

# Revised 2015: Savings Groups Project Model



## Savings Groups

An effective approach to economic development and resilience for families and communities

### What is this approach?

*Savings Groups* is an approach being used by over six million active participants<sup>1</sup> to facilitate savings and credit in a small-scale and sustainable way. Within World Vision, it is an economic development approach that contributes to child well-being. By facilitating savings and access to small loans, Savings Groups instill hope by enabling community members to plan ahead, cope with household emergencies, develop their livelihoods and invest in the health and education of their children.

### When would this Project Model be used?

*Savings Groups* are used in relatively stable urban or rural contexts with few financial services and where WV can support a Field Officer or Village Agents to train Savings Group members. The Savings Group Project Model can be implemented as a Specialized PM (standalone, independent) or as an Enabling Project Model (as a key component within a wider ADP/AP or grant-funded project).

### Primary target group

*Savings Groups* are formed with community members (including adults, children, adolescents or youth) living below the poverty line, who have little or no access to financial services. Members form their own groups based on trust and ability to commit to small regular savings. Savings Groups can include, and be effective for, most vulnerable communities and families.

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<sup>1</sup> VSL Associates, "The Village Savings and Loan Model"

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# Acronyms

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ADP/AP	(World Vision) Area Development Programme / Area Program
CBO	Community-Based Organisation
CGAP	Consultative Group Assisting the Poor
CoP	(World Vision) Community of Practice
DADD	Do, Assure, Don't Do
DME	Design, Monitoring and Evaluation
DPO	Disabled Person's Organisation
ED	Economic Development
FBO	Faith-Based Organisation
GOED	(World Vision) Global Office of Economic Development
GTRN	(World Vision) Global Technical Resource Network
MFI	Microfinance Institution
MIS	Management Information System
NGO	Non-Governmental Organisation
NO	(World Vision) National Office
OVC	Orphans and Vulnerable Children
PAR	Portfolio at Risk
PPI	Progress Out of Poverty Index
SAVIX	Savings Exchange (online)
SG	Savings Groups
Share out	Distribution (of savings and profits marking the end of a cycle)
SME	Subject Matter Expert
VA	Village Agent
VSL Assoc.	Village Savings and Loan Associates, Ltd.
VSLAs	Village Savings and Loans Associations (savings groups)
WV	World Vision© World Vision International 2013 (Updated version as of August, 2015).

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English and Spanish online recordings describing the Savings Group Project Model are available online in the ED Video Album at <https://vimeo.com/album/1578793>

The Savings Group Project Model can be downloaded from the World Vision website at <http://www.wvi.org/guidancefordevelopmentprogrammes>

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Cover photo: Ruby (with her two children) and Josephine used to find it difficult to save from the meager income of their husbands but with COMMSCA, a community Savings Group program, they realised that small savings, when pooled together can be their ticket to financial independence. ©2010 Maryann Zamora/World Vision

# Savings Group Project Model

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## 1. What is the Savings Group Project Model about?

A Savings Group is a group of people who save together in a safe, convenient and flexible way. Savings Groups are owned, managed and operated by the members, using a simple, transparent method whereby groups accumulate and convert small amounts of cash into savings. The group's savings can be lent to members as credit. A service can be charged as a way for the group to earn additional income, but this optional. Savings Group projects are low cost, requiring only facilitation staff and a small operating budget. They are self-replicating and community led and, therefore, sustainable.

The Savings Group Project Model follows the best practice VSLA methodology and the VSL Assoc. guides (*Appendices A & B*)<sup>2</sup> should be followed when implementing this model. This methodology was originally developed in Maradi, Niger, by CARE International in 1991 and is now being used by more than 11 million Savings Group members in at least 73 countries worldwide.<sup>3</sup> Savings Groups are managed by their members and facilitated by World Vision and its partners. A short video describing this Project Model is available online.<sup>4</sup>

### 1.1. What are the issues/problems that the project was developed to address?

The Project Model was developed to address the root causes of lack of capital, inability to save and exclusion from existing financial services, as well as dependence within communities on WV for the purchase of business and agricultural inputs and health and education costs. Savings Groups also serve as a mechanism for transitioning out of safety net programs or for building resilience in times of emergencies or shocks.

Specific issues and problems addressed by Savings Groups include:

- Community members have irregular income, more cash in some months than is required for subsistence, but not enough to survive in other months.
- The community is in a remote area and some distance from banks and financial institutions.
- Community members do not meet the credit criteria of either microfinance institutions or banks.
- Communities are locked into cycles of dependency and believe they have no money to save.
- Community members are not resilient to economic shocks and household emergencies and continue to need assistance.
- There are low literacy levels and people are intimidated by formal financial services.

### 1.2. What are the main features of the model?

- **Focused on savings:** Members save their own money and borrow from this pool of accumulated capital. **There is no external injection of capital.**
- **Voluntary:** Members self-select based on trust and participation is voluntary. Establishing trust has implications for motivation, the durability of the group and the safety of members' money.
- **Self-managed:** Groups determine their own constitution and elect their own management committee. Money is handled solely by the group members themselves and any income remains their property.
- **Time bound:** The activities of the Savings Group run in cycles of 9-12 months on average, at which time all or part of the accumulated savings and loan profits are shared out to the members according to the amount they have saved. The group can then re-form and start another cycle. This ensures that the group

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<sup>2</sup> The VSL Assoc. Guides are also available to download from <http://vsla.net>

<sup>3</sup> VSL Associates, "The Village Savings and Loan Model"

<sup>4</sup> World Vision, [An Introduction to Savings Groups](https://vimeo.com/album/1588767/video/23016926) or go to: <https://vimeo.com/album/1588767/video/23016926>

fund never becomes too large to manage, thereby minimising fraud or theft. It also provides an exit and entry point for new members and to elect a different management committee.

- **Group size:** Savings Groups are composed of 10 to 25 members. This strikes a balance between being big enough to create a useful pool of capital and small enough to keep meetings manageable and short.
- **Use of VSL Assoc. materials:** The Project Model recommends the *VSL Assoc. Field Officer Training Guide* (see *Appendix A* for a detailed training guide). Groups must follow this proven methodology and meet the SG PM standards to be considered as “Savings Groups Project Model” groups. This is particularly relevant for reporting into the Resilience & Livelihoods Landscape.<sup>5</sup>
- **Training:** A Field Officer mobilises and trains the Savings Groups, coaching them through the process from inception to savings management and loan management through to the final share out meeting. The table on page 8 of the *English VSL Assoc. Field Officer Training Guide (Appendix A)* provides a summary of the training and supervision schedule which lasts for 9 to 12 months. It is imperative that the carefully designed schedule of the Savings Group methodology, along with the four programmed data collection points, not be disrupted, suspended or terminated before the end of the training cycle. Failure to complete the training cycle and to instil a culture of discipline, consistency and transparency within the Savings Group undermines the entire effort and could put people and their money at risk.
- **Simple Recordkeeping:** Savings Groups use a transparent memory-based system where members recall the ending cash and loan balances. Each member has a passbook, where savings (shares) are recorded using a rubber stamp to indicate the number of shares. This method is easy to use, maximises participation and minimises fraud.
- **Self-replicating:** The ultimate goal of the Savings Groups Project Model is for local Village Agents to take over the role of promoting and training new groups. “Village Agents” refers to non-WV staff who are trained (possibly certified) by WV staff in the Savings Groups methodology to be “Agents” for Savings Groups scale up. They can be staff of local CBOs, NGOs, government agencies or educational institutions (schools) or they can be drawn from community savings groups where they are members. All WV SG Agents must be trained in both the methodology and data collection procedures, following the schedule of operations (*Appendix I*). Agent data will be turned in to WV staff at project level. Check with the Savings Group Interest Group for the Village Agent model.<sup>6</sup> (See *Appendix B* for the *VSL Assoc. Village Agent Training Guide for a step-by-step training resource*.)
- **Sustainable:** Savings Groups acquire the skills to manage their activities during a well-structured training cycle and through experience. They become fully independent and institutionally sustainable at the end of the first 9-12 month training cycle, although they may benefit from some mentoring by a Field Officer or Village Agent through much reduced monitoring (4 times) during the second cycle. This is especially recommended in order to collect data and gauge sustainability. From the outset, communities are made aware that the involvement of WV is limited and that, in the long run, Savings Groups will need to compensate Village Agents for training and services received<sup>7</sup>.
- **Independent:** Savings Groups should not be merged with community-based organisations or cooperatives because it dilutes the proven Savings Group methodology by introducing additional goals and activities before strong levels of trust and confidence can be established in the Savings Group. This can overwhelm the Savings Group meetings and money management systems. For example, cooperatives rely on a management committee because their activities are more complex. The key internal control of Savings Groups is members’ memorisation of loan fund and account balances as well as approval of loans. Fraud and other irregularities can occur with an elite management group. (Reference Section 9.2.)

Savings Group members are free to access financial services from microfinance institutions and other sources on an individual-decision basis. The role of the WV Field Officer is to neither discourage nor encourage linkages, but rather, to facilitate the flow of information to SG members so that they can make informed decisions.

**Savings Groups should not be established with a direct link to a microfinance institution. Section**

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<sup>5</sup> Resilience & Livelihoods Landscape, published by the Global Office for Economic Development (GOED/KM)

<sup>6</sup> This model is being developed by the SG Interest Group at the time of this PM Update. Contact Pieter vander Meer, Chairman of the SG Interest Group or a PM Champion for more information.

<sup>7</sup> See Village Agent Model referenced in Footnote 6.

**9.2 provides guidelines and cautions on creating linkages between Savings Groups, microfinance institutions and complimentary projects.**

### **1.3. What are the expected benefits or impacts of this model?**

Savings Groups empower people to save in small regular amounts, with no external injection of capital. Members borrow from their combined savings. As a result, members are able to manage cash-flow and have access to a larger lump sum through micro-loans and the end-of-cycle share-out (when the group fund is distributed among members). Members typically use the lump sum for school fees, medical costs for their children, life-cycle events, emergencies or investment in agriculture and other income-generating activities. It can be valuable to discuss and encourage goal setting for the amount and use of savings to be generated.

Savings Groups have both economic impacts (as members are more resilient to cope with emergencies and economic shocks), as well as social empowerment (as group solidarity builds social capital) for longer-lasting empowerment. Some of the key benefits of Savings Groups include:

- Creating & strengthening livelihood (income generating) opportunities through access to capital
- Assisting parents to manage consumption needs (including food), pay for health services and school fees/materials
- Developing leadership skills and enhancing community participation
- Inspiring personal (individual) confidence and hope
- Creating structures that enhance the sense of ownership and accountability
- Strengthening and diversifying small businesses through intentional member support or association to form new businesses

### **1.4. How does the Project Model contribute to WV's ministry goal and specific child well-being outcomes, and reflect WV strategies?**

In their operation, Savings Groups reinforce World Vision's notion of Christian nurture. In particular, members' collaborative decisions to disburse grants, taken from the social fund, to other members generates an expression of 'care for others'. Savings Groups also promote the value of savings, ownership, accountability, trust and discipline. Further, Savings Groups can be implemented in collaboration with or by community faith organizations for a wide range of benefits for both members and faith organizations. Working with community faith leaders can have the outcome of institutionalizing savings groups as another path towards sustainable development and further spur replication.

**Savings is a necessary component of household economic well-being.** There is overwhelming evidence that increasing household assets, such as savings, has a positive impact on all the identified areas of child well-being. According to the *World Vision Theory of Change* household economic well-being is a necessary component for child well-being. 'The child cannot be viewed in isolation, and family level change is critical . . . families' economic well-being needs to be assured'<sup>8</sup>. With improved economic well-being, families can send children to school longer, pay for better healthcare, protect them better against disaster and hardships, feed them more and better food, and construct safer homes for them.

Savings Groups often contribute to every Child Well-being Aspiration and Outcome. The primary child well-being outcome<sup>9</sup> to which the *Savings Group* Project Model contributes is, 'parents or caregivers provide well for their children':

- Savings groups enable families to accumulate savings and have easier access to loans, smoothing their cash flow to allow them to acquire more and better food, improved shelter and meet education expenses for their children.

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<sup>8</sup> World Vision (2011) World Vision's Theory of Change, p.6

<sup>9</sup> World Vision (n.d.) Child Well-being Aspirations and Outcomes

- Financial security (to which Savings Groups contribute) reduces the need for parents or caregivers to rely on child labour, allowing children more time for play and development and parents more time and energy for nurturing positive relationships with their children.
- The added security that savings provide often serves to alleviate financial stress in the home environment. Less-stressed parents and caregivers leads to a better family environment with notable improved quality of life for all members, especially the children.
- Accumulated savings, along with group solidarity, combine to create intentional resilience in the form of acquired assets (including cash and other assets) that families need to respond or overcome emergency or crisis situations.

There are several secondary child well-being outcomes to which the Savings Group Project Model contributes:

Children and their caregivers access essential health services,

Children are more likely to receive basic literacy skills,

Children are protected from infection, disease, and injury

Children are well nourished,

Children grow in their awareness and experience of God's love in an environment that recognizes their freedom,

Children enjoy positive relationships with peers, family and community members, and

Children cared for in a loving, safe, family and community environment with safe places to play.

Savings Groups enhance the ability of parents to invest in and improve housing (including latrines), purchase bed nets and pay for health-related services. The Savings Group project also contributes to the child well-being outcome 'children access and complete basic education' because Savings Groups enable parents to afford large, lump-sum expenditures, such as paying for school supplies, uniforms and transportation costs.

Savings Groups can also be mobilized specifically for children, adolescents and/or youth. Credit & loan aspects can be optional for younger aged groups. Children-Adolescent-Youth group have the potential to contribute to a number of child well-being outcomes, including:

- Children are respected participants in decisions that affect their lives,
- Children have hope and vision for the future,
- Children enjoy positive relationships with peers, family, and community members,
- Adolescents ready for economic opportunity,
- Children can read, write and use numeracy skills
- Children make good judgments, can protect themselves, manage emotions, and communicate ideas, and
- Children value and care for others and their environment.

World Vision has experience with youth Savings Groups and partnering with Aflatoun International in many National Offices. Other organisations such as Plan International, CARE, IED VITAL and Aflatoun International have established Savings Groups for children, adolescents and youth in a number of countries.

This Savings Group Project Model aligns with the Economic Development sector strategy 'Do, Assure, Don't Do' (DADD), specifically addressing these 'Dos':

- Facilitate access to savings and credit, especially among women.
- Prepare youth for economic and agriculture opportunities by helping youth cultivate a savings habit, personal discipline, social capital, leadership and financial management skills, and by building capital for entrepreneurial opportunities.
- Build social capital by bringing people together around a common purpose and enabling them to build relationships and trust, which encourages them to meet one another's needs for social protection and cash flow management.

This Project Model is also informed by the strategy of VisionFund, which encourages the development of Savings Groups by World Vision in order to reach clients who cannot access (or do not qualify) for formal institutional financial services.



## 2. Context Considerations

### 2.1 In which contexts is the Project Model likely to work best?

After nearly two decades of experience by NGOs, the Savings Group methodology has proven to be widely applicable and effective in various social, geographic and economic settings. This is also proven across the World Vision Partnership. Savings Groups are likely to work best in places, and among groups, where financial services are inaccessible or not suited to their needs and as a form of teaching financial literacy. Savings Groups are successful in both urban and rural settings.

### 2.2 In which contexts should this model not be considered?

- **Frequent migration:** The Savings Group Project Model is based on a clear, consistent and repetitive methodology. The model also promotes building trust through consistent and reliable participation by members. Although mobile technology may be providing new options, this Project Model is not recommended for individuals who migrate frequently.
- **Conflict or poor security environments:** The Savings Group methodology has worked in several post-conflict areas, including Eritrea, Mozambique, Rwanda, Sierra Leone and Afghanistan. In general, however, implementation in conflict areas should be considered very cautiously. Savings Groups cannot function properly if poor security prevents the members and Field Officers from attending meetings. Savings Group members living in high-theft areas have reported that being seen with the group cash box puts them in grave danger. Where groups at such risk are in urban or peri-urban areas, they have overcome this problem by using a bank account and/or mobile money technology while still maintaining the cash box to keep the Passbooks and Social Fund.<sup>10</sup> Access to, and application of, mobile technology options is expanding, impacting group dynamics and extending options for participation and the safe collection of money. (Join the ED Savings Groups Interest Group to stay informed.)

### 2.3 What questions should field staff ask when adapting this model, and are there particular context factors relating to this Project Model that they should consider?

The standard operating procedures of Savings Groups have proven to be effective in various local contexts and with different participants. As such, programmes are encouraged to follow the *VSL Assoc. Field Officer Training Guide (Appendix A)* and adhere to the Savings Group methodology. Field Officers can then work with group members to develop their own implementation schedule based on local considerations such as transportation, geography, economic and climactic cycles. During the preparatory phase, venues, timing and engaging self-selected participants is of the utmost importance. The preparatory phase should be adapted to local conditions. Another adaptation that may be required is terminology. For example, Savings Groups in Bangladesh use local names for the social fund, based on familiar charitable concepts of Islam. Field staff should also ensure they know which other organisations are implementing Savings Groups in the same country, region or community and ensure cooperation and coordination.

## 3. Who are the key target groups and beneficiaries of this model?

### 3.1 Target group(s)

Savings Groups serve people who do not have access to basic financial services, are poor, and are marginalised and discriminated against. For WV, this target group includes women, especially female-headed households, youth, people with disabilities or afflicted by serious health conditions such as HIV/AIDs. The target group also includes households supporting registered children, orphans and vulnerable children (OVC), young girls and boys, ethnic minorities and marginalised people. Where Savings Groups are promoted among existing programme beneficiaries, project staff must emphasise that participation in a Savings Group is completely

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<sup>10</sup> To learn about CARE's experience linking Savings Groups to savings accounts with Barclay's Bank, see: CARE (2013) Connecting the World's Poorest People to the Global Economy, and Plan UK et al, Banking on Change.

voluntary and not contingent upon any benefits provided by other WV projects or interventions (especially relevant when Savings Groups as an Enabling Project Model is being implemented as a component of a broader project). Otherwise, disinterested individuals may join the Savings Group with false expectations and negatively affect the group. Field Officers should not interfere with members' self-selection but support voluntary participation and member self-selection and discourage discriminatory exclusions such as disabilities.

### 3.2 Who are the intended primary beneficiaries?

The primary beneficiaries of Savings Groups are those who are below the poverty line and who either do not qualify for microfinance, or those with limited access to formal financial services.

### 3.3 Life cycle stages to which the model contributes

Savings Groups are available for everyone in the community. Because of this, parents and caregivers are likely to have children across all stages of the lifecycle allowing the project to benefit children of all ages. World Vision Philippines and Ethiopia, along with an increasing number of other National Offices, have experience implementing successful Savings Groups for youth, leading to beginning livelihoods and entrepreneurial activities. This is also true of other NGOs including Plan, Freedom from Hunger, IED VITAL and Catholic Relief Services, among others. There are many successful examples of Savings Groups where the members are children.<sup>11</sup>

### 3.4 How will the model include/impact the most vulnerable?

Savings Groups are formed voluntarily through individual initiative (self-selection). The most vulnerable can choose to join. If required, the most vulnerable can form their own group if other groups exclude them. Features that address the most vulnerable include:

- **Savings:** A safe and convenient place and mechanism to save while mitigating risks and costs. Savings are a less risky product for the vulnerable poor than borrowing from financial institutions.
- **Insurance and social fund:** An optional form of social insurance providing access to emergency loans in times of need or funds for community projects.
- **Credit:** Small loans from the Savings Group on flexible terms, for investment, consumption or emergency purposes.
- **Personal Development:** The group environment provides unique opportunities for self-expression, leadership, the development of confidence and respect that often spill over to greater authority in the home or involvement in the community.
- **Group solidarity:** The progressive development of trust and confidence among members builds long-lasting empowerment and bonds for personal resilience. It can also create a loyal customer base to patronize member microenterprises.

For examples of how Savings Groups have been effective for people living with disabilities, see *Disability Inclusion: Learning from Savings Groups Project Model* by the Child Development & Rights Team at World Vision International and visit the ED Video Library "Evidence Album".<sup>12</sup>

## 4. How does the Project Model work?

### 4.1 Overview of approach/methodology

Complete information on all of the summarised points below can be found in the VSL ASSOC. manuals in Appendices A & B or online, see Footnote 2.).

- **Group formation and on-going training:** Savings Groups are formed and trained during the first cycle, which lasts 9-12 months. There are four phases: preparatory, intensive, development and maturity. Each

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<sup>11</sup> World Vision International Youtube Channel (2011) Vlog: Building Savings

<sup>12</sup> Honda, H (2013) Disability Inclusion: Learning from Savings Groups Project Model

successive phase progressively matures the group, leading to increased self-reliance and gradually fewer visits (less assistance) from the Field Officer.

- **Group Schedule:** It is recommended that groups meet on a weekly basis, but they may choose to meet fortnightly or monthly, depending on their circumstances. Meetings should be regular, but flexibility should allow groups to choose a schedule that meets their needs and improves their chances of success. The length of one cycle is generally from 36-52 weeks (9-12 months) but, once again, flexibility is important to enable groups to choose an appropriate time for the cycle to end. Keep in mind that the number of weeks or the act of 'graduation' does not indicate group maturity – groups should be evaluated using performance benchmarks that are aligned with practices expected to emerge from the training (e.g. conflict resolution, etc.).
- **Group management:** Groups are participatory and democratic. Each Savings Group has a five-person management committee elected for one cycle. Savings Groups also develop their own constitution that contains policies on the social fund, share-purchase, and loans. Groups should encourage their members to memorise the basic features of the constitution.
- **Savings through shares:** Members deposit savings by purchasing between one and five 'shares' per meeting, making them shareholders of their Savings Group. The value of a share is determined by the group in their constitution. This facilitates easy record keeping and accounting, and maintains a balance among the savings capacity of all members. When it is necessary, savings can be withdrawn by cancelling shares. (Cancelled shares cannot be replaced.)
- **Loans:** Shares go into the 'Loan Fund', from which members can borrow an amount up to three times their individual savings. Loans are repaid with a service charge which was determined by the group in their constitution. Service charges are added to the Loan Fund and then distributed as earnings at the end of the cycle.
- **Transactions:** transactions are performed in a routine sequence in front of all group members to promote transparency and accountability. To ensure that transactions do not take place outside of group meetings, cash and passbooks are locked in a cash box secured with three padlocks. The three keys are held by three group members who are not from the same family or part of the management committee.
- **Passbooks:** There is no record keeping ledger for transactions. All members have an individual passbook. Savings deposits, called 'share purchases' are recorded with a rubber stamp in the front half of the passbook, while loans are tracked through simple records in the back of the passbook. In addition to passbooks, the closing balances of the social fund and loan fund are recorded in a notebook and memorised by all members at the end of each meeting.
- **Social fund:** The Social Fund is highly encouraged for first cycle groups. A social fund is a form of insurance for the group and provides grants for emergency assistance, educational costs or funeral expenses. The social fund may be used for group members or members may vote to use it on a project that benefits the entire community. For example, WV facilitated Savings Groups in Swaziland have used the social fund to support OVCs which is helping tackle the impact of HIV and AIDS. The Social Fund contributes to developing group solidarity and promotes "care for others" attitudes.
- **Share-out ("Distribution"):** At the end of every cycle, the accumulated savings and earnings (from service charges and penalties) are distributed among members proportionate to the number of shares each member has contributed. This share-out provides the opportunity for adjusting the constitution, changing the management committee entry and exit of members, and resolving any outstanding issues. It minimises the risk of fraud and builds member confidence because there is a verification that their money is safe and the process is profitable. As such, the share-out functions as a natural "Action Audit" for the group and (typically) is an opportunity for celebration. As a promotional activity for Village Agents and to scale up savings groups, community members may be invited to observe the share out meeting (with the permission of group members). After the success of a share-out, Field Officers typically report a surge of interest in Savings Groups. Members may initially perceive the share-out as unnecessary or, even worse, starting all over from nothing. However, field experience by CARE and VSL ASSOC. have shown that groups that do not liquidate assets regularly inevitably have operational irregularities, internal conflict, a drop in member confidence and, ultimately, a limited lifespan (about three years).
- **Process for moving onto a new cycle:** After the share-out, members who do not wish to continue may leave the Savings Group and new members can join. The new cycle can be started with the loan fund from zero. Or, to initiate lending activities with a useful amount of money on hand, members can each contribute an equal initial amount above the usual five share limit. (If they decide to go above the 5-share limit, all

members must agree to contribute the same amount, including new members.) This is referred to as “seed capital”..<sup>13</sup>

## 4.2 What local level partners could be involved?

TABLE I: Recommended partners		
Potential partner	Priority for partnering	Partner role
<ul style="list-style-type: none"> <li>Local village leaders</li> <li>Tribal/Indigenous leaders</li> </ul>	Essential	<ul style="list-style-type: none"> <li>Involvement is essential for building local ownership. Leaders may be involved in contacting potential Savings Group members, raising awareness about Savings Groups and supporting the establishment of groups.</li> </ul>
<ul style="list-style-type: none"> <li>NGOs</li> <li>CBOs</li> <li>FBOs</li> </ul>	Essential for faster scale up	<ul style="list-style-type: none"> <li>Organisations may have projects that support people to save, budget or increase their income or assets. World Vision may choose to train the staff and partner with these organisations to enable communities to establish Savings Groups.</li> </ul>
<ul style="list-style-type: none"> <li>Community churches and faith-based centers</li> </ul>	Essential for scale up and sustainability	<ul style="list-style-type: none"> <li>Involvement is essential for the sustainable replication of Savings Groups, for building local ownership and as a part of both the WV and church missions<sup>14</sup>. Church Leaders may be involved in mobilizing potential Savings Group members, raising awareness about Savings Groups and supporting the establishment of groups as an on-going part of their outreach and ministries.</li> </ul>
<ul style="list-style-type: none"> <li>Government departments</li> </ul>	Essential	<ul style="list-style-type: none"> <li>Their role will depend upon the policy and remit of the department and may include involvement in registering groups, auditing and business promotion. Collaboration with and from government programs can increase scale up and be very influential for advocacy initiatives.</li> </ul>
<ul style="list-style-type: none"> <li>Schools</li> </ul>	Desirable/ Essential	<ul style="list-style-type: none"> <li>Savings Groups can be initiated with children, adolescents or youth<sup>15</sup> AND/OR with their parents through involvement of teachers and schools as an extracurricular school activity or as a part of existing extracurricular activities either in the schools or through WV projects (i.e., sports, livelihoods or Christian Commitments activities). (Loan activities can be optional). Successful savings groups with children-adolescents-youth and through school institutions can deliver financial education and doubly serve to sustainably institutionalize savings groups in communities. Recommend: Savings groups be initiated among teachers and staff.</li> </ul>
<ul style="list-style-type: none"> <li>DPOs</li> </ul>	Desirable	<ul style="list-style-type: none"> <li>Inclusion of people with disabilities in Savings Groups.</li> </ul>
<ul style="list-style-type: none"> <li>Mature Savings Groups</li> </ul>	Essential	<ul style="list-style-type: none"> <li>Village Agents are selected from mature Savings Groups to support existing groups and establish new groups (with compensation from groups themselves).</li> </ul>
<ul style="list-style-type: none"> <li>MFI</li> <li>Banks</li> </ul>	Optional	<ul style="list-style-type: none"> <li>Members may choose to borrow from MFIs or banks. For guidance on linkages between MFIs and Savings Group members see Section 9. Savings Groups may choose to open savings accounts with banks to ensure security of the loans funds or to deposit excess funds or the social fund. (This should not eliminate the cash box.)</li> </ul>

<sup>13</sup> This is entered to the MIS in the Group’s cycle data at the beginning of the cycle in the field “Loan fund cash in box and at bank at start of cycle”.

<sup>14</sup> Increasing collaborations are being explored with Chalmers Centre for Economic Development and with WV Christian Commitments.

<sup>15</sup> Many NOs have very successful partnerships with Aflatoun International.

### 4.3 Partner capacity considerations

TABLE 2: Partnering capacity context	
Partnering capacity context (See Critical Path Step 5)	Guidance regarding ways of working to implement this Project Model in these contexts
None or very few organisations (mobilise)	<ul style="list-style-type: none"> <li>In this context, Savings Groups will be mobilised by Field Officers or other WV paid development staff. Field Officers/staff need to identify key community stakeholders and gain their support. Local government representatives and community leaders are particularly important in this context.</li> </ul>
Weak organisations (build capacity)	<ul style="list-style-type: none"> <li>Identify any existing organisations, such as CBOs, churches or schools, which may not have experience in Savings Groups but have local influence and common goals around improving the well-being of children. These organisations can play an important role in the mobilisation of sustainable Savings Groups.</li> </ul>
Strong organisations, not child-focused or not networked (catalyse)	<ul style="list-style-type: none"> <li>If there are strong organisations with expertise in Savings Groups, they can play a role in specific aspects of the project, such as forming, training, monitoring, collecting data or evaluating the impact of Savings Groups.</li> </ul>
Established child-focused partnerships (join)	<ul style="list-style-type: none"> <li>In this partnering context, there may be organisations with proven capacity in the Savings Group methodology and a shared vision for child well-being. These partners can play a role by providing training, on-going support and monitoring for Savings Groups (i.e. Aflatoun International). WV should ensure that the partner fully adheres to the Economic Development Savings Groups Project Model standards and is committed to the carefully designed and well tested methodology of this approach. Ways of analysing a partner's commitment to Savings Groups is to visit their groups and Field Officers and to consider their track record in this methodology (such as the number of Savings Groups they are supporting and the length of their operational experience).</li> </ul>

4.4 How does the model promote the empowerment of partners and project participants?

Savings Groups empower individuals through their self-management, collective purpose, asset creation and provision of financial services. For very poor individuals and households, credit-based models such as microfinance, are inherently risky and may increase household vulnerability and anxiety.<sup>16</sup> Poor households often become over-indebted in periods of low cash-flow, acquiring relatively large, expensive, long-term debt when what they really need is a mechanism to help them manage when household expenses exceed income. Savings Groups offer participants a safe place to save, enhanced fellowship & solidarity, and a way of managing their cash flow and accumulating assets. This flexibility, as well as self-ownership of operations, promote the empowerment of the poor and financially excluded.

Partners who work with WV on the implementation of Savings Groups may also be empowered to spread Savings Groups among the communities in which they work. The methodology is an effective tool that can empower our partners to better serve the poor and vulnerable.

## 5. Project DME *(This Section & Appendix C Pending.)*

### 5.1 What are the goal and outcomes that will be sustained as a result of this Project Model?

- **Goal:** Increased economic capacity of parents or caregivers to provide well for their children.

<sup>16</sup> Dichter, T (2007) A Second Look at Microfinance  
**World Vision Guidance for Development Programmes**

## 5.2 Advocacy component(s)

While Savings Groups are not intended as a platform for advocacy, self-initiated advocacy is certainly a possible natural outcome of well-managed Savings Groups. Such advocacy can happen on several levels. Incomes from savings groups enable people who were previously marginalized to participate more meaningfully in the local economy and markets, and to build personal (family) resilience. Through participation in a community Savings Group, the members often acquire new (or renewed) confidence, tolerance, empowerment and skills that tend to naturally lead them to become more proactive in the community where they live and manage their businesses. Savings Groups also often encourage more regular participation in local faith- or education-based activities. In addition to the savings skills, for Savings Groups embedded in other projects (i.e., Agriculture or Value Chain projects, or Youth Livelihoods); they can help to create additional solidarity for confidence in working with other civil society or government agencies. Research is beginning to reveal that other projects are more impacting and sustainable when their members have the characteristic of being (or having been) a savings group member.

## 5.3 Critical assumptions and risk management

TABLE 4: Risk mitigation		
Critical Assumptions	Importance	Management Response
The rate of participation is one person/household	High	If Savings Groups have many members from one household, it can interfere with democratic decision-making or lead to more severe default. This parameter can be given to groups as a standard group rule.
Parents or caregivers have equitable decision-making authority in household finances	High	The programme team should connect with their gender (and disabilities) point persons in the national or regional office for advice on related norms and power dynamics that could affect the success of the project and to prevent harm. The gender/disabilities point person can make recommendations of how the model can be appropriately sensitized for their specific context.
A valid baseline study was done.	High	A baseline study needs to include all the indicators which will be used in the Savings Group project. <sup>17</sup> Implementing the MIS according to the methodology will contribute to a minimum baseline.
FOs & VAs follow the methodology and visit groups regularly as outlined in the FO/VA guides	High	The success of Savings Groups requires Field Officers and Village Agents to understand and adhere to the VSLA methodology, providing groups with the required level of on-going support and supervision through two cycles with gradually less involvement over time. (Minimum one full cycle.)
The project keeps sufficient records to report on industry standard indicators using the Savings Groups MIS	High	Indicators need to be reported in a standardised way for aggregation. The online Savings Groups MIS (see Section 8 and Appendix C) provides a mechanism for data entry and consolidation of results. It is essential that Supervisors of Field Officers keep these records at project level so they can report on effectively monitor the work of Field staff while also assuring the progress of the Savings Groups. The MIS serves to effectively and efficiently manage groups at both local and national levels, allowing WV to discover trends, excellence and to benchmark its performance or identify areas for improvement.

<sup>17</sup> The Progress out of Poverty Index (PPI, <http://progressoutofpoverty.org/>) is a simple and cost effective poverty assessment tool recommended by VisionFund and the ED CoP. It was developed by Grameen with support from CGAP and the Ford Foundation. PPIs are specific to each country, so NOs need to check whether there is a PPI tool for their country. Assistance can be obtained from PPI by contacting [info@progressoutofpoverty.org](mailto:info@progressoutofpoverty.org) or, within the WV partnership, the VisionFund PPI specialist or the Global Office for Economic Development, Knowledge Management Specialist

<p>Sufficient capacity and interest of experienced Savings Group members to become Village Agents</p> <p>Village Agents are compensated by Saving Groups to undertake this function</p>	<p>High</p>	<p>If the project lacks mature Savings Groups from which to draw Village Agents, the project needs to return to the fundamentals of group formation and training. Alternatively, groups may require more time to reach this level of maturity before considering Village Agents.</p> <p>In some Savings Groups, Village Agents are unpaid. However, some form of compensation may be recommended and required to motivate and recompense Village Agents for their time and expenses. To be ready for this stage, a Savings Group project needs to prepare members for self-reliance from the outset, including a long-term 'user pays' approach to training services provided by Village Agents. Simultaneously, the project and WV FOs need to contribute to facilitating the local recognition of the value of VAs and to creating the "market demand" for VA services. Critical to this will be the soonest "transformation" of FOs from Savings Groups implementers into supervisors and coaches of VAs.</p>
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## 5.4 Sustainability

Savings Groups are financially sustainable by design as they are financed by the members. Groups acquire the skills to independently and sustainably manage their savings during a well-structured training cycle of 9-12 months.

The Savings Group Project Model requires minimal physical infrastructure. Savings Groups buy their own cash box, passbooks and other materials from the start (see *Appendix A, Annex 3*, for the recommended start-up kit). Alternatively, projects may lend a cash box and materials to help launch new groups. When the first cycle ends, groups use part of their earnings to purchase their own box and materials and pass along the loaned starter kit to a new group, eliminating any financial barriers to starting a new group. The cashbox, supplies and passbooks are critical components to the methodology and remain essential even when groups opt to use institutional savings accounts or mobile money services.

The Village Agent approach also promotes the sustainability and spontaneous formation of Savings Groups beyond the initial project implementation. Initially, Field Officers directly form and train groups in areas where Savings Groups are new and unknown. However, as groups mature, the Field Officer transitions into a training-of-trainer role, identifying, supervising and coaching Village Agents, using the VSL Village Agent Training Guide (see *Appendix B*). Village Agents are selected based on their demonstrated facilitation skills and motivation to form and train new groups. They should not be paid a salary or fee by WV or any partner organisation, as this is unsustainable. Community members are made aware that they are expected to compensate Village Agents for any future training. The right form of compensation is essential for sustainability – it may be monetary, but it may also be in kind or through public recognition. Some Village Agents may choose to operate as volunteers out of the desire to contribute to their community. Approaches to compensation should be flexible to meet the needs and ensure the continued motivation and dedication of each individual Village Agent.

See Section 5 of the *VSL ASSOC. Field Officer Training Guide (Appendix A)* for more guidelines on the identification, training and compensation of Village Agents.

## 6. Protection and equity considerations

### 6.1 How can child protection be promoted in the implementation of this Project Model?

Child protection is integral to WV's work - staff must always assess the risks to children and take actions to minimise any potential risks, including screening and training all staff, volunteers and partners on child protection. More information on Child Protection is available in *WVI Child Protection Policy*.<sup>18</sup>

Through Savings Groups, child protection is promoted by the combination of increased community cohesion and support, and household resilience and protection of assets. Savings Group for children should include child

<sup>18</sup> World Vision (2012) World Vision International Child Protection Standards  
**World Vision Guidance for Development Programmes**

appropriate materials that address child rights and financial education for children and youth. Staff may also want to consider the use of a child facilitator to organise a children's Savings Group.

Savings Groups contribute to a third (and especially relevant) level of child protection in the homes and families where children live. Nearly all Savings Groups members care for at least one child. By increasing the confidence, economic well-being and assets (including cash) of members, it is seriously much more likely that household financial stress and child labour will be reduced.

## 6.2 How can the model promote equitable access to and control of resources, opportunities, and benefits from a gender perspective as well as other perspectives, such as disability, ethnicity, faith and more?

Savings Groups promote equitable access to and control over resources from a gender perspective. Membership is open both to women and men. It is important to assure that members self-select according to appropriate criteria during the Preparatory Phase. Generally there are a much higher proportion of women members. Data from the SAVIX<sup>19</sup> indicates that the percentage of women members is high and rising in Africa, Eastern Europe and Central Asia.<sup>20</sup>

Mixed gender groups should be encouraged to achieve a minimum level of female participation in the management committee (at least two or three female members of the management committee, including the chairperson). This ensures greater female participation in procedures and decision making and sends an important message to potential participants of the equal status of male and female members. The rules and social solidarity of Savings Groups can prevent dominating spouses from imposing their decisions on the spouse in the Savings Group. A person saving alone is vulnerable to unequal power relationships in her family, but as part of the Savings Group has the power of a community group to support her.

There is, however, research to suggest that in some cases high levels of female membership in Savings Groups do not necessarily indicate high levels of female-led decision making.<sup>21</sup> Gender dynamics in each context should be evaluated to understand how Savings Groups can best support the active participation and decision making of both women and men. Early education and empowerment of adolescents can raise awareness and empower girls. (Inquire with GOED about the **Girl Power!** pilot project for savings groups for adolescent girls.)

People with disabilities may encounter barriers to participation in Savings Groups, such as discrimination, cultural superstitions or misconceptions, inaccessible communication methods, facilities and means of transportation, illiteracy or lack of capacity. The Savings Group Field Officer can raise community awareness, encourage tolerance and find ways of overcoming these barriers so people with disabilities can be included in mainstream Savings Groups. For examples of how Savings Groups have been effective for people living with disabilities, see *Disability Inclusion: Learning from Savings Groups Project Model* by the Child Development & Rights Team at World Vision International<sup>22</sup> and visit the [Economic Development Video Library](#).<sup>23</sup>

## 7. Project management

### 7.1 National Office support required for project implementation and success

For the implementation of Savings Groups to succeed at the ADP/AP level, the concept must be introduced first to the National Office and it should be clear how this intervention and the corresponding Management Information System (MIS) contribute to the organizational targets.

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<sup>19</sup> Visit the Savings Exchange (SAVIX) at: <http://savingsgroups.com/>

<sup>20</sup> Data retrieved from Savings Groups Information Exchange, Comparative Analysis.

<sup>21</sup> CARE (2012) Mind the Gap

<sup>22</sup> Honda, H (2013) Disability Inclusion: Learning from Savings Groups Project Model and watch a 6 minute video produced by WV Disabilities in the ED Video Library at <https://vimeo.com/album/2092538/video/112850040>

<sup>23</sup> Visit the online Economic Development Video Library at <https://vimeo.com/wvedcop/albums>



Savings Groups may be implemented at the ADP/AP level, national level, or as part of a special grant-funded project. Each of these approaches will require an appropriate strategy, including staff, budget and timeline. The staffing structure will always include an assigned Manager in the National Office and dedicated Field Officers and their Supervisors at project levels; other staffing requirements will depend on the scale of the implementation (see *Appendix F*).

If the NO has expertise in the Savings Group methodology, it is anticipated that they would provide training and guidance in establishing groups that meet Savings Group Project Model standards. Otherwise, WV has experienced staff with Savings Groups expertise in a number of countries. If specific training is needed, and approved Subject Matter Experts (SMEs) can support the development of a roll-out strategy and provide necessary training through GTRN. The Global Savings Group Training Team can be contacted through the Global Office for Economic Development to arrange Savings Groups methodology or MIS trainings. Other resources (see *Appendix H*) include WV's website for Savings Groups, the [ED Video Library](#), or a partner organisation with expertise and experience in the VSLA methodology.

**The Savings Groups Interest Group**  
The Savings Groups Interest Group (SGIG) hosts regular online meetings open to any WV staff interested in learning more, scaling up or sharing their experience with Savings Groups. Meetings focus on different topics with guest speakers from within WV as well as from other organisations implementing Savings Groups. The Interest Group offers a valuable way to learn connect with others involved in Savings Group implementation. To register with the Savings Groups Interest Group, email [EcoDev-SG-Chairpersons@wvi.org](mailto:EcoDev-SG-Chairpersons@wvi.org).

## 7.2 Technical expertise needed

The fundamental activities of the Project Model are the promotion, mobilization and training of Savings Groups, and subsequently promoting Village Agents. These activities may be undertaken directly by the implementation team through WV-hired Field Officers (see p.5 of *Appendix A* for an introduction to Field Officers) or through local level partners that are carefully selected (see Section 4.3, *Partner Capacity Considerations*). Partners may be CBOs, local NGOs or government agencies with whom WV works. WV staff can have an active role in training staff in partnering organizations to start or expand Savings Groups to new target communities. Training of partner “SG Agents” should include both methodology and data collection techniques and time line. Data from these partner-initiated groups should be entered into the WV National Office MIS by either WV staff or trained partner staff. (Alternatively, partners may be national-level, expert organisations who support and train WV staff to facilitate Savings Groups.)

Whether or not Savings Groups are facilitated directly by WV or through a partner, it is important that the relevant WV staff acquire some implementation experience and report data into the NO MIS (Management Information System). Implementation experience can be acquired either through a pilot project or a parallel direct implementation. It is also strongly recommended that staff complete a full training conducted by an experienced WV Field Officers or WV Savings Groups Project Administrators. The Savings Group methodology is based on two decades of practical implementation experience by CARE, Catholic Relief Services and others. It is intentionally simple and uncomplicated. Deviating from it can result in fraud, loss of funds and fractured relationships. Studies and reports on the implementation of Savings Groups can be found in the searchable resource library of the [SEEP Savings-Led Working Group](#) or the [Savings Revolution](#) document library.

The Savings Groups MIS is simple and requires no technical expertise after it is introduced and set up. Data is entered at the field level by staff (not Field Officers) that should have very basic computer skills. Supervisors can be easily trained to run reports that will help them understand the progress of groups and manage Field Officers appropriately. Consolidated data can be analysed at the national level (or cluster or zone in the cases of more limited implementation) by the National Office assigned Manager for the Savings Groups Project Model., (see *Appendix I, Analysis & Assessment Guide*). Training on the MIS can be provided by the Global Office for Economic Development (GOED), Knowledge Management

## 7.3 Guidelines for staffing

*Appendix F* outlines recommendations for Savings Group project staff, including key responsibilities, qualifications and experience. The appropriate staffing structure will depend on the size of the Savings Groups programme being implemented; small projects do not need all staff positions. Savings Groups can be started with a single Field Officer at the ADP/AP level, reporting to the ADP/AP Manager. The MIS can be opened by existing staff

acting as the MIS Administrator. It starts with a single project, as indicated above, with the ADP/AP Manager acting as the MIS Project Administrator.

It is strongly recommended that Field Officers are hired specifically to mobilise and train Savings Groups and that they dedicate 100% of their time to this work. Multipurpose ADP/AP staff who have competing demands are unlikely to be able to dedicate sufficient time to effectively train and support Savings Groups. Utilising multipurpose staff as Field Officers puts programme quality at risk.

Field Officers should be regularly monitored to ensure programme quality (see Section 2 of *Appendix A* for the schedule of supervision to be followed). As groups and the number of Field Officers grow, a Supervisor should be appointed to manage three to six Field Officers at the appropriate level (ADP/AP, cluster or zone). Supervisors (referred to as Project Administrators in the MIS) have a critical role to play in ensuring the quality of Savings Groups across Field Officers and for reporting to the National Office through the MIS. Supervisors observe meetings, analyse data and provide training when needed. These positions could be employed directly by WV, or be sourced and managed through a partnering arrangement with a local level partner. Projects across multiple ADPs/APs or zones should receive oversight and support from the NO (referred to as the NO MIS Administrator in the MIS). While this may be done by an Economic Development or Livelihoods Officer, if the scale of Savings Groups is large enough it is recommended to budget for a national-level Savings Groups Manager.

## 7.4 Guidelines for resources needed for project implementation

- **Budget:** The project is designed to be low budget, using almost no equipment and efficient staffing ratios. Each project or programme will need to develop a budget that responds to the scale and local conditions of its proposed Savings Groups implementation. *Appendix E* provides information on budget considerations for the implementation of Savings Groups.
- **Staffing:** It is expected that initially staffing costs can be funded through ADP/AP annual operating budgets. When the scale of implementation requires Supervisors or national-level management (see Section 7.3 and *Appendix F*) these must be budgeted for accordingly. In the long-term, Savings Groups are resourced by Village Agents, ultimately eliminating the need for paid staff.
- **Timeline:** *Appendix D* provides an example of a possible timeline for a four-year project moving from initial Savings Group formation, to training graduated Savings Group leaders as Village Agents who mobilise and train successive groups. The timeline assumes direct implementation by specialised Field Officers employed by WV or local (or national) partners. In year four, Field Officers will either transition out of their direct role and facilitate the work of independent Village Agents, or start new Savings Groups in other areas.
- **Training requirements:** Basic training for Field Officers on the VSLA methodology requires four to five days and should be delivered by an experienced WV Master Trainer or other VSLA trainer and include MIS preparation and set up. Annual professional development training is also recommended, and may be incorporated into a forum event where implementing staff from across the country can come together to share experiences. On-going training of Field Officers is provided by Supervisors, who must reserve one half-day each week for the review of a specific training module and continue this exercise until they are satisfied that the Field Officers have internalised all modules in the *VSL ASSOC. Field Officer Training Guide (Appendix A)*. Supervisors must also reserve one half-day per month for a staff meeting for review of performance reports to identify weaknesses and correct procedural mistakes.

It is assumed that Supervisors will already have experience with Savings Groups – if this is not the case, they will also require training on the methodology and their role as Supervisors. Any other World Vision staff with involvement in Savings Groups, even if they are not directly implementing Savings Groups, should also receive training on the methodology.

All individuals who enter, manage or retrieve data from the Savings Groups MIS will require basic training on the online MIS (see section 8 and *Appendix J* for more information).

## 7.5 Critical success factors for the model

- **Operational culture of discipline, transparency and consistency:** Savings Groups work with their members' own money, so fraud and loss is devastating to community relationships. Disciplined, transparent and

consistent operating procedures are integral to the sustainability of Savings Groups. These principles can only be established through equally disciplined, transparent and reliable field staff. This is reinforced by the training and supervision schedule on page 8 of the English version of the *VSL Assoc. Field Officer Training Guide (Appendix A)*, to be adhered to by all staff.

- **Implementation by specialised Field Officers:** The Project Model recommends that Savings Groups are facilitated through specialised, dedicated Field Officers who do not have competing responsibilities or demands for their time. The sustainability of the project depends on well trained, disciplined, reliable and motivated Field Officers that will transmit an ethos of discipline, consistency and transparency to the Savings Groups. High staff turnover and unmotivated staff will have adverse effects on the project timeline, the facilitation of the training cycle, the sustainability of the groups and the overall project.
- **Field Officer's consolidated guide to meeting procedures:** This is the single most important document in the *VSL Assoc. Field Officer Training Guide* (see Annex 4 of *Appendix A* or *Appendix I*). It should be laminated (See photo illustration in *Appendix I*) and carried by Field Officers and Village Agents to all meetings. Attempts to memorise procedures will lead to the repetition and entrenchment of mistakes. Rather than memorising the guide, Project Administrators, Field Officers and Village Agents should constantly refer the guide as they lead Savings Groups' through meetings and standard operating procedures.
- **Community support:** The support of community leaders is an important, if not crucial, factor in the community's adoption and confidence in the model. Implementation through or by community schools (for youth and/or parents) and community churches can lead to the true institutionalization and the ultimate sustainability of savings groups in the community. The preparatory phase must be undertaken sincerely, patiently and strategically to ensure the participation and engagement of local leaders and potential participants.
- **Continuous review of training modules at the local level:** Continuous review of the training modules by supervisors and Field Officers at the local level will ensure proper procedures are internalised and mistakes and weaknesses are quickly corrected.
- **Member ownership, sustainability, autonomy and self-selection:** WV's objective is to develop autonomous groups. The principles of self-reliance and member ownership must be emphasised from the very beginning. Field Officers need to emphasise that Savings Groups will become independent of the Field Officer after the first share-out and that in the long term, WV will phase out and Village Agents will take over.

Savings Groups need not be homogeneous, but members must have knowledge, confidence and trust in each other. This cannot be achieved through individual targeting and forced group formation but only through a genuine process of member self-selection.

- **Don't Do:**
  - Field Officers must never touch a Savings Groups' money, make any mark on members' passbooks or hold the passbooks between meetings.
  - Field Officers must never perform any of the Savings Groups' transactions. While they may be inclined to help weak groups by performing certain transactions for them, this has serious adverse effects on a groups' self-reliance, sustainability and ultimately the members' confidence in the system. It is better to let a Savings Group fail than to artificially support a group that functions only because of WV's involvement.
  - WV and its staff should never provide capital to Savings Groups or individual members. Be it a loan or a donation, groups should not receive any external funds. Likewise, donating items of any kind to groups or members also damages the social network and undermines self-determination.
  - WV and its partners should not force any additional activities or training curriculums onto groups. Where any additional components are integrated, they should be solely in response to group demand and must only be introduced after a group has successfully completed *at least two cycles*.
  - WV should never make participation in another project or microfinance institution a requirement for membership in a Savings Group. Nor should membership in a Savings Group be a pre-condition for joining a microfinance institution or participating in another project. Where Savings Group members voluntarily choose to borrow from an MFI or other financial institution, see Section 9.2 for guidelines.
  - Savings Group projects should not deviate from the methodology described in this Project Model and in the *VSL Programme Guides (Appendices A & B)*.
  - VisionFund and its affiliate microfinance institutions do not manage or facilitate Savings Groups. Savings Groups are managed by their members. Facilitation is the role of WV and its partners.

## 8. Any necessary tools

- **VSL Assoc. Programme Guides** (see *Appendices A & B*): These detailed training guides are an essential component of the Project Model, for use by Field Officers, Supervisors and Village Agents. The guides are available in English, French, Kiswahili, Portuguese and Spanish. An older version of the programme guide is available in Arabic. They can be accessed by visiting <http://vsia.net> and clicking on 'Programme Tools' to register for free downloads. Updated data field definitions for the online MIS (to replace pgs. 52-53, Annex 6), are included in *Appendix I*.
- **Savings Groups Management Information System (MIS)** (see *Appendix J* for more details): The Savings Groups MIS is the primary tool for the continuous monitoring and effective management of Savings Groups. Developed by VSL Associates, it is the industry standard for Savings Group management and reporting and is used by numerous international NGOs and other implementing organisations. The MIS is an important tool for Supervisors (referred to as Project Administrator in the MIS) to be able to know how well FOs, VAs and the SG groups are doing. It delivers essential and timely information to the National Office manager (referred to as MIS Administrator in the MIS), to GOED/WV Partnership and to donors to be able to understand how the project is progressing.

The MIS is an online system that efficiently collects data on industry standard indicators, as well as indicators specific to World Vision. It is easy to set up and to use and does not require extensive technical capacity. However, it is highly recommended that NOs receive an orientation and guidance to set up their NO MIS from a WV Master Trainer. All MISs in WV will be named following the format “World Vision <country name> (without punctuation or the addition of “MIS” at the end). Additional considerations must be taken into account to include grant-funded or cross-sector SG projects in the NO MIS. It is essential to open and set up the MIS correctly to avoid loss of data or other subsequent delays to make corrections. For assistance, contact the GOED Master Training Team or the Regional SG MIS Champion.

This data, collected regularly by Field Officers (or Village Agents), is primarily used to produce performance reports that facilitate the management of groups and Field Officers. With the support of the Global Office for Economic Development (GOED), every NO implementing Savings Groups will set up an online MIS as part of a global WV Savings Group network, enabling an improved understanding and comparison of Saving Groups performance across the WV partnership. NOs may choose to publish their data publically on the SAVIX, in order to benchmark against other organisations and contribute to global data demonstrating the performance of Savings Groups. Guidelines for publically sharing WV data on the SAVIX are included in *Appendix L*.

Along with the industry standard data, the MIS also facilitates the collection of limited National Office data. All data collection should follow the Schedule of Operations which plans for data collection to be done at the beginning of the cycle and at every change of phase, totalling 4 times per cycle per group –according to each group’s start date. Data collection visits in the first cycle are supervised by the Supervisor (Project Administrator) for FOs and by the FOs for VAs. *Appendix I* includes the standardized data collection survey tool for data collection from groups along with the data fields definitions document which summarizes the meaning of all terms on the data collection survey tool.

Data is collected by FOs (and eventually by trained VAs) for two cycles, with unsupervised visits during the second (or subsequent) cycles. This will permit some insights on the sustainability and replication of Savings Groups. Data is entered by a part-time Data Entry Clerk or other administrative staff (NOT by FOs). Once it is entered, reports can be run for comparative analyses by the Project Administrator (Supervisor) at project levels and/or by the MIS Administrator in the National Office. To facilitate consistent and accurate interpretations of the data, the SG MIS Analysis & Assessment Guide is available from GOED and included in *Appendix I*.

To both facilitate and enable the efficient and effective management of FOs, VAs and the progress of Savings Groups at the project level (and all NO SG projects at the national level), FOs (and eventually, VAs) are expected to report performance data on all indicators through the MIS for two cycles (minimum one complete cycle). Data will be aggregated to the National Office and subsequently reported to the Partnership by GOED and publically through the SAVIX. While the MIS can function to deliver aggregate reports, it is worth reminding that its primary and foremost function is to serve local program managers and the national office coordinators as a **management** tool for achieving optimal group (and project) safety, performance and quality.

## 9. Linkages and integration

## 9.1 Child sponsorship

There is likely to be an overlap between the families self-selecting for Savings Groups and the children registered for child sponsorship. Care needs to be taken that access to a Savings Group is not viewed as in any way conditional or linked to registration in child sponsorship or other forms of exclusive benefits. It is not recommended to combine child sponsorship monitoring with group meetings, as it may confuse participants about the objective of Savings Groups. Care should be taken to ensure that group meeting times and locations are determined by group decision and not by child sponsorship activities. Overlap with child sponsorship monitoring activities while seemingly efficient, could undermine group self-determination and result in loss of motivation or weak attendance.

## 9.2 Enabling Project Models

- **Caution on creating linkages between Savings Groups and other projects:** Savings Groups are popular, participatory and dynamic groups. They are a cost-effective instrument for social mobilisation in extremely poor and remote areas. As a result, NOs and ADPs/APs may regard these groups as an effective entry point for integrated programmes, training or education. However, the imposition of additional elements can cost members time and detract their focus from the fundamental activities of savings and lending and have debilitating effects on the group's development.

**While integration may work well in some instances, it is essential that the following principles are followed** to ensure that Savings Groups are not overwhelmed or undermined by the addition of other components:

- No integration or additional components (training, education curriculums, activities, etc.) should be introduced until a Savings Group has completed at least two cycles.
- Additional components must only ever be introduced based on demand from the group determined by group consensus and solidarity (not majority vote). Savings Groups are not a 'delivery channel' for supply-driven services. Integration that is not demand driven is likely to burden the group, weaken social capital solidarity and lead to threatening its sustainability.
- Participation in any additional component by any member must be voluntary. No individual should be obliged to participate.
- Additional activities must be separate from, and not interfere in any way with, Savings Groups meeting procedures.
- Savings Groups are autonomous and should never be merged into other institutions such as cooperatives or CBOs, unless it is of their own initiative.
- Any integration should be closely monitored & supported with rigorous evaluation to understand the impact on the Savings Group and its members. All forms of integration should be thoroughly piloted before considering any degree of scale-up.

The above principles also apply to financial education. While basic financial education may provide Savings Group members with the tools to manage household assets more effectively, such education needs to take into account the varying abilities and interests of a heterogeneous group. Such education should aim to inform and empower Savings Groups members about products, costs, terms, and the options available to them such that **the members** will be able to make informed and educated decisions. The role of WV or FOs is to serve as neutral coaches to build the capacity of the SG members for long term empowerment. The forced integration of a standardised curriculum is, once again, not recommended.

- **Linkage with financial institutions:** WV should maintain a healthy relationship with local financial institutions, including banks and MFIs. They must be assured that Savings Groups are not competitors. Rather, Savings Groups provide a different, complimentary financial service.

Linking Savings Groups or their members to formal sources of credit is neither necessary nor inevitable. It should not be viewed or expressed as something a Savings Group must work towards. Anecdotal evidence suggests that modifying the savings basis of a Savings Group and introducing external credit early in the life of the Savings Group can break down motivation and causes the group to disintegrate. This also happens if the Savings Group, as an entity, borrows from a microfinance institution.

The principles below should be followed when Savings Groups members are linked to MFIs:

- There is no restriction against members of a Savings Group also being clients of an MFI or bank. Individual Savings Group members who are interested and eligible for external credit should engage with an MFI for an individual or group loan separate from the (original primary) Savings Group. (This may mean that members who wish to share credit as a group will intentionally form a secondary group for this purpose.)
- Savings Group assets (individual or group savings) must never be used as collateral for an individual member who chooses to take a loan from an MFI.
- Members should never take a loan from their Savings Group to pay off a loan from an MFI.
- Information about an individual Savings Group member, their savings or their loan history in the group may not be shared without their explicit permission. A clear process for obtaining permission must be developed and adhered to.

While it is not recommended, in the case of a Savings Group wishing to take on a loan as a group the following principles apply:

- All members should be in unanimous agreement and solidarity. The system of anonymous voting used to elect the Management Committee can be used for all members to vote on whether or not the group should take an external loan. No member should be forced to take on additional credit risk against their will.
- A MFI or its representative(s) must never become involved operationally in a Savings Group.
- Groups should not be offered (or take) an external loan before completing at least two cycles. This allows time for the group to develop experience and confidence in managing their finances –the stuff that makes strong future clients. Groups that receive credit early on can lose focus on building assets through savings, which is a fundamental component of the Savings Group methodology.
- Groups should not be offered or take loans if they are not sufficiently utilising their own internal loan fund. An underutilised loan fund indicates that there is not a demonstrable need for additional external credit.
- The first loan taken by a Savings Group should not exceed half the total value of all member shares. In subsequent cycles the loan should never be equal to more than the value of the previous cycle's share-out amount.
- A group only lends money to its members and does not provide information about individual member loans to the MFI.
- Loans to Savings Groups should be reimbursable on flexible terms and/or in varying amounts throughout the loan repayment period without penalty.

## Appendices

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Appendix A: VSL Assoc. Field Officer Training Guide<sup>24</sup> (English, French Kiswahili, Portuguese & Spanish)

Appendix B: VSL Assoc. Village Agent Training Guide (English, French Kiswahili, Portuguese & Spanish)

Appendix C: Illustrative Log Frame & Standard Indicators for the SG Project Model (*pending*)

Appendix D: SG Project timeline

Appendix E: Budget considerations

Appendix F: Staffing Guidelines (Field Officers & Project Administrators)

Appendix G: Standards for Savings Groups

Appendix H: Passbooks and Printing Instructions (Multiple Languages. To create artwork for a language that is not listed, contact GOED.)

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<sup>24</sup> For the most recent versions of VSL Programme Guides in all languages, visit <http://vsla.net> and click on 'Programme Tools' to register for free downloads or to access other language versions.

Appendix I: Savings Groups MIS Tools:

- Data Collection Survey Tool and Definitions
- Frequency of Data collection (Schedule of Operations)
- Laminated Field Officer's Guide (with photo illustration)
- SG MIS Analysis and Assessment Guide
- Quality Assessment Guide for Savings Groups (tool)

Appendix J: WV Certification Criteria and Scale Up Action Plan

Appendix K: SAVIX Guidelines

Appendix L: VSL Associates Projections tool

Appendix M: SG Scale Up Projections Planning Tool (from VSL Associates)

Appendix N: Frequently Asked Questions, Snap Shots & Power Pt. presentations (English & Spanish)

Appendix O: References & Resources

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### World Vision International

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### International Liaison Office

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