



Savings Groups in Emergencies

Integrating Savings Groups into more humanitarian programming – and doing it better – holds significant potential to improve the outcomes of humanitarian aid.

Credit: CARE

THE POWER OF SAVINGS GROUPS

Savings Groups are one of the most widespread economic empowerment initiatives worldwide. Over the past 30 years, hundreds of NGOs and local civil society organizations have mobilized and trained Savings Groups across 75 countries, with an estimated 20 million active members.

A growing **body of evidence** suggests that – across countries, organizations, and projects – Savings Groups have a consistently positive impact on savings, access and use of credit, investment in income-generating activities, food consumption and security, self-

confidence, and market and social support networks. There is also mixed evidence that, in certain conditions, Savings Groups contribute to asset accumulation, income, investment in education, leadership, and women's empowerment.

Beyond financial inclusion, Savings Groups are now promoted as an economic strengthening strategy for diverse development objectives related to livelihoods, women's economic empowerment, gender equality, health, social protection, and water, sanitation, and hygiene.

In emergencies, Savings Groups:

Mobilize capital to meet urgent needs, and finance household and business investments

Help (re)build social cohesion, and support community-based protection mechanisms

Support diverse development objectives (livelihoods, WEE, gender equality, health, social protection, and WASH)

Link relief, rehabilitation, and development

Build resilience to future stresses and shocks

SAVINGS GROUPS IN EMERGENCIES: CHALLENGES AND CONSTRAINTS

Despite the clear potential for impact, there are some important challenges to promoting and working with Savings Groups in humanitarian, crisis and conflict environments – along logistical, safety, economic, social, and psychological dimensions.

**We know that Savings Groups work – and that they are powerful.
But, in emergencies, we must revisit some of our approaches and assumptions.**

INFORMED ADAPTATION

To effectively leverage the power of Savings Groups in emergencies, traditional Savings Group program models must be revisited to meet the needs of crisis-affected communities and individuals, and align with the realities of humanitarian aid.

In 2021, 8 organizations – committed to improving and understanding this process – came together to form a learning group. With support from the

Sall Family Foundation and USAID's Bureau for Humanitarian Assistance, we met regularly over a period of one year, to examine the specificities of Savings Groups in emergencies. We shared resources, experience, common challenges and solutions, within and beyond our organizations; and we produced a resource guide to help Savings Group and humanitarian specialists collaborate more effectively.

Together, we addressed THREE questions:

01

In emergency settings, which Savings Group standards must be retained? What can change?

02

How can Savings Groups and CVA programming best work together in emergency settings?

03

In unstable environments, how can we support social cohesion within – and through – Savings Groups?

01

QUESTION 1

In emergency settings, which Savings Group standards must be retained? What can change?

Savings Groups are inherently flexible, and adapt to meet the needs of their members. Practitioners must allow the methodology to work.

Nevertheless, one of the strategic challenges in emergency settings is balancing recognized good practices with the need for adaptation. It is important to know which Savings Group standards must be retained to ensure their quality and functionality; and what can be adapted to emergency contexts.



Credit: CARE

KEY LESSONS AND RECOMMENDATIONS

Membership

Participation in Savings Groups is beneficial and should be open to all populations. The key is to engage all members of the community without discrimination.

If a project has a required or prioritized target group, promotional efforts may be directed to those populations, but other members of the community should not be restricted from participating. Careful consideration should be given to how any selection criteria are communicated, verified, and enforced – both explicitly

and implicitly, by project staff and communities.

Savings Group membership must be voluntary. Membership must not be conditional on other activities. Members invest their time and money in Savings Groups – the community-based microfinance model only works if members value this investment in its own right, and the cost of participation is acceptable to them.

Most Savings Group methodologies recommend a group size of 15-25 members. In volatile or low-trust settings, group size requirements can be relaxed. Nevertheless, Savings Groups must be large enough to capitalize a useful pool

of funds and diversify lending risks, and small enough to keep meetings manageable and transparent. Generally, groups should not be outside the range of 10-30 members.

Management

A core principle of Savings Groups is self-management.

This is achieved by each group developing its rules and financial policies, selecting members to serve in leadership positions, and managing its meetings. The trainer serves as a facilitator – trains the group,

establishes certain parameters, and guides the group in its decisions. The trainer should never touch the money, manage group records, or make any decisions for the group. The fundamental principles of group autonomy and independence apply equally in emergencies.

Governance

Savings Groups develop and maintain a constitution, which governs the management of the group: its rules, policies, processes, and leadership.

Savings Group programs typically have a group constitution template, which includes basic parameters (common to all groups) as well as the flexible elements of the methodology (group decisions). An important function of the constitution is to define how the group

manages predictable situations. In some cases, dispute resolution mechanisms are included in the constitution – and this may be particularly useful in volatile or uncertain settings. Community-based conflict resolution tools and approaches can be incorporated into the constitution (and group training) – and Savings Group specialists should consult humanitarian specialists on the most suitable guidance, tools and training materials.

Project timeline

One of the biggest challenges of promoting Savings Groups in emergencies is the project timeline – and the shorter grant periods of humanitarian work.

While program models differ, Savings Groups generally operate in cycles of one year. In the first year, there is an initial period of intensive training (1-2 weeks), followed by monitoring and coaching

visits with decreasing frequency; and the intervention ends with the group's first annual share-out. As each group is trained and supervised over a period of one year and groups are formed in a staggered way, most projects are at least two years – there are significant gains in efficiency if the project period is extended beyond three years.

Regardless of the overall project timeline – and any constraints or unexpected events – implementing organizations have a **moral responsibility** to complete the training period of each group, leading up to and ending with the first share-out. Groups must learn and internalize this process, before they can operate independently.

We recognize that humanitarian work generally operates through much shorter grant periods – compared to traditional Savings Group projects. In emergencies, Savings Group activities must be fast-tracked, without compromising quality. The project timeline can be shortened by: pre-training staff across Savings Group and humanitarian teams; employing digital training tools to reduce staff

training requirements; pre-identifying partners and establishing memoranda of understanding before emergencies occur; fast-tracking group training; carefully considering the value addition of any complementary training; deploying Digital Savings Group applications to support remote monitoring; and shortening the first cycle to 6 months.

A responsible first cycle must last at least 6 months, to ensure members participate in a meaningful way, experience the benefits of Savings Groups, and are afforded sufficient time to practice and internalize processes.

Overall, there is a limit to which a Savings Group project can be truncated. Implementing organizations must recognize that an end-to-end Savings Group project may not be viable within the short timeframe of a humanitarian grant.

In such contexts, responsible, meaningful, and orderly Savings Group activities are feasible insofar as the commitments – and activity plans – of implementing organizations go beyond the emergency grant period.

Financial policies

Savings Groups are inherently flexible. Groups establish their financial parameters based on their needs and capacities – minimum and maximum savings rates, social fund contribution and coverage, loan interest rate, loan prioritization and selection criteria, and maximum loan duration.

In emergencies, members may have acute needs, beyond income-generating activities. Loans should not be restricted to ‘productive’ investments. All project communication – both formal and informal – should focus loan analysis on mutual aid, trust and ability to repay, rather than loan purpose.

If a Savings Group operates a bank account (for cash safety, or to access other financial services), the account should be in the name of the group – not an individual member. If groups choose to hold common money in the name of one person, they open themselves up to serious risks – especially in emergencies.

And while it is common for Savings Groups to undertake collective investments, groups and implementing organizations should be aware of the heightened risks of joint economic activities in emergencies, where member mobility and uncertainty may require members to leave unexpectedly, or the group to disband with little notice.



QUESTION 2

02

How can Savings Groups

and CVA programming best work together in emergency settings?

In emergency settings, there are potential synergies between Savings Groups and cash and voucher assistance (CVA). Savings Groups provide CVA beneficiaries a safe place to save, and serve as a vehicle to better manage cash transfers. Together, Savings Groups and CVA support emergency consumption, help restore livelihoods, and build the capacity of individuals to navigate a crisis.

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KEY LESSONS AND RECOMMENDATIONS

Preparedness

In humanitarian contexts, contingency planning and preparedness are critical steps that enable organizations to respond quickly and effectively during a crisis. These steps are even more critical given the particularities around implementing and linking Savings Groups with CVA.

This stage places an emphasis on having staff experienced in both Savings Groups and CVA, and equipping them with the necessary capacity and tools, before emergencies occur. Additionally, preparedness involves the pre-identification and coordination with relevant local government, civil society and private sector actors serving targeted communities.

Implementation

Savings Groups and CVA can be integrated by:

1. Targeting CVA beneficiaries to **form new Savings Groups**
2. Using **existing Savings Groups** to support the design and implementation of CVA

In emergencies, new Savings Groups may be established, targeting cash-transfer beneficiaries. Groups may be mixed (beneficiaries and non-beneficiaries) but effective communication is critical to mitigate the risk of misunderstanding and false expectations. Savings Group activities should be initiated around the third cash disbursement. Experience shows that the first (and sometimes second) instalment of

cash transfers are spent entirely on urgent needs. Group members are most likely to start saving (from the cash transfer or restored livelihoods) around the third instalment.

Existing Savings Groups can also be leveraged to support the design and implementation of cash transfers. Key activities include: cash, market and gender assessments; CVA selection criteria; beneficiary identification, selection and registration; identification of delivery mechanisms, delivery venue, transfer value, instalments, and duration. Along with other structures and channels, existing Savings Groups may also serve as a community accountability and reporting mechanism.

Delivery mechanism

Providing cash grants to Savings Groups may seem appealing as a quick way to boost group capital and jumpstart activities – but it can have negative consequences. A [CGAP meta-analysis](#) cautions that “when [community-

managed] loan funds are financed by an early injection of external funds from donors or governments, projects appear to fail so consistently that this model of microfinance support is never a prudent gamble.”

Programs that establish new Savings Groups among CVA beneficiaries are strongly advised to deliver asset or cash transfers to members, individually, rather than the group. Individual transfers provide individual choice and options, including investing in the group. Group transfers lock funds into the group, and may distort group dynamics and incentives.

There is some positive, recent experience in the delivery of cash grants to *mature* Savings Groups. The financial and social dynamics within older groups are indeed

different; yet experience is limited and programs that provide grants to Savings Groups are advised to proceed cautiously.

The most important thing to remember is that participation in a Savings Group must remain voluntary. Participation in a Savings Groups should never be a condition – real or perceived – to receive CVA, or an asset-transfer. This message must be communicated clearly and often, during all stages of the project, at all levels.



QUESTION 3

03

In unstable environments, how can we support social cohesion within – and through – Savings Groups?

A fundamental building block of Savings Groups is trust.

Members must trust each other to work together and to save together. Members know each other, and can observe each others' behavior. What about contexts where – for whatever reason – that trust does not exist?

In emergencies, there can be a disruption to community-based structures, protection mechanisms and social cohesion. Savings Groups can bring individuals and households together, and help them find common ground for collaboration and community action. Whether programmes support social cohesion as a pre-requisite for Savings Groups – or work with Savings Groups as a platform to improve social cohesion – it is important to recognize the disruption within the community, and its implications on community development.

For example, in temporary shelters and settlements, there may be a reduced sense of community and levels of trust. Forcibly displaced people may be haunted by fear and insecurity, long after relocation. Under these circumstances, the need to relate and engage with each other is even more important. One of the main benefits of belonging to a Savings Group – beyond access to financial services – is the opportunity to form new bonds.



KEY LESSONS

AND RECOMMENDATIONS

Work with existing community-based structures. Community-based protection mechanisms are often the first to be deployed, early in emergencies. Identify what exists and how they may be working with other organizations. In many cases, existing Savings Groups – or other community-based microfinance institutions – may already be key stakeholders of community-based protection approaches and mechanisms.

Consult targeted communities early and regularly – before, during and after emergencies. Community consultations are an essential component of fostering social cohesion within – and through – Savings Groups. Potential entry points for community consultations are youth groups, women's

groups, community-based protection mechanisms, community-based organizations, faith-based organizations, schools, local health facilities, and local government. Some of these entry points can then be leveraged as delivery channels – to mobilize new Savings Groups and work with existing groups.

Address gender and power inequities – and engage men. Savings Group programs that only involve women may unintentionally place them at greater risk. [Research demonstrates](#) that facilitated household dialogues through Savings Groups significantly reduce the incidence of intimate partner violence, and brings about significant and positive changes in women's influence over household finances and family planning.



Credit: The SEEP Network



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