

# Protection: Savings Groups



## KEY POINTS

- The SG system allows for straightforward collection of financial data at the group level.
- Several well-recognized SG program implementers have collaboratively developed a standard basic data collection and monitoring tool, SAVIX MIS; the use of this tool is strongly recommended.
- While the SAVIX MIS is widely used, several agencies have developed complementary qualitative monitoring tools to measure changes in members' welfare, attitudes and empowerment as well as intervention impact.
- Groups tend to be very supportive of the program which facilitates the organizing of focus group discussions and other evaluation methods.
- Similarly to SG add-on activities<sup>1</sup>, additional M&E endeavors should be managed to ensure they do not overburden groups, thereby increasing the opportunity cost of individual participation.

## INTRODUCTION

Effective monitoring and evaluation (M&E) systems for savings group (SG) programs must collect, store and process information for decision making by donors, program implementers, the groups and even individual group members themselves. Additionally, the management information system (MIS) must be cost effective for each of these stakeholder groups. For the SG and its members in particular, this means that the effort required in collecting MIS inputs should not be unduly burdensome for group members. Project-specific monitoring systems can be designed to collect specialized data of interest to stakeholders. However, due to limited resources and, more importantly, the need to focus the M&E design, concentration should be placed on a selection of key indicators based on the program's goals and logic model.

## MONITORING RECOMMENDATIONS FOR SAVINGS GROUPS

Monitoring indicators can provide information about the extent to which goals are being met—whether the program is working as planned, the anticipated outputs, and tracking of household- or individual-level outcomes. Indicators and monitoring systems may be designed for the community, group, household or individual level, with the latter often disaggregated by gender and age group. This is particularly important for programs focusing on youth and children as there may be differential outcomes among household members or changing dynamics within a household.

There is a standardized savings groups MIS, hosted on SAVIX<sup>2</sup>. This is an Excel-based, open source solution covering *program outreach and efficiency* and *group financial performance*. It allows performance comparisons across SGs as facilitators can track progress and highlight potential problems. Most SG projects participate in this globally standardized system, which allows for both internal and cross-project analysis of key financial performance indicators for groups. Donors should require implementers to use these tools as a way to maintain strong SG programs.

## EVALUATING IMPACT OF SG PROGRAMS

When evaluating a SG program's impact (separate from monitoring), impact indicators can provide information about the extent to which goals are being met, including whether the program is working as planned, the anticipated outputs, and the short- and long-term impacts. Impact indicators may also be at the community, household or individual level, and likewise disaggregated by gender and age group. This is particularly important for programs focusing on youth and children, as there may be differential impacts among household members or changing dynamics within a household. In some cases, programs may need to develop specialized indicators based on program goals or context.

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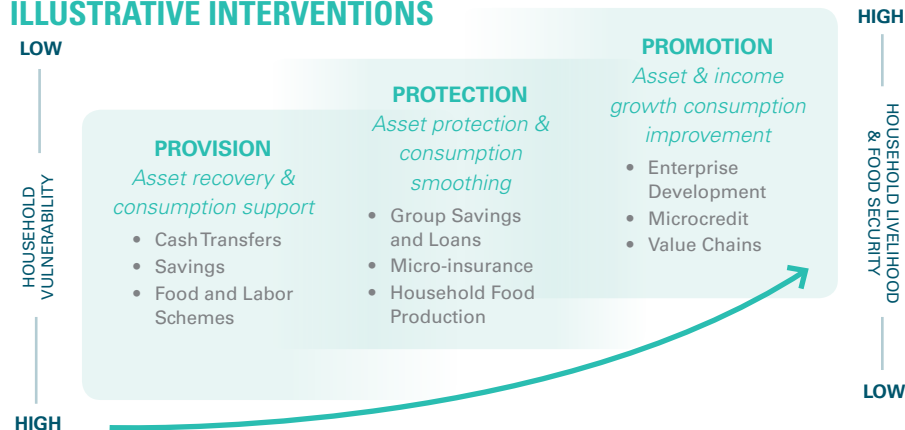
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## LIVELIHOOD STRATEGIES & ILLUSTRATIVE INTERVENTIONS



<sup>1</sup> Savings group programs which include additional non-SG interventions are often called *Savings Group Plus*, or SG+.

<sup>2</sup> <http://thesavix.org>



## INDICATOR RECOMMENDATIONS

Indicators for activities added onto SGs, group locations, household- or child-level outcomes, as well as social outcomes—such as empowerment and changing behavior or attitudes—can also be incorporated into these systems. Example indicators include:

<b>Group formation</b>	<ul style="list-style-type: none"> <li>• Number of new groups trained</li> <li>• Number of new members trained</li> <li>• % women</li> </ul>
<b>Savings and loans</b>	<ul style="list-style-type: none"> <li>• Cumulative value of savings</li> <li>• Average value of savings per participant</li> <li>• Average loan size</li> <li>• Capital turnover rate</li> </ul>
<b>Lending</b>	<ul style="list-style-type: none"> <li>• Value of loans outstanding</li> <li>• Number of active loans</li> <li>• Average loan size</li> </ul>
<b>Group dynamics</b>	<ul style="list-style-type: none"> <li>• Meeting attendance and drop-out rates</li> <li>• % graduated groups operating after one year</li> </ul>
<b>Efficiency</b>	<ul style="list-style-type: none"> <li>• Field agent case-load (number of groups, number of individual members)</li> </ul>

## RESOURCES

For more information about monitoring and evaluation of savings groups programs, see these resources:

- *Ratio Analysis of Community-Managed Microfinance Programs*: <http://www.seepnetwork.org/financial-ratio-analysis-of-community-managed-micro-finance-institutions-resources-758.php>
- *Savings Groups at the Frontier, Chapter Six: Performance Monitoring*: <http://www.seepnetwork.org/content/savings-groups-at-the-frontier-resources-609.php>
- *The Savings Groups Information Exchange (SAVIX)*: <http://thesavix.org/home>

## CHALLENGES IN M&E OF SAVINGS GROUPS

CHALLENGE	POSSIBLE SOLUTIONS
Gathering information at the SG level can be straightforward, while the <b>need for household- or individual-level indicators</b> is both more complex and harder to reach.	Determine individual-level data needs and concentrate M&E resources in those subject areas.
<b>Accurately measuring changes and dynamics</b> within the household can be challenging.	Open-ended qualitative work by researchers who are knowledgeable of the particular context and are trusted by the community could help open disclosure of household dynamics. Careful indicators based on this work could then track these dynamics.
<b>Producing a good counterfactual</b> for the communities and households that have the option to join a SG is difficult due to strong self-selection of certain individuals into groups (e.g., women who join groups may already be more empowered than those who do not join).	<ul style="list-style-type: none"> <li>• Conduct a randomized controlled trial, if possible.</li> <li>• Conduct a difference-in-difference study (baseline and endline with a non-random comparison group that is comparable to the program group) but include many control variables in the baseline to try to control for observed selection bias.</li> <li>• Dependent upon the situation, it may be possible to conduct regression discontinuity, estimating the local average treatment effect.</li> </ul>

## DECISION MAKING USES OF SG M&E

The strategic use of management information is absolutely essential for the effective management of SG programs, which are time-sensitive, typically decentralized, and often operate in remote areas. Active performance monitoring enables project managers and field supervisors to manage project resources more strategically, while group financial and participation data empowers members. Donors, project implementers and groups can all allocate and use their resources more efficiently through the application of active and insightful M&E of the savings groups programs.

While benchmarking monitoring data is useful for program planning and identifying deviations from expected outcomes, donor agencies and program management should consider geographical and cultural differences that can influence indicators—such as group size, meeting times, savings amounts, lending practices, and poverty levels of member households. Whenever possible, national or local benchmarks should be employed, either from the SAVIX repository or from previous program experience in the area. Furthermore, performance-incentive schemes based on benchmarks are best avoided as this strategy mainly serves as an incentive to falsify data or interfere in the operations of the groups. Performance benchmarking schemes based on a composite index of group performance, group quality, group satisfaction and training delivery are more likely to provide strong incentives for staff commitment and performance, especially if structured around clear, standardized instruments of assessment, such as the group procedure monitoring tools.

This publication is part of a practitioner oriented technical note series featuring economic strengthening interventions. It provides an overview of savings groups for consumption smoothing in the household vulnerability continuum of provision-protection-promotion. Additional briefs address overarching program elements and implementation. LIFT II matches beneficiaries with appropriate household economic strengthening (HES) activities based on three categories of vulnerability.

<sup>2</sup> In the case of loan offers from banks and microfinance institutions, members must evaluate the financial risks and weigh costs and returns. SG facilitating agencies can act as intermediaries between financial institutions and SGs as well as ensure the financial literacy of members.

<sup>3</sup> <http://vsia.net/home>, accessed July 14, 2014.