



## Saving for Change: Financial inclusion and resilience for the world's poorest people

Three-quarters of the world's poorest people do not have a formal bank account. With few viable means to save, these individuals and their families are vulnerable to life-threatening hardships. Community-based savings groups are designed to provide a mechanism for resilience. Jointly, Oxfam America and Freedom from Hunger commissioned the largest study to date to evaluate the impact of community-based savings groups—using both a randomized controlled trial and in-depth qualitative research.

According to the World Bank, more than 2.5 billion adults worldwide lack access to formal accounts at financial institutions; three-quarters of the world's poor fall into this category. Those living in rural areas are particularly disadvantaged. Financial institutions often do not serve these communities because high transaction costs and small loans lead to losses.

Savings groups (SGs) respond to the unmet needs of the rural poor by providing a secure place to save; the opportunity to borrow in small amounts and on flexible terms; and a network of support and solidarity.

Saving for Change (SfC) is an innovative savings groups program, designed by Oxfam America, Freedom from Hunger, and the Strømme Foundation, that increases resilience and financial assets. At the close of 2012, SfC had nearly 680,000 members in 13 countries. Working in rural villages, SfC trains groups of women

to save regularly, borrow from their group's fund, and repay loans with interest. At the end of a saving cycle—generally a year—the fund is divided and each woman receives her savings plus a share of the profit. Groups schedule distribution for a critical time, such as the onset of the hungry season, when money is scarce. Members in West Africa also learn about malaria prevention and treatment.

Oxfam America and Freedom from Hunger designed a rigorous mixed-methods research program to evaluate SfC's impacts, successes, and challenges. The most extensive study is a randomized controlled trial (RCT) in Mali conducted by economists from Innovations for Poverty Action combined with a qualitative longitudinal study conducted by anthropologists from the Bureau of Applied Research in Anthropology at the University of Arizona. The following is an summary of the key findings of this report.

# KEY FINDINGS

**WHO JOINS:** SfC is reaching poor households. While financially and socially active women are more likely to join SfC, marginalized women do join later groups.

- Eighty-two percent of households in study villages fall below the \$1.25/day poverty line (measured by total household consumption per person).
- Women who choose to join SfC groups enter the program more likely to run businesses and own livestock than women who choose not to join. Those who opt to join are also better connected socially within their villages and are more likely to hold leadership positions and make decisions at the household and village levels. The RCT shows, however, that SfC eventually reaches more socially marginalized women.
- Women from wealthier households are more likely to join, but the difference is not large. Forty-two percent of those in the top third of households join, but 33 percent of households in the bottom third also join.

**IMPACT:** Women in SfC villages increase their savings and have greater access to credit than women in control villages.

- Women in SfC villages took out twice as many loans from SGs and 10 percent fewer loans from family and friends. Anthropological evidence highlights the significance of this finding in the Malian cultural context where it is considered shameful to ask friends for money.



- Women in SfC villages save 31 percent more than women in control villages.

**IMPACT:** SfC builds resilience and helps families cope with food shortages.

- Households in SfC villages were 10 percent less likely to be chronically food insecure than households in control villages. This was especially true for the most vulnerable households (i.e., those that did not include the head of the extended family).
- Livestock holdings increased at the household level in SfC villages. These households owned on average \$120 more in livestock than households in control villages, a 13 percent difference. Anthropological and RCT evidence indicates that livestock is often used in the Malian cultural context as a risk mitigation strategy and safety net.

## Methodology

The three-year impact study of Saving for Change (SfC) in Mali used mixed methods, including a randomized controlled trial (RCT) and an in-depth anthropological study.

In 2009, economists from Innovations for Poverty Action (IPA) collected baseline data for the large-scale RCT, interviewing 6,000 women in 500 villages where SfC had not yet been implemented. Some villages were then randomly selected to receive the program and some were not, and local NGOs began introducing the program in the selected communities. The follow-up survey, conducted in 2012, measured the program's impact by comparing the changes in the villages assigned to receive SfC with changes in villages assigned as control sites.

Simultaneously, a team of four anthropologists from the Bureau of Applied Research in Anthropology (BARA) at the University of Arizona conducted an in-depth ethnographic case study analysis of 19 SfC villages, 15 in the RCT study area and four where SfC had existed since 2006. The anthropologists then tracked changes in these villages over the same three years.

Each approach helps us understand SfC's overall impact by providing different layers of knowledge. Qualitative ethnographic research can accurately document participants' perceptions of a program, illuminate complex issues such as empowerment within the cultural context, and reveal unintended positive and negative consequences. But with qualitative methods, it is

difficult to determine if a particular finding reflects a trend or an exceptional case.

The RCT design can detail the extent of impacts across the population with statistical certainty, specifically proving the impacts as caused by SfC. These methods do not, however, allow for follow-up questions and cannot be adjusted midstudy in response to initial findings.

Thanks to this combination of methods, SfC technical units and local partners gain a deep and nuanced understanding of the program's impacts in Mali. This state-of-the-art study is part of a wide-ranging research program on SfC, including more than 30 studies in nine countries. Together with other RCTs on savings groups, this study provides a corpus of knowledge on the impact of SGs.

*This report summary is based on research funded in part by the Bill & Melinda Gates Foundation. The findings and conclusions contained within are those of the authors and do not necessarily reflect positions or policies of the Bill & Melinda Gates Foundation.*

**IMPACT:** Women in SfC villages demonstrate better understanding of the causes and prevention of malaria than women in control villages.

- Women in SfC villages were more likely to mention mosquitoes as a sole cause of malaria and more likely to correctly identify at least two ways to prevent malaria. This finding illustrates SfC's potential as a delivery channel to disseminate health and other critical information.
- Despite the retention of malaria knowledge, results did not show any significant differences in malaria prevention behaviors.

**IMPACT:** SfC members report more village-level solidarity, but RCT data show no changes.

- Although RCT data did not demonstrate any impact of SfC on social capital, anthropological findings show that members do perceive having more village-level solidarity as a result of their membership in SfC. We refer to this as the “social capital puzzle.” These anthropological findings are consistent with other research findings indicating how SfC builds tremendous solidarity and social capital—something that members report valuing as much as the financial benefits. These seemingly disparate findings could be explained in part by the fact that many RCT questions measured whether women had formed new relationships, whereas all of the anthropological findings pointed to the strengthening of existing relationships.

**NO IMPACT:** Households in SfC villages do not report improvements in income, health, or education.

- There were no changes in income, health expenditures, or frequency of illness. An 8 percent increase in education expenditures was only marginally statistically significant. The time frame of the study may have been too short to capture any changes produced by later savings cycles. Also, because the study occurred over several difficult years in Mali with drought, poor harvests, flooding, and political instability, some of SfC's capacity to generate income may have been shifted to emergency consumption needs. Finally, it may be that SfC does not in fact cause these desired effects. This warrants further analysis.

**IMPLEMENTATION FINDING:** Cost-effective investments in training increase uptake and impact.

- Significantly more women joined SGs (40 versus 32 percent) in villages where volunteer replicators received formal training and a pictorial training guide than in villages where replicators received neither formal training nor a guide.
- Households in villages where replicators received formal training and a guide held \$61 more in livestock than villages where replicators did not receive formal training or a guide. There was also less food insecurity in these villages (45 percent versus 50 percent), lower poverty, and better housing.
- Volunteer replicators (one of whom meets the needs of a whole village) can be formally trained and supplied with a pictorial guide for as little as \$40 per replicator.

## THE ADDED VALUE OF MIXED RESEARCH METHODS



Together, findings from the RCT and anthropological study illustrate Saving for Change's importance as a resilience mechanism. Members use SfC to increase their investment in livestock, enabling their families to weather shocks.

Used in combination, qualitative and quantitative methods have the potential to build on one another, providing different lenses that offer a more complete and nuanced picture. Research findings on livestock provide an excellent example.

RCT results found that households in SfC villages spent more on livestock than households in control villages and that their livestock had greater value. No changes were seen in other types of assets, such as household or agriculture equipment (e.g., televisions, radios, carts). In addition, RCT results found that the most common strategy to cope with shocks is the sale of livestock. On its own, these findings demonstrate that SfC increases one important asset, livestock.

Anthropological findings shed further light on the significance of the RCT results. In the Malian cultural context, livestock is a favored way to store wealth in part because it is a productive asset. Although storing value in livestock involves risk, as animals can sicken or die, the potential benefits of ownership are great. People report that animals are capital that can be sold or traded, and turned into money or food when families face shocks such as drought or illness. Livestock ownership also helps households avoid the social pressures that come with requests for money from family and friends because livestock cannot be monetized quickly.

“

In the beginning we thought it would be hard [to create a savings group] because there is no money to save. Then we saw that ‘little by little, the bird makes its nest.’ The money was growing and it was only from us!

We are thanking God we found a way to help each other. ... Now I can ask for a loan if I want to buy soap or something else to sell in the market. If I need help, there are women who surround me. ... I feel proud; I know people see what we are doing and it is good.

—SfC member in Mali

”



## Case study: Binta and her family

The Sangaré family lives in the small village of Dorosso Peulh, population 300. The family consists of Binta, 37, her husband, Issa, 58, and five children from 10 to 18 years old. As part of this research some families were surveyed more frequently. The Sangaré family was visited 24 times over 19 months.

Similar to other households, Binta and her family spend money on a variety of needs, including an average of \$15 every two weeks for food. Over the total study period they spent \$88 on health care, mostly for formal health centers or traditional healers. At least one household member was ill for the majority of the study visits, especially with a fever. The Sangaré family also regularly purchases soap, batteries, matches, tobacco, and kola nuts.

Binta and her family use a range of strategies and financial instruments to manage their cash flow and savings, and to smooth their consumption over time. Gifts of grain and cash are important. For example, in a two-week period Issa gave 100 kg of sorghum and received 12 kg of corn. Over the study period, the family received cash gifts of \$2 and \$8, and gave nine cash gifts averaging less than \$1.60 each to family and friends. The family also sold livestock and grains.

From the beginning of the study, Binta saved with her SfC group—20 cents at first and then 40 cents the next cycle. She used her three payouts, ranging from \$10 to \$12, for food consumption and/or holiday celebration supplies. The loans that Binta took from her group (three \$10 loans and one \$20 loan) allowed her to buy food, repay other debts, and buy clothing for her children.

SfC offers Binta a regular venue to save and access credit when needed, providing additional options for Binta and her family to manage their finances and helping to build the Sangaré family’s resilience to shocks as they arise.

## SAVINGS GROUPS: THE BROADER CONTEXT

Previous research on SfC and other SG programs indicate that they are a transparent and sustainable complement to formal and informal financial services. SGs are specifically designed and targeted to meet the needs of the rural poor for whom access to even the most basic financial services is extremely limited at best.

- More than seven million SG members in Africa, Asia, and Latin America are a testament to a simple, efficient, and scalable methodology. Because SGs are self-selected and self-managed, they are a cost-effective model, requiring minimal infrastructure.
- The SG methodology has undergone extensive and rigorous adaptation and evaluation. As this SfC study demonstrates, SGs provide members with a means to save and access credit, and to increase their food security and resilience.
- SGs can be integrated platforms, serving as an effective and complementary approach to financial inclusion and other development initiatives.
- SGs are as much about building social capital as bolstering financial inclusion. In fact, SG members often value the solidarity and social capital they build as much as the financial products to which they gain access.

freedom  
from Hunger

Freedom from Hunger brings innovative and sustainable self-help solutions to the fight against chronic hunger and poverty. Learn more at [freedomfromhunger.org](http://freedomfromhunger.org).

  
OXFAM Right the Wrong  
America

Oxfam America is an international relief and development organization working to right the wrongs of poverty. Learn more at [oxfamamerica.org](http://oxfamamerica.org).