of about twenty-five members each.

Minimum savings is ten cents per day but some members are able to coax more from their meager incomes, depositing surpluses into their group fund. Both groups have abandoned the idea of “the savings box”, finding it both a target for thieves and an inefficient way to transfer and store money. By moving their money out of the world of cash into a digital ecosystem, groups enjoy better recordkeeping, improved methods of verification (receipts), and a reduction in travel time to meetings. They simply flash their money through M-PESA into group accounts at Equity Bank.

Tapping into the assistance of a community activist, Stanley Lukas Alube, the club has found ways to match member savings with grants and mortgages in a new housing project. Beyond daily deposits into the group fund, members are each saving over the course of more than a year, an additional \$400 to purchase a parcel of land located 30 kilometers from Nairobi. Muungano Wa Wana Vijiji (Kenyan Homeless People’s Federation) will supplement that amount with another \$600 apiece to complete the sum needed by each member for land acquisition.

To keep member spirits high, the Gatwichea Railway Savings Club had an idea. Groups would channel a portion of interest income toward specific member rewards. The member who saved the most received \$18 (acknowledging progress) as did the member who saved the least (acknowledging perseverance). As of December, groups had reached almost half their goal for land purchase.

Source: Wilson, conversations with Lukas Alube, Founder of Jipange Sasa

This example highlights different services a group might mobilize beyond its axial thrift and lending. True, available resources might be specific to a locale. What is within reach in Kibera might be out of reach in rural Mali, but the principle of remains the same. Groups can and do attract services critical to their own development by dint of creativity and pursuit of a common goal.

Engines of faith and finance

Attracting physical resources is not the only kind of development groups seek. In Afghanistan, for example, male members of a self-forming ASCA meet each Friday. This *itehadia* (meaning a kind of group bank) divides meetings into three parts. The first is devoted to chatting and drinking tea, the second to spiritual unity and prayer, and the third to managing money.

The group sees expressions of its members' faith as essential to the responsible offering of financial services. Funding weddings of members is as important as funding more traditional development activities like business support and education. This first *itehadia* sparked the creation of eleven more groups, all with members from area's most marginal tribes and religious communities. (Amiry)

Many groups across Africa and Latin America combine song and prayer with group meetings. Meetings are often held in places of worship, be they churches or mosques. In South Asia it is difficult to find groups that do not weave faith into finance, even if many meetings are dedicated to the business of running groups. These expressions of faith are often spontaneous, and not engineered or mandated by religious institutions which may be forming them. If savings provides a space for meetings, and meetings provide a space for worship, and members consider worship through reflection or song as a mainstay of their development, then savings can indeed be said to support development.

Engines of entertainment

Groups are natural drivers of entertainment for their communities. Nowhere is this more evident than with groups in Central and South America, where homegrown entertainment consumes a large share of meeting time. As collective businesses go, entertainment is a moneymaker, to the disquiet of some NGOs which may prefer that group actions "be good for them".

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In Nicaragua for example savings groups made far more money selling tickets to dances hosted by the group than from farm-enterprises promoted by the program. At one dance more than 120 people arrived including sixty-five men. Our Lady of Perpetual Help, the savings group, sold beer and cigarettes on credit to loan clients, earning \$100 that day, or approximately \$7.50 per member, well above the \$2.50 earned in local daily wages.

Entertainment is not limited to dances but does seem to routinely include a party element.

A study of eleven-year old savings groups in Ecuador found that the idea of surprise had become magnetic North to members, drawing them faithfully to every meeting. There, they could enjoy an evening of anticipation, prizes and entertainment. Started by Peace Corps volunteers in 2001, these Ecuadoran savings groups had made games of chance part and parcel of savings. Groups had become “Microcasinos.”

Members purchase Bingo cards for about 25 cents for a pack of six cards. Each also antes up a prize worth 50 cents or. Examples include rice, cooking oil or toilet paper. While one wonders whether frequent participation in Bingo could help build member savings, at least savings is somewhere in this savings-chance formula. Often legal and illegal forms of gambling are widely available, but are absent any thrift component. (Proano, Gash, and Kuklewicz)

Engines of local income

Many groups elect to start joint activities with the intention of gaining a profit for later division among members. Often these self-started businesses provide valuable local services not found otherwise. Examples include starting shuttle services that ferry children to and from school, renting fallow land for collective cultivation, brewing and selling alcohol, or opening small provision shops that sell shampoo, kerosene, fertilizer and soap.

If self-started and not NGO-induced, these businesses tend to develop slowly. Time is needed to accumulate capital and to research, test and incubate an idea. The example that follows is one that required years to mature. See Box, Groups as Enterprise.

Box 3: Groups as Enterprise

More than 500 hundred families in one Indian village participate in a successful pickling business, an idea which sprung from savings groups. Women chop limes and tomatoes, clean tamarind, cut bittergourd, and pound chillies into pickle. Men get involved during the mango season when the fruit ripens quickly and must be processed at once.

Village women grow the ingredients or purchase them in bulk. Men transport the pickle in huge drums to distant districts, camping out for long periods to supply smaller portions to tea stalls and restaurants. During peak season, each family member hires at least ten laborers for daily wages. Per family profit is between \$800 and \$1500 per year, remarkable when farming incomes in India are so low. The idea for the business was conceived in savings groups and nurtured for years by the entire village.

Source: EDA Rural Systems

Engines of Justice and Activism, with Limits

Savings groups can and do take on many matters of social justice. They fight for peace and help members of their communities claim individual rights. Groups bring roads, water taps, and buses to their neighborhoods, stage sit-ins in front of the landlord's house, hold political rallies and launch hostile take-overs of local schools (EDA Rural Systems).

Perhaps the most remarkable story of all is the story of WORTH in Nepal.

Box 4, Group as Champions of Activism in Times of War

Marcia Odell writes of the stunning success of 288 groups that survived Nepal's political upheaval and severe human rights violations between 2001-2007. All funding for group support had ceased. "Not only had these groups survived, but group membership had grown, from an average of 23.1 members in 2001, to 26.6 in 2007." Odell continues, "by 2007, many village bank members (group members) had become leaders in their communities. More than ninety-five percent of the management committees said that their groups had undertaken social action of some kind. Half reported organizing local social and human-rights campaigns. Responses from interviews with the committees of the 288 Village Banks revealed that groups were providing local emergency assistance, working to reduce discrimination, directing group funds toward charitable purposes, and drawing on group support to cope with the war."

Source: Odell

Groups cohere through actions of thrift, but take on issues that affect all residents and even visitors of a community. Often they do so at their own hand, unprompted by external influence, and will go the distance to support a member to stand for local election (where elections are possible). But, when it comes to political action, results can be disappointing. There seems to be nothing inherently different about savings groups and their candidates from other kinds of political groups and their candidates. Savings-group backed candidates are not immune to the temptations confronting other political leaders. Reports indicate they are vulnerable to corruption, ineptitude or hegemonic blockades endemic of all politics and all bureaucracies. (EDA Rural Systems)

Part 2 – NGOs Offer Development Assistance to Members, Groups and Communities

A program in Africa of the IRC called EAŞE believes that teaching groups the mechanics of managing their own finances is in and of itself insufficient for groups tackle issues of social injustice. Women require assistance beyond the gentle accumulation of social capital, if

attempting to confront gender in-equality within households. And equality among men and women is critical to combating disease, the abuses of alcohol, and supporting the wellbeing of children. Working with savings groups that are at least six months old, EA\$E begins layering “gender dialogues” into group meetings. The dialogues foster intra-household negotiations that allow women to make meaningful decisions that affect themselves and their entire families.

Many NGOs believe that the simple financial activities of a group will not ensure the personal growth of its members or the strengthening of a larger community. In their eyes a variety of critical services must be brought to bear on the multi-dimensional challenges of individuals, groups and communities.

Groups as a Platform for Development Activities

In 2009 and 2010, the Aga Khan Foundation commissioned a set of studies that would explore how development organizations experienced savings groups as a springboard or conduit for other development projects. The studies examined how groups catalyzed or strengthened services in health, agriculture, education, and marketing, or linked to these services, and how they added value to groups and their members. The purpose of these studies was to learn where combined programming, for example savings and agriculture, was of greater value than the sums of its individual parts, savings or agriculture, or alternately, where the parts offered greater value to members than the whole. Naturally, the former finding would be seen as a positive relationship between savings and other development activities and the latter a negative one.

The pressure to grasp the complementarity between savings groups and additional social, economic and humanitarian services had been mounting for years. Private foundations, individual donors, and even governments had been pouring funds into savings group development over decades, and more recently into joint services, for example, into savings groups with a health component.

The promise of savings groups was that they offered more than the traditional ROSCA, which while functioning perfectly as devices to build up cash could never be the centrifuges of activity that characterized the more complex ASCA.

Savings groups, well-organized and locatable, could be much more than simple clubs that accumulated and disbursed funds. They had special talents, by dint of good promotion, that would allow them to function as magnets for other critical inputs, such as financial literacy, or new marketing or cropping techniques. It was important then to study how different development agencies were using groups as catalysts for both the internal human development of its members and as an aid to offering other economic and social activities.

Types of Delivery for Joint Activities

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The ten field reports commissioned by the Aga Khan Foundation, culminated in a paper called “Beyond Financial Services: A Synthesis of Studies on the Integration of Savings Groups and Other Development Activities” (Rippey, Fowler, 2010). Noting the work of Freedom From Hunger in creating a typology of integrated programs (Dunford, 2001), the authors summarize three basic ways in which development organizations bring multiple services to a single community.

In the first method of joint service, *linked-delivery*, two or more separate organizations work in a coordinated fashion, with one focusing on the promotion of savings groups and the others on a critical social service such as housing or watershed management. The paper points out that in some instances the linked model may not be optimally coordinated, with multiple agencies each visiting a particular saving group with a host of services.

In the second method, *parallel delivery*, different staff members from the same organization provide specialized services to the same groups. For example an expert in savings groups might gather in women and men from the same community and coach them through a series of trainings for several months. After the group has formed its bylaws and taken in several rounds of savings, another staff member, this time an agronomist, might counsel members on how to improve tilling or seed storage, and later an expert on marketing farm products might provide information on how to fetch the best prices. But even within the same organization, visits can go uncoordinated, as many workers must build complicated routes for field visits vulnerable to the demands of weather, major events such as market days and feasts, and the conditions of roads.

In the third method, *unified delivery*, one staff person delivers many services. For example in Mali field workers both form savings groups and offer malaria education. The paper begs the question – what of community members that are not in savings groups, do they miss out on the second service? An example of Tanzania is given where staff form both savings groups and marketing associations. The marketing associations “served a population that extended beyond the members of savings groups.” This third method offers the possibility of perfect coordination since a staff person can pace services according to demand. However, a need for specific skills in the sciences or in health fields may make some forms of unified delivery impossible.

Examples of NGO-directed Activities

For years, large and small NGOs have seen the wisdom in using savings groups as platforms for development. The following are but a few examples of how NGOs have piggybacked other information, services or products onto an existing framework of savings groups.

Survival first, development later

Perhaps one of the most respected organizations for adding development services to savings groups is Freedom From Hunger. FFH began working with savings groups in India in 2002 in partnership with Catholic Relief Services. CRS’ local partners were operating in the tribal forests

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of several states in Eastern India. Freedom from Hunger co-designed a simple product called Learning Conversations. Created for volunteers of church staff with limited education, Learning Conversations were conducted inside fifteen-minute time frames. These short, brainstorming sessions were to follow savings group meetings. After much research, FFH isolated eight “hits” where church promoters of savings groups could stimulate discussion along the themes of increased savings, reduced dependence on moneylenders, and ideas for simple profit-making activities. The initial set was broadened to include ideas of child protection, sustainable forestry, and the creation of grain banks.

FFH took the basic concept of learning conversations to Mali, working in tandem with Oxfam. Oxfam’s partners formed savings groups while Freedom From Hunger trained Oxfam partner staff on key health messages. (See Box, Groups as Recipients of Simple Messaging)

Box 5: Groups as Recipients of Messaging

In Mali, NGOs in partnership with Oxfam employ hundreds of field workers called animators, to organize and train savings groups. When groups have completed their initial training, they are ready for malaria education, delivered to them in six sessions. Each thirty-minute session consists of a “Technical Learning Conversation” conducted by the animator.

Savings group members reflect on malaria prevention and treatment through stories, pictures, and the exchange of personal experiences with the disease. All members receive a pictorial Malaria Reminder card, so that women can quickly call up the causes, systems, treatment, and prevention techniques.

Three days is required to train a group of animators and their supervisors. The training explores adult learning methods vital to ensuring that members retain and use the information being imparted to them. It also includes technical information on malaria. Evidence suggests that group members and their families are purchasing and sleeping insecticide-treated bed nets.

Source: AKF Savings Groups Learning Initiative

Bringing important messages to groups through animators or agents need not be expensive. In the case of FFH/Oxfam and Mali, the extra cost of malarial services was marginal. The reverse can be true as well. In West Bengal, CRS found that organizing savings groups around existing group-based services cost remarkably little. For example, adding savings and lending to health clubs, watershed management committee, or education associations, could cost as little as a \$1 per group.

To enjoy human development a modicum of security must be at hand: safety for oneself and a few social and financial assets to fall back on are the necessities of survival. No tale can illustrate more beautifully how groups are preservers of both these assets than one reported by Sarah Ward of the International Rescue Committee.

During the 2011 elections in Cote D’Ivoire when frenzied violence erupted to displace more than one million people, groups resumed saving and lending in their northern towns. One

population saw its village burned to the ground. The treasurer of a savings group that resided there was able to unearth its locked box, brimming with cash, which they had buried just prior to the attacks. The group immediately distributed its contents so that members could recover their losses and resume money-making activities. (Ward)

While the above is a story of a group's unprompted efforts to survive, NGOs offer more planned and coordinated activities to prevent disasters from becoming crises that threaten survival. Disaster prevention or as it is often called disaster risk reduction includes helping individual households remove threats like fire or other household accidents. It also includes helping entire communities, with savings groups as key catalysts, evade recurring natural disasters like mudslides or floods.

Box 6: Groups as First Responders

Coping with crisis is the stock-in-trade of NGOs that work with groups scattered along the lowland coast of Odisha, one of India's poorest states. Particularly vulnerable are the families living near the banks of the Brahmani, a major river that joins forces with smaller ones, crisscrossing plains of paddy, lentil and coconut, watering crops and cattle, and emptying finally into the Bay of Bengal. Storms burst onto the scene toward the end of the monsoon, threatening human life, livestock and planted fields. Each September, tens of thousands of savings groups equip themselves for the coming floods.

A combination of government and NGO support assists groups as "first-responders". Members invent flood alerts as simple as the sounding of a conch shell or as sophisticated as the design of a mobile "phone tree." Working with NGO experts, groups build boats and drill each other on search and rescue. Some amplify their stores of food in metal bins prior to the rainiest season. Others gather in loans and then disburse the group corpus (interest, fees and principal) to members, so that all have funds to shore up their homes, granaries, and livestock pens against the coming floods.

Prior to this team approach, entire villages, especially those far up the deltaic system, were washed away. The loss of livestock and human life was devastating. In a two-year period, one NGO saw the loss of human life decrease from 104 deaths to three deaths. Villagers owed the decrease to better preparation.

Source: CRS

Conduits for development services and products

Groups are nodes of organization that appeal to development projects seeking worthy places to direct their resources. That savings groups are adept at handling money and able to make decisions democratically or by consensus makes them popular conduits for NGOs. NGOs supply inputs livestock (Ethiopia), medicine and construction materials (Haiti), and cash to direct to their destitute members (India).

But transferring assets can be confusing to members. Groups receive a double message coming from NGOs. On the one hand, they are instructed toward self-help, drawing on inner sources of

discipline, inspiration and what some call hot money, money earned from hard work. On the other hand, they are instructed to make use of inputs that are clearly “freebies”, cold money given as a handout. What are these savings groups – targets engines of empowerment or targets for goodies? One of the Aga Khan Foundation studies indirectly probed the bewilderment that members experienced as they are told to be self-sufficient while simultaneously receiving handouts.

In contrast, a program in Bangladesh indicates that savings groups are not harmed by cash-transfers. Poor households in a group seemed to fare better with respect to more income than those who simply received the cash but were not part of a group. What is unclear is whether these members needed the transfers at all.

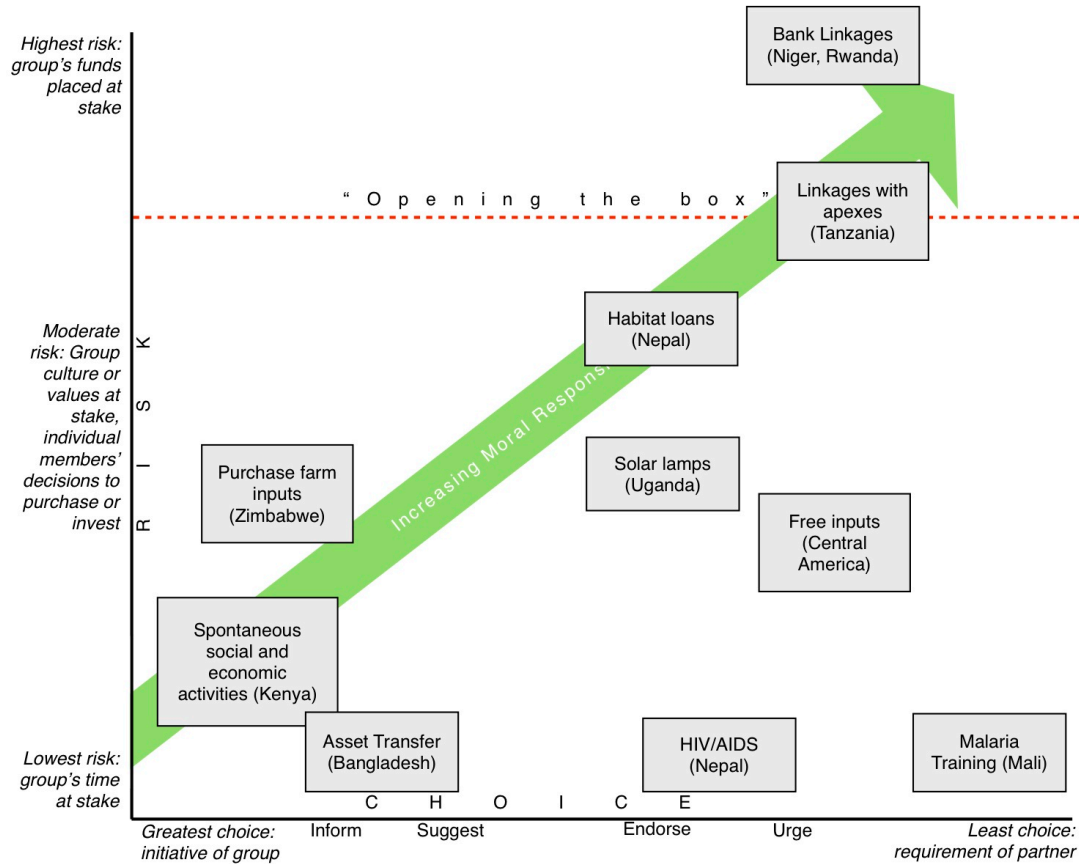
The Risks of Joint Activity

Buried in the ten field studies and highlighted in the synthesis study (Rippey, Fowler) are a range of risks that communities face when confronting a sudden surge of services, often driven by supply. Because savings groups are so locatable and their mechanics so legible, they are perfect targets for other development services. Other kinds of development groups might gather around a health or farming issues but soon fall apart because members stop seeing the gain of convening against the loss and cost of time. Savings groups however continue to gather because the financial rewards of doing so outweigh most inconveniences.

Savings groups then are guaranteed generators-of-meetings and thus ideal marks for purveyors of many kinds of services. But one could well ask, are those other services priorities based on group interest or are they driven by the capacity of the provider or the whim of a donor?

The schematic below plots degrees of risk along two axes: the vertical shows progressive financial risk to group funds. A development service would endanger groups the least were it to provide information only, and not suggest that groups should make an investment in a specific product or service. For example, if the provider suggests that groups co-invest in a particular enterprise the provider has put the group funds at risk, even if those funds were matched by the development project. Group enterprises can fail no matter how carefully planned.

Figure 2. Savings Group Risk



Source: Rippey, Fowler

The horizontal axis shows increasingly intensive forms of guidance from passive information sharing to prescriptive instruction. Are animators simply offering information on malaria prevention and treatment, an activity, which if conveyed properly, does not present much risk? Or are they urging groups to adopt a new farming practice, which might reap good yields one year and catastrophic ones the next?

The risks can be very real. Well-intentioned NGOs can wreak havoc on groups. When groups are new they are particularly vulnerable to ideas and opinions of outsiders. After all, if those outsiders brought the idea of a savings group into the community, which proved so helpful, then why wouldn't all their other ideas be equally good? (See Box, Groups as Targets for Good Ideas)

Box 7: Groups as Targets for Good Ideas

An NGO encouraged members of a savings group in rural Swaziland to raise chickens for profit. The women in the group were taught how to care for “white rooster” chickens, a variety not local to the area, and less robust than the indigenous “home” chickens. The women pooled their resources to invest in baby chicks. All of the chicks matured at the same time, and with few buyers, the local market was

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glutted. Members had to cut their prices by 40% just to cover the cost of the baby chicks and feed. Most lost money.

One member sighed. Members were taught how to raise the chickens, and did as they were told. "We got together and bought the chicks, but when they were ready to be eaten, no one wanted to buy them. It was a waste of chicken feed."

Source: Zollmann

As we have seen earlier, groups can and are powerful instruments of development, one often assisted by experts and resources, but it would appear that groups are all too often prey for untested or narrowly-conceived development "add-ons."

NGOs and their partners hidebound by logistical frameworks and often guilty of naïveté in their initial assessments – often influenced by the terms of a grant – may not have the time to grasp the subtleties of the real lives of the people they wish to help.

An NGO in Burundi saw survivors of the 1993 genocide as catalysts for reconciliation. Savings groups would be an instrument of peace, enablers of homogeneity, and guarantors of goodwill in areas that still felt the sting of slaughter. A champion of a local NGO confided that savings groups could only do so much.

Nicimpaye Dutabarane, promoter of groups under the aegis of Shigikirana Savings for Life, shares her challenges. Savings groups she claims form along fault lines of ethnic trust. Mixed groups have difficulty bridging the suspicion and hostility perpetuated by the genocide. Asking two ethnicities with long histories of violence between them to enter into semi-permanent relationships around money seems unreasonable. As Carolyn McMahon writes of her conversation with Nicimpaye at the Arusha Savings Conference, "savings groups are not in the business of brokering deep personal forgiveness." If that forgiveness emerges as a bi-product of group membership, then that is all to the good. Yet if groups gather along ethnic divides as is true in India's northeast or post-conflict Sri Lanka, might we imagine that these homogeneous groups could deepen the breaches between communities?

This points to a further problem. Groups are often seen as representative of communities. They are easy to find, thus easy to herd into meetings on various topics. But in many areas, the very poorest are not part of groups. They are excluded, not by intention, but by practicality. They don't have enough to save, feel shame at attending meetings in tattered clothes, or are too engaged in the business of survival to do the work of a group. In Swaziland where many groups are flourishing, this is so. People not part of a group face double exclusion: They do not receive the benefit of savings, loans and share-outs of a group. They do not, because they are not easily findable, receive additional services (consultations in nutrition, agriculture, malaria prevention) and while one could argue this might be a good thing, as they would be spared the missteps of well-intended NGOs, one could also argue that if the services are helpful, being excluded from them could deepen inequities among community members.

A Possible Way Forward: Groups as Co-Designers

One world-view of savings groups might propose to start them and then leave them alone, letting members and groups find their own path to development. We might call this a minimalist approach. Another world-view might propose to start groups and support their development with infinite activities, until a project's natural end determined by funding. We might call this a maximalist approach. A balanced approach could occupy a judicious middle ground, one that combines self-determined development with important external inputs. This middle ground, of course, sounds far more pleasant than either extreme. But how that middle ground is made real is our challenge. Perhaps a first step is for NGOs to question their pre-set formulas, rigid guidelines and fixed offerings based on capacity, to create an ethos of co-design.

One of the most inspiring stories of groups co-designing their own development with support is the early development of the Matu Masa Dubara program. One never tires of hearing MMD's beginnings. The program had no precedent to follow, or at least none that its founder, Moira Eknes, knew of at the time.

Working collaboratively with rural farming women, 98% of whom were illiterate, Eknes began a humble journey toward savings and financial resilience. Together Eknes and group members hatched the idea of the social fund, a separate account that would take in and disburse money as grants. When confronted with the problem of spouses or children asking for money, they agreed upon the use of a box with locks and three keys. They imported the concept of "hands" or shares from tontines, which led to ease of mental recordkeeping, perfect for illiterate members.

Eknes and early groups found a way to assign the memory of savings, interest and loans to particular members. As some used pebbles to recall the number of meetings already held in a specific cycle, they could determine distributions at the time of share-out.

A continuous and gentle dance of outside advice (Eknes) with ideas and problem-sharing (early savings group members) sparked the evolution of the VSLA model. Interestingly, there were other activities CARE's savings groups did at that time, supported by external funds. Vegetable-gardening, handicrafts, and sanitation were part of the development mix. Evaluations showed that women valued the savings group activities, and so CARE streamlined its program to focus on community priorities, cutting time consuming add-ons.

Does it make sense for each new group to find its own way as did the early CARE groups or early savings groups in Karnataka, India? Maybe, as Julie Zollmann writes in "Reaching for Mangoes, Waiting for Rain" far too much emphasis is placed on technique and far too little on principles. When she returns to Swaziland after being away for four years, she finds that they have little ability to innovate outside of the limits various financial and social models imparted to them. Small variations and adaptations might be unfolding but on the whole groups were waiting for instruction from the outside.

The author of this chapter observed similar findings in India. Unlike the WORTH program in Nepal, where groups largely cut off from assistance after 18 months, the groups in this part of India, received ample support through various add-ons in health, sanitation, and agriculture. The groups seemed frozen in time. The big strides they made and the progress about which they boasted were relics of six years earlier. Perhaps they had gotten too much support.

A possible way forward is to usher groups along their own path of discovery. Agents are critical to this process. In place of a view of agents as purveyors of services, we might see them as co-explorers of a group's own development. Agents, whether volunteer or paid, employed by NGOs or self-designated, part of a group or not, have a tremendous role to play in savings-led development. They can bring in services from local suppliers as per local interest, or gain mastery of new skills with the help of local experts. If agents are truly seen as agents of change and not as agents of delivery, development activities might square with development itself.

When groups are strong and agents good, valuable services nose their way into communities, eventually. Communities pull them in as needed and as available. Such patient development lies outside the typical constructs driven by projects. It can be seen in older groups, some which have been evolving for more than 20 years.

The impact of patience is vivid in the journey of Bosco Olyeny, a successful banker in Kampala.

Box 8, Groups as Small Modern Farmers

A banker on leave to complete his master's level studies at Makerere University, Bosco Olyeny has not forgotten how he came to be educated. His father died when Bosco was just three, leaving his mother to fend for herself and her children. In the Apac district of northern Uganda, where Bosco is from, no household was left untouched by the violence of the Lords of Resistance Army. Many families abandoned their land and livestock.

All that is history. The Apac district is relatively safe now. People are ready to farm, but fields, strewn with rocks and anthills, had not been tended for years. Though some plots are up to 15 acres, farmers had been growing only modest subsistence crops. By any standard, these families were very poor.

In 2010, Bosco returned to celebrate the December holidays in his home community. Just before Christmas, female relatives asked him to attend a savings group share-out meeting. As he sat listening to the rote counting of sums and explosions of discussion and laughter, something began to dawn on him: this was the very same group, Awak, to which his mother belonged decades ago. "I suddenly remembered going to those meetings," Bosco recalled. Using group loans and dividends, Bosco's mother was able to pay for his school supplies and tuition.

While on leave from his position as Manager of Trade Finance at the Ugandan Development Bank, Bosco realized it was time to return the kindness of his mother's group. Over the course of the past year, he slowly pulled five savings groups together, totaling almost 200 members. Members removed stumps and stones from their fields and leveled the anthills. They rented a tractor. Bosco brought in extension

workers from the government, and mobilized his contacts to purchase seed and to help process and sell crops.

The land was tilled and prepared for planting. In the first season, group members harvested food to feed their families or to sell locally: groundnuts, corn, sesame, and bean. In the second season, which completes this March, they farming cotton to sell as a cash crop. The savings groups have plans to jointly purchase the tractor, and create small shops and granaries. They will also increase production of various fruits.

Source: Bosco Olyeny

Conclusion

Using groups as ‘rails’ on which other services can ride, is perfectly logical from the point of view of governments and NGOs, even businesses. Tapping into existing groups makes sense from a cost perspective. Groups are captive audiences for whatever providers wish to supply; and certainly members might want or need the services on offer. But to keep costs down, suppliers must standardize their services. They are not customized to the priority of every village or group, and thus their relevance is diminished.

A case could be made that adjunct services quash initiative and learning. An equally strong case could be made that external services are bringing critical support to remote areas. Unfortunately, the variety of possible adjunct services is too broad to give us any categorical guidance about whether “external services work.” No RCT or qualitative study could comprehend the manifold moving parts that constitute a pair or triplet of piggy-backed services. In the meantime, we are left to sort out when to bridle our interest in tacking on services to groups, and in particular new groups who lack the defenses of mature ones, and when to forge ahead because groups may be the only platform available to spread life-saving information.

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