DO NO HARM: GUIDELINES FOR PROMOTING SAFE SAVINGS GROUPS

The social and economic benefits of Savings Groups (SGs) for their members are well documented, from increased resilience, to social benefits, to asset accumulation. Development organizations that have not traditionally worked with SGs are noticing the potential of SGs to provide benefits directly, and to be a platform for other activities, and so are adopting this methodology. At the same time, traditional implementers continue to strive for scale while experimenting and innovating on a number of fronts, from financial linkages to the use of new communication technologies in SGs. Finally, the SG community has become increasingly aware of the danger of complacency and the need for understanding the long-range outcomes of SGs. For all these reasons, the SG sector has recognized the need to develop guidelines for agencies that promote SGs.

The guidelines put members’ welfare at the center of any intervention, seek to ensure that products and services offered are not harmful to members, that projects provide measurable and sustainable benefits, and that SG membership includes those people who most need savings, the very poor. Many practitioners will want to do more, or have even higher standards. These guidelines are proposed as a floor, not a ceiling, for good practices.

Principle 1: Program Integrity

A Savings Group project should have a clear set of objectives, and everyone involved in the project, from donor to village agent, should be committed to achieving them. There should be reliable measurement and transparent reporting about progress.

This principle includes the following elements:

- Find common ground with donors around investing in group quality, so that funding agreements include realistic benchmarks for quality and performance of SGs formed, as well as numbers of groups and members.
- Select partner agencies that share your objectives.
- Avoid unrealistic claims in conducting fund-raising; they could distract program staff from their implementation plan or create false expectations among field staff or group members.
- Have accurate monitoring and reporting.
- Integrate a commitment to group quality and consumer protection into every aspect of the project.

Guidance notes

1. One measure of program integrity is the gap between what is said and what is done in different areas of the program. Savings Group programs have the same challenges in this area as any other programs, and may find themselves with gaps between the data reported, and the results from the field; or between the practices espoused and field
reality. Just as important can be gaps between how fundraising and marketing staff describe the project, and what the technical staff says and knows. In fact, integrity is a management principle and broadly applicable, but that in no way changes the importance of reducing gaps between what is said and what is done. Doing so will quickly make SG programs run more easily and more efficiently.

2. **Funding relationships:** Work with donors first to agree on a definition of group quality, and then agree on quality indicators, and include these in funding agreements. Set targets that include both quantitative and qualitative goals, monitor quarterly, and make appropriate adjustments. While it is true that donors have their own agenda and may not want grantees to "educate" them, they almost always have ambitious social goals themselves. Look for and stress the social objectives that you have in common with the donors, and suggest ways to measure progress towards them. Be an advocate of SGs and avoid trying to bend proven SG approaches to please donors. Note that while some agencies report a conflicting pull between the need to spend adequate time training groups and managing trainers, and the need to reach large numbers of people, others believe that resources are usually adequate, that the challenge is simply one of designing systems for scale, planning and execution. FAs should avoid signing contracts that do not provide for adequate resources to form safe SGs.

3. **Choose an approach and stick with it.** The different systems of forming SGs have more things in common than differences, and any one of them is provides a framework which can lead to safe and sustainable SGs. Avoid change for change sake, and place your attention on excellence of implementation, rather than innovation.

4. **Partner relationships:** Select local partners who share your vision, who are able to manage a project well, and who are committed to the post-project support and expansion of SGs in the area.

5. **Managing differences:** Where there are different objectives among INGO, local partner, or donor, be transparent about it, and be sure each agency is aware of and supportive of all their partners’ objectives.

6. **Strategy:** To succeed in forming secure and sustainable SGs, the FA will need a well-documented strategy that includes a description of the program’s purpose, expected outcomes, its target population, and the exit strategy, and assure that all stakeholders understand it and buy in. Internal communication and feedback are essential parts of having a strategy that actually leads to results. A strategy document that stays in a filing cabinet is no more useful than an SG’s constitution that stays locked in the cashbox and is never consulted.

7. **Consumer protection:** The FA should insist that the safety and sustainability of the groups that are formed by the project are top priorities at every stage of project design and implementation; this can only happen if agencies are truly committed to take the time and commit the necessary resources to this.

8. **Measurement:** Make sure that monitoring and reporting are sufficiently comprehensive to allow you to track both quality and quantity of SGs; and that data are accurate reflections of field reality. Consider monitoring a sample of SGs post-project. The Sociologist Susan Johnson, of the University of Bath, has pointed out that the performance of member based financial institutions is usually over-stated, because it is difficult for researchers to study either groups which have failed, or members who have dropped out. The groups leave little trace when they wind up operations, and members who have dropped out often are either not around, or reluctant to share a negative experience. It is very difficult to select and follow truly random samples, and therefore very easy to do flawed research which presents a picture of SG success that does not reflect reality.

9. **Sharing information:** All FAs have the responsibility to contribute to the success of SGs around the world by sharing both your successes and challenges in appropriate forums.
We have all learned from pioneers before us, and it is incumbent upon us to pass on what we learn to others.

Principle 2: Group mastery of principles and procedures

Savings Groups should be trained well enough to be able to manage their own affairs, transparently and sustainably. Or, if groups do not master all aspects, such as share-out calculations, there should be permanent assistance available on an as-needed basis post project.

This principle includes the following elements:

- Remember that outcomes depend above all on the trainer, the person who defines what a Savings Group is to the group, and who gives the group the information needed to succeed. While trainers are generally among the less well-paid persons in a project, in many ways they are the most important.
- Select and train trainers with great care. Select a larger number of trainer candidates than the actual number of trainers needed, and make final hiring selections at the end of the training. Develop written criteria for trainer candidates and apply these criteria consistently and objectively throughout the selection process. Screen candidates for their commitment to the mission and strategy of the organization as well as their technical ability.
- If the project expects to work with a preponderance of women members, preferentially look for qualified women trainers, as well as men with high sensitivity to gender issues.
- Recognize both the intrinsic and extrinsic motivation of trainers. While some projects stress fee-for-service and others social contribution, in fact all trainers want to make a contribution to their community, and most trainers need financial support to do so.
- When possible and consistent with project design and sequencing of activities, recruit trainers with a first-hand knowledge of SG procedures, that is, people who are or have been SG members.
- Consider non-trainer approaches to strengthening groups including using smart-phone based technologies such as e-Recording and Critical Message Videos.
- Have your exit or sustainability strategy in place, and announce it to stakeholders, at the time the project launches.

Guidance notes

1. Trainer Selection: Develop and consistently apply written criteria for trainer selection (and place a priority on candidates with first-hand experience, if possible SG members). Screen candidates for their commitment to the mission and strategy of the organization, as well as their ability to carry out the specific tasks of a trainer. Finally, look for trainers who will respond positively to the type of motivation they are likely to receive, whether financial incentives, or prestige, or a chance to serve the community. While some agencies see no problem in trainers being members of groups they train, others see this as a serious risk; be aware of this issue.
2. Monitor trainer performance, and be willing to take hard personnel decisions quickly if necessary.

3. Training of trainers: All trainers should be trained by a master trainer, that is, someone with near-perfect knowledge of SG principles and practices, and good training-of-trainer and assessment skills who uses a balance of classroom and field training and observes trainees delivering the material they will be responsible for presenting to SGs. Avoid cascade training systems with intermediate steps between the master trainer and the person who trains the SGs.

4. Trainer management: Observe trainers in the field working with groups, especially near the beginning of their service. Correct errors in messaging or framing, in information given, or in training methodology, immediately. Provide positive reinforcement for excellent trainers and use them as role models when possible.

5. Fee for Service trainers: Put in place written contracts between Fee-For-Service trainers and SGs outlining the expectations of payment, nature and quality of services, and duration, and create pro-consumer codes of conduct for trainers and especially FFS networks post project. Assure that trainer networks have occasional oversight or governance post project. Link payments to value added: payment of trainers after a first cycle should never be considered an entitlement.

6. Reaching SGs directly: Consider using new technologies to support SGs directly (including e-Recording, e-Kit, and Critical Message Videos). These tools can reinforce good trainers, fill gaps that less good trainers leave in their group training, and support spontaneous groups that might otherwise have no support.

7. Trainer assessment: Evaluate trainers both on outreach performance and on group quality and inclusiveness; replace trainers that are consistently underperforming or delivering wrong messages to groups. Use the standard MIS, insist on accurate data, and always supplement MIS data with direct observation, and in particular talk to representative SG members in the absence of the trainer. Be sure that trainers understand how they will be assessed and of course make sure supervisors do as well, and have the skills to assess. While assessing trainers, make sure also to create a culture that is oriented to improvement, not sanctions, so that trainers feel free to talk openly.

8. Trainer motivation: Some agencies introduce new products and services so that their FFS trainers can sell them to their groups to maintain their income stream and remain motivated to visit groups. These services include training in business planning, agricultural production, and products such as clean energy products. If you do this, observe the guidelines in the section on Savings Groups and other activities, particularly concerning moral responsibility for outcomes post-project.

9. Redress: Consider putting in place a hotline or other redress mechanism for groups or members with a problem that cannot be resolved by the trainer. Monitor use to find systemic problems.

10. Exit strategy: Be committed to group quality not only during the project, but also after it. Make sure that every SG that is formed towards the end of the project will be accompanied by a qualified trainer through their first share-out.

**Principle 3: Good Savings Group practices**

The standard procedures and principles taught to Savings Groups, as they have been developed and taught by VSL Associates, CRS, and others, all produce safe groups. Facilitating agencies should adopt one of these proven systems, or modify it only if they have good reason to believe they can make it even better.
This principle includes the following elements:

- Make sure that SGs place a high priority on respecting the group's rules as written in their constitution.
- Make sure that SGs think about security of funds; doing so may involve use of financial institutions, but that will not be appropriate for all groups.
- Build a culture in which the SG respects not only borrowers, but also those who only want to save.
- Avoid short-cuts to standard procedures; in particular, avoid as monthly meetings, very large groups, and training in clusters.

Guidance notes

1. **Respect for constitution**: High respect for agreed upon principles and procedures protects groups from traditional power structures that may try to capture control of the group and its assets. Ensure that SGs learn and respect their constitution. Each member can learn a clause and recite it at meetings, or the constitution can be read to the group from time to time.

2. **Cashbox Security**: While outright theft of group resources is rare, it exists, and can be catastrophic for SGs that experience it. Stress a practice of strict confidentiality among all members about all details of group functioning, certainly including the amounts of money saved, the location of the box, and the date of share-out. (Of course, this is a local decision, and in some countries share-out is a day of celebration to which neighbors are invited.) There is no one solution to box safety; lead each group to consider the question seriously and find the solution that works best for them.

3. **Safekeeping of funds in a financial institution**: When available, inform groups of the option of opening a bank account or mobile money account to keep excess liquidity, especially near share-out time. Note that there are also risks in transporting cash to and from a bank or agent, and the SG itself must weigh the various risks and decide. Bank accounts and mobile money accounts should be managed by procedures that are as secure and transparent as the procedures for managing the cashbox.

4. **Respect for both savers and borrowers**: Send the consistent message to groups that it is acceptable for members to save without borrowing, and educate them that savers make it possible for others to borrow. Do not automatically suggest that groups adopt 10% monthly interest so that they will have a bigger share-out. Use the MIS to monitor loan fund utilization and look for patterns that suggest there is pressure to borrow.

5. **Meeting Frequency**: Urge SGs to meet weekly if practical, otherwise every two weeks. Monthly meetings should be avoided, especially in the first cycle, since they usually do not allow sufficient monitoring visits for groups to learn procedures, and members save more in groups that meet more frequently. Monitor frequency, and caution trainers who have a preponderance of monthly meetings.

6. **Group size and clusters**: Note if trainers form groups of unwieldy size, or oblige members to travel long distances to be part of a cluster; these measures allow a trainer to reach large numbers of people, but do not produce strong groups or satisfied members.

**Principle 4: Combining Savings Groups and Other Activities safely**
Many Savings Groups will themselves want to add other activities, such as Income Generating Activities, especially after they have been meeting for several years. Facilitating Agencies, through their trainers, should make it clear that there may be risks in other activities, but that adding them is the choice of the group. When a Facilitating Agency itself introduces another activity, it should take moral responsibility for the outcome, which means that, to the extent the agency urges or requires the other activity, and to the extent that the activity puts the group’s resources or survival at risk, the FA should provide support and redress post-project if the results are not what the FA promised.

This principle includes the following elements:

- Help groups make good choices if they decide themselves to add other activities
- If you introduce other activities, remember that your suggestion may be taken as a requirement; do not under-estimate your influence over the group
- Announce your intention to add other activities as early as possible
- Activities which put the SG’s financial resources at risk should be avoided, including contracts between SGs and financial institutions that are likely to result in loans guaranteed by the SG.
- The three to five years of a typical SG project are not long enough to measure the long term effects of innovations. Plan realistically for positive outcomes beyond the end of your assistance.

Guidance notes

1. Until only a few years ago, most SGs were purely SGs, saving and borrowing and often having a social fund, but nothing else. Now, practically all SGs seem to have some other activity, sometimes one suggested to them by their Facilitating Agency. There is no evidence that these other activities cause harm to the group, unless they involve “opening the box”, or in other words, putting the group’s collective resources at risk. There is not a consensus that opening the box for another activity is always a bad thing, and some FAs argue that without risk, there is no gain. Absent that consensus, there is no guideline saying never to suggest other activities that involve opening the box, or putting group resources at risk. However, agencies who do suggest that to groups should realize the risk, and should realize that negative effects if any may well occur after the end of a project, and therefore may well be invisible to the FA. Not enough is known about the results of various add-ons to savings groups. This much is clear: that the three to five years of a typical project are not long enough to measure the long term outcomes of most innovations, all the more so since innovations often start with substantial outside assistance to groups and resource inputs, both of which may end abruptly at the end of the project. Add-ons require hard, long-term thinking.

2. Income Generating Activities (IGAs): Perhaps no area has such divided points of view as the idea of SGs starting IGAs for the group. Some agencies think they are necessary for the success of the group, and others state that they are the main reason why groups have problems. Many SGs will want to put their excess funds to work by starting a group IGA. While SGs are free to chart their own course, you can urge them to select IGAs that retain their value and require little management time or contribution of labor. Such activities - purchasing animals, chairs or grains - might better be considered
investments; they are generally relatively safe, but can also lead to issues when members want to leave the group for whatever reason. Urge the group to address the question of what happens at the end of the cycle, before they launch the IGA.

3. **FA-originated activities**: Offering training and educational opportunities to groups carries little risk, whereas investments always do. Tell prospective members early in the process of training of your intention to introduce other activities, allowing them to choose to participate or not, before they commit to the SG. Realize that you are perceived by the SG members as having great authority, so your suggestions may be perceived as requirements. Inform groups clearly of the possible benefits and the risks, and let them choose freely. Avoid suggesting activities that put the group’s assets at risk, and realize that negative results often occur after the end of the project; if you launch such activities, make sure that there are remedies and redress in place post-project.

4. **Choice of partner**: FAs should partner with socially-minded financial institutions who share the same mission and vision for poverty reduction. While not everyone would agree, power inequalities would suggest that FAs should steer clear of profit-maximizers and institutions that are simply interested in expanding their markets.

5. **Financial Linkages**: Whether for saving, credit, or transactions, members often want additional financial services in addition to those provided by their SG. Some FAs want to help them acquire these services and therefore inform their groups about them. Any contracts with financial institutions should be chosen freely by members who are educated in the advantages, costs and risks of acquiring the service. Assure genuine buy-in from the financial institution, not just to the business model, but to the long-term well-being of groups.

6. **Financial education** must be kept strictly separate from sales and marketing; any institution that is incentivized by the number of new accounts opened is not likely to give objective information to SGs.

7. **Financial Linkages for saving**: As groups become richer, the risk of keeping large sums in cash boxes becomes very great. In at least one reported case, a treasurer lost her life during a robbery of the box. Helping groups reduce this risk is a priority for many, although opening a bank account is not always the best option, if travel to and from the bank itself creates additional risks. And, reliance on mobile money is not free of challenges: few mobile money agents can deal with the large sums that groups need at share-out, and in some cases, the introduction of mobile money has made groups feel less democratic, as the managers controlled the flow of liquidity to and from the group.

8. **Financial linkages for credit**: Do not arrange or recommend any system in which loans to individual members are guaranteed by the entire group; such loans involve risk-benefit mismatch and end up with poor people putting their savings at risk to guarantee loans to the less poor. Beware of linkages that “start with” savings, because the benefits to financial institutions come from credit. Avoid also loans to the group fund, which may discourage savings, and are likely to have the same risk-benefit mismatch. However, there is no problem in encouraging financial institutions to accept a member’s financial history with the group as evidence of credit worthiness. Many FAs feel that the match between the objectives and culture of for-profit financial institutions and member-owned SGs an uncomfortable marriage, likely to lead to loss of capital through interest payments, and likely to change the nature of the group from community-managed and savings-led, to something else. But not all FAs agree, and some are actively pursuing credit linkages.

9. **Micro Insurance**: Just as in the case of micro-credit, micro-insurance can be expensive to poor people. And, just as in the case of micro-credit, it is often difficult to know exactly how much micro-insurance costs the end-user. Before introducing micro-insurance, ask how much the insurance company projects paying out in claims, in relation to the
amount collected in premiums; this ratio is called the pay-out ratio or the loss ratio, and it is completely appropriate to inform group members of this.

10. Advocacy: Financial institutions have power and knowledge advantages in dealing with SGs; consider finding a neutral Omsbudsman, or watch dog, to help assure that SG interests are safeguarded. The Omsbudsman should not be the same entity that is providing financial services, or introducing the SGs to the services.

11. Data use and ownership. Because financial linkages can bring Savings Groups into contractual arrangements with for-profit institutions, they raise a new issue, that of the ownership, and eventual monetization, of member data. That is, information about the profile of group members, and their financial histories, and the financial performance of the group, is valuable, and the entity that owns this data can sell it for profit. While data ownership and monetization may be difficult concepts for many group members, it is incumbent on the FA to be clear with SGs what will happen to information about the groups and their members, who controls the information, and who can profit from it.

12. Plan Tanzania has grouped Savings Groups into higher-level structures called Intermediate Marketing Associations (IMAs). Although any grouping of SGs should be done with much deliberate care and caution, Plan seems to have achieved good results, in part because Plan has carefully documented their approach, prepared comprehensive training materials, and maintains a presence in the area.

Principle 5: Inclusiveness

Most facilitating agencies assert that they serve the poor or the poorest, or the most vulnerable. While Savings Groups mostly attract people who are not rich, it usually takes considerable special effort to reach the most vulnerable. FAs which claim to reach the poorest should make that special effort, and measure and report on the results.

This principle includes the following elements:

- Decide who you want to serve, develop a strategy to serve them, measure who you are actually reaching, and if you are missing your target, analyze what keeps the poorest and most vulnerable from joining groups.
- Develop a strategy to include the poor, that might include choice of partners, incentives, and messaging.
- Agree with the local partner on the duration of assistance, and on post-project expectations, and be prepared to sever relations with a non-performing partner as a last resort.
- Align trainer incentives (both monetary and other) to encourage them to form groups with poor people.
- Choose partners who already work with your target group if possible.
- Do not assume that the poor will join eventually; that may not happen automatically.
- In measuring inclusion, compare Savings Group members to non members in the same area rather than to national averages.

Guidance notes
1. There are probably no SG projects anywhere that exclude people on the basis of ethnicity, though some do on the basis of gender (women’s projects) and age (youth projects). Age or gender exclusion often leads to proxy membership: men join through their wives, or parents send their children. Target as a last resort, but some targeting may be necessary: there are some cultures where it is very difficult for young and old, or men and women, to sit together as equals.

2. It is widely thought that the better off members of a community are the first to join SGs, and that poorer people join later; there is some evidence that this happens, but no conclusive evidence that it always happens. You will need to determine what is happening in your project. Define the profile of people you would like to reach, and find out if you are reaching them. If you are not reaching them, determine if they are excluded because they do not know about the program, cannot find a group to join, can’t afford to join, or are excluded in other ways.

3. Use the PPI or similar tool to measure wealth levels of members and ideally measure a sample of non members also to compare; compare SG members to local averages, not to national averages. Rural areas, where Savings Groups are usually located, are poorer than national averages; rural Savings Groups are almost inevitably poorer than national averages, even if they primarily serve elites and business people.

4. While no projects deliberately exclude the poor, many agencies report some dissatisfaction with their own inclusiveness. Some are taking deliberate steps to include poorer people, either because that is their stated mission, because they recognize that the poor have the greatest need for savings, or because of donor urging. Messaging, or framing, the project to be inclusive is an essential first step in doing this. If field staff and, through them, potential members, are not told that SGs are intended to include poor people, they are unlikely to figure it out themselves.

5. Poorer people experience more disruptive problems, are often less educated and perhaps less open to new ideas, and so require more effort from the trainer. Fee-For-Service trainers often invest their time, frequently non-remunerated, to work with poorer groups, and we should not underestimate the courage and tenacity of trainers who reach out to poor people. But don’t count on good will and civic duty alone: make sure that trainers have adequate incentives to include the poor. These incentives may be non-material, such as recognition and praise, or material, such as bonuses for including the target population.

6. Despite the importance of the local partner in your programming, it is possible that you will be perceived as one donor among several by the local partner, and you may have less ability to change the practices and orientation of the local partner than you wish. If you can choose local partners that already reach your target group, they will probably continue to do so, and that will be a much easier course than trying to re-orient a local organization.