



THE PRIVATE SERVICE PROVIDER DELIVERY MODEL

CRS' Approach to Scaling Up SILC Groups

The SILC methodology

Savings and Internal Lending Communities (SILC) is a savings group model developed by Catholic Relief Services (CRS). SILC groups are user-owned, self-managed savings and credit groups that are accessible, transparent and flexible. A SILC group typically comprises 15-30 self-selecting members, and offers a frequent, convenient and safe opportunity to save; helps members build useful lump sums that become available at a pre-determined time; and allows them to access small loans or emergency grants for investment and consumption. SILC groups build upon, and reinforce, social bonds among community members. The methodology can be easily implemented by generalist, grassroots organizations, and is well-suited to integration with other development interventions.

The need for a sustainable delivery model

SILC groups are inherently sustainable: following a one-year period of training by qualified agents, they continue operating on their own. However, the activities of agents, and therefore the expansion of SILC, have to date been dependent on donor funding and limited by project cycles. In response, CRS is pioneering an innovative delivery model to enhance the sustainability of SILC delivery beyond the project cycle while driving down the cost of the initial investment. CRS' approach focuses on three levels of sustainability:

1. At the group level: sustainability means that SILC groups continue offering their members saving and borrowing services, without the need for ongoing external support.
2. At the agent level: sustainability means that agents continue forming and supporting new SILC groups once they no longer receive any financial support from the project. They do so by charging groups for their services.
3. At the area level: sustainability means that there is a sufficient supply of high-quality SILC services available to satisfy local demand. Agents in a given catchment area are organized in a local network with an effective mechanism to bring on apprentices as needed to deepen the delivery capacity, without support from implementing organizations.

The Private Service Provider (PSP) model

CRS' delivery model rethinks the approach to agents who form SILC groups, by preparing agents to become independent service providers operating on a market-



led basis. Community-based agents are initially identified, trained, supervised and compensated by implementing organizations for up to one year, as would be the case under a traditional, donor-driven delivery model. After one year, agents undergo an examination process that assesses their productivity, the quality of their groups, member satisfaction with their services, and their technical skills and motivation. If successful, agents are certified as PSPs and offer their training and support services to communities, at a fee, since they are no longer supported financially by the project. A combination of financial and social/personal incentives drives PSPs to continue forming and supporting groups. PSPs operating in the same area constitute an informal network of agents, for coordination, quality control and mutual support. In cases where demand for SILC services exceeds PSP capacity, PSPs may recruit apprentices to supplement their work. The network then takes responsibility for certifying the apprentices as PSPs.

The SILC Innovations Project and Beyond

The PSP model is being developed under SILC Innovations, a Bill & Melinda Gates Foundation-funded project implemented by CRS with 14 implementing partners in Kenya, Tanzania and Uganda. As of June 2011, over 700 agents have organized more than 260,000 community members into SILC groups, and the certified PSPs have established themselves in their markets. Mature PSPs have created on average over 10 groups since being certified, with 86% of PSPs earning from groups on average \$55 per month. The project's overall cost-per-member stands at \$18, and will continue to decrease as independent PSPs form new groups without project support. PSPs from each implementing partner have formed networks, which are evolving differently depending on local conditions. Most networks have initially focused on pricing and marketing support for PSPs, and in some instances have brokered partnerships with other stakeholders to diversify their PSP services. The more successful PSPs have brought on apprentices, with imminent plans for network certification.

The project is thoroughly evaluating the effectiveness of the PSP approach through direct comparison to a control group of field agents who continue to be paid by the project. Results will be available in 2012, and will examine beneficiary-level outcomes and poverty outreach, as well as delivery model productivity, sustainability and competitiveness. Research will additionally encompass PSP networks and the apprenticeship model.

CRS continues to learn from and refine the PSP model, and will publish a PSP implementation guide in 2012 to support systematic roll-out. Beyond the Innovations project, CRS will look for opportunities to leverage existing PSP networks as focal points for other development interventions, and to introduce the market-led PSP approach to other sectors within CRS.

For more information, please contact:

Guy Vanmeenen, Senior Technical for Microfinance in Africa: guy.vanmeenen@crs.org
 marc bavois, SILC Innovations Project Director: marc.bavois@crs.org