Leveraging Nexus Enablers
Cash & Digital

Transcending Contexts and Building Financial Resilience through Collaboration in a Post-COVID World: What role might Savings Groups Play?

April 2021
Leveraging Nexus Enablers Cash & Digital
Building Financial Resilience Through Collaboration

Our Journey

Storytelling:
What happens to savings groups and their members?
What do we know now that we did not before (data)?
How did we make that journey?

Activities: What do we think? What is this group’s experience?

Change: Could this transform what we do? What does it show us might be possible?
Who do we need to engage with? What connections need to be created/reinforced?
Cash & Digital Transfers: Transcending Contexts—Moving Beyond Survival

At height of the first COVID-19 outbreak in the beginning of 2020, the number of unique customer accounts receiving government-to-person (G2P) payments (i.e. humanitarian or social protection cash transfers via mobile money) more than quadrupled (GSMA 2021).

Humanitarian digital financial assistance - beyond survival in complex crisis shocks

How to ensure that (digital) humanitarian and social cash assistance in protracted complex crises – are the entry-, but not end-point?

What are some pathways to empowered communities?
What are Savings Groups?

• Savings Groups are member-owned.

• They are composed of a small number of people who save together in a safe, convenient and flexible way guided by a constitution.

• Cash is lent to members as credit and repayable at an agreed interest rate.
How do Savings Groups function?

- 15-25 members to have enough savings and small enough to promote social cohesion.
- Members must be able to save small amounts on a regular basis.
- Savings Groups offer a form of social insurance, providing access to emergency loans in times of need.
- Small loans can be borrowed on flexible terms for investment, consumption or emergencies.
- Savings Groups are time-bound (9–12-month cycles)
- Members share out at the end of each cycle.

➢ Savings Groups foster personal development.
➢ Savings Groups are sustainable and self replicating
➢ Savings Groups are low cost
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AGNES’ JOURNEY

The Power of Savings Groups in Emergencies
Meet Agnes

- Agnes fled South Sudan in 2017
- With her, 4 kids and a sewing machine
- Husband abducted by rebels during the journey
- Arrived in Uganda – refugee registration center
- World Vision provided food and non-food items
Agnes’ Journey

• Agnes joined a Saving Group
• World Vision provided items (cashbox, passbooks…)
• Agnes started saving, continued by borrowing small amounts
• With borrowed small amount she bought thread and needles

WHERE CAN AGNES GET THE MONEY FROM?

• More capital is needed in order to buy fabric as there is a market to make school uniforms as well as clothes for adults
• The saved amounts are too small for bigger investments
Financial Institution’s Perspective

- Fragile Context
- Refugees as clients??
- Refugees might not have relevant documents
- Refugees might not have collateral to secure the loan amount
- Refugees might only do agriculture and those are risky loans
- Small loan size = high admin costs = questionable profitability
- Refugee settlement far away from the branch
- Carrying around cash is not safe
Agnes’ Journey (continued)

- VisionFund provided a loan to the whole group
- Agnes took a bigger loan – buying fabric
- Agnes’ income grew – she bought two more sewing machines and employed two more people to help her
A loan to the whole group!

- A loan to the whole group is less risky than to the individual
- Refugees are economically active and own phones
- Mobile money allows money transfers without going long distances to physical branch
- Digital onboarding tools allow VisionFund to register clients in the field
- Financial literacy training improves client’s decisions around how to manage and invest money
March 2020

Will groups fall apart?

Will repayments go down to zero?
Group Meeting Behavior, overall
- 65% meeting small groups
- 19% stopped meeting
- 16% only some attending

How savings have changed, overall
- 47% still saving but less
- 23% some not saving
- 19% saving same amount
- 11% group stopped saving

How savings have changed, by Gender
- Female: 40% still saving but less, 24% some not saving, 24% saving same amount, 13% group stopped saving
- Male: 22% still saving but less, 13% some not saving, 13% saving same amount, 9% group stopped saving

<table>
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<tr>
<th>Months (FY2020)</th>
<th>Product Name</th>
<th>Repayment Rate (%)</th>
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<tr>
<td>March</td>
<td>Solidarity Groups</td>
<td>84.58%</td>
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<td>Individual Loans</td>
<td>85.91%</td>
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<td>Savings Group Linkage</td>
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<td>October</td>
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<td>December</td>
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<td>94.20%</td>
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What now?

- Vulnerable population can be financially included
- Financial inclusion needs vary according to context
  - Remittances
  - Loans – recovery loans, investment loans
  - Savings
  - Insurance – health insurance
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MYTH-BUSTING: THE SILOS CAN BE BROKEN!
• A nexus between humanitarian and development Interventions is possible and silos can be broken.

• Integrated and systemic humanitarian assistance and strengthening livelihoods activities can help build the resilience of vulnerable communities, not only to cope with existing shocks and stresses but to be better prepared for future shocks.

• COVID-19 Responses has taught us that it is possible to bridge the humanitarian and development divide during emergencies.

Coronavirus & Poverty: We can not address one without the other!
Leveraging Cash, Voucher Transfers, Savings Groups and Microfinance

Future scale-up model for effective financial resilience

- Well-targeted transfers
- Digital/non-digital SGs
- Connected to MFIs
- Financial and digital literacy
A combination of targeted cash transfers, microfinance linkages, child protection & gender equality education under the USAID-World Vision Sierra Leone Women Empowered for Leadership and Development (WELD) project in Sierra Leone produced the following results:

- Cash transfers to meet basic needs.
- Loans for 42,000 small traders (80% women)
- 70% of funds used for fees, food and medical expenses for over 40,000 children.
- 20% drop in child marriages.
- 52% less risk of women being exposed to physical violence, due to increased income
- First children SG “Destiny” was established
- Mobile money linkages with Orange Mobile to reduce theft
THE STORY OF HON. JOSEPHINE MAKIEU

- Hon. Josephine has been part of a SG established during a humanitarian response.

- “I believe every woman desires to have a right to make life choices and be in a position to fund those dreams. Savings groups provides an opportunity for women to develop self-confidence and be independent. Women who participates in savings groups have more control over household income.

- SG members supported 185 women aspiring for elective positions in Kenema district, funding all campaign activities.

- 20 of the women made it to Parliament and 165 for local council.
Savings Group members in refugee/host settlements in West Nile, Uganda

**Income and Savings in COVID-19**

**Income has declined**
47% savings group members face a big reduction in income, and an additional 11% of members have no income

**Staple food prices are rising**
88% are facing increased staple food prices, with 48% encountering increases between 70-100%

**Assets are being sold**
10% of savings group members (12% men, 8% women) said they had already sold off assets

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**Income change by gender**

- Big reduction: 47% Female, 48% Male
- Little reduction: 37% Female, 34% Male
- Stopped completely: 11% Female, 11% Male
- Increased income: 5% Female, 6% Male
- Other: 0% Female, 2% Male

**Savings change by gender**

- Big reduction: 40% Female, 56% Male
- Little reduction: 24% Female, 22% Male
- Stopped completely: 24% Female, 13% Male
- Increased income: 13% Female, 9% Male

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Activities: Mentimeter Group Exercise

• Go to www.menti.com

• Type in the passcode you see at the top of the screen

• Participate!
Group Exercise Reflections

• What surprised you?

• What seemed a common experience?

• How does it relate to what you heard in the presentations?
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DIGITAL SAVINGS GROUPS

Imagine the Possibilities!
DIGITAL SAVINGS GROUP
Any group using mobile technology to manage digital records or conduct digital transactions
Digital savings groups are changing the game

• More resilient
• More connected
• More community trust

Essential during a crisis
Impact Study: 6-Months After Digitizing

- Have a specific financial plan
  - BEFORE: 63%
  - AFTER: 95%

- Confident using mobile apps
  - BEFORE: 3%
  - AFTER: 59%

- Trust community members
  - BEFORE: 40%
  - AFTER: 62%

Most Popular Time to Save: 7am
Savings groups can be quickly mobilized to help in times of crisis

- COVID masks
- Community kitchens
- Crisis communications
A single shared smartphone can empower an entire community
✓ Inaccessible
✓ No Mobile
✓ Low Literacy
Already an essential part of weekly habit
Not something new added during a crisis
Digital savings groups are changing the game for millions of people worldwide.

Potential to transform future humanitarian responses as well.
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TRANSCENDING CONTEXTS

COVID-19 lockdowns caused loss of income, exacerbating existing vulnerabilities in urban, rural, refugee, and displacement communities.

The global pandemic has pushed the expected number of people in need of humanitarian assistance and protection in 2021 to 235 million, an increase of 40% from pre-pandemic levels (UNOCHA).

World Vision’s multipurpose and other cash assistance has been provided as key intervention to address specific COVID-19 economic impact with tailored programme interventions & over $178 million transferred in 30+ countries.
Cash & Digital Transfers: Enabling Economic Resilience

Oct 2019-Sept 2020

6.4 M
total beneficiaries
reached in 41 countries

THROUGH CASH AND
VOUCHERS

42% Children benefitted
71% Beneficiaries from Fragile Contexts
61% delivered via e-cash & e-vouchers & increasing steadily

• Goal to scale up financial cash, voucher transfers to deliver 50% of our humanitarian portfolio as cash, voucher by 2022, benefitting at least 4 million children – in 2020, we delivered at least 39% of our humanitarian, recovery assistance through cash, voucher transfers

• COVID-19 resulted in substantive cash transfer response scale-up via UN, national governments, and NGOs, including digital mobile money

• Linking cash beneficiaries to savings groups can create meaningful strategic connections and improve household economic resilience
Yet, gaps and exclusion, digital literacy and financial literacy limitations impede effectiveness of formal social protection transfers.

Need to enhance household financial resilience through informal social safety net measures, interlinked with targeted transfers, intentional Savings Groups & fin/digital literacy efforts at grass-roots.

Social assistance still accounts for most, or 62%, of global responses, with cash transfers emerging as the most widely used form of social assistance recorded in our database (figure 2).
Collaboration & Financial Resilience post-COVID-19:
Mobile Money Transactions have Increased Significantly

1.2bn registered mobile money accounts

$2bn processed daily by the mobile money industry

300 million monthly active accounts

5.2m unique agent outlets globally

More than $1bn international remittances processed per month

310 mobile money deployments are live in 96 countries

$500m digitised per day by agents globally

Cash & Digital Transfers: Issues of Exclusion

Access, Affordability, Literacy, Social Equity & Norms

Women less likely to have access to cash transfers, medical information, educational content, employment opportunities

300 Mio fewer women use the mobile internet compared to men – gender gap = 20 % (pre-COVID 19)

“World Vision gave us financial support. I was first trained on how to run a business and then given money. I used some to buy food for my children and then I started a shop since the nearest one used to be a kilometre away,” says Amina, who enjoys a ready market for her products.

Multi-purpose cash assistance, asset transfers and training communities on the Savings for Transformation (S4T) model by WV that is enhancing household economic recovery for affected families has helped with digital and financial inclusion and resilience.
Selected most vulnerable people such as People with Disabilities Savings Groups

- Mitigates risk of using business capital to cover other urgent cash-flow needs
- Some used cash to add to household assets
- Social cohesion strengthened
- Savings group members who received transfers feel gap of not being able to borrow has been reduced, and they are now able to continue normal lives
Cash & Digital Transfers: Insights

Women Use Digital Skills to Educate Children

Anne using her digital skills to help her two children; 9-year-old Minha (Right) and 8-year-old Lavingtone (left) to study at her home; communication & ICT skills “Women & the Web” – to address economic and educational hardships due to COVID 19

- Preparedness & Prepositioning
  - Need for flexible context-appropriate solutions and partnership before crisis hits
  - Countries with multiple components and partners ready were more likely to have a fast and effective collaboration and building blocks/pathway transition

- Coordination & Collaboration by all Actors
  - Humanitarian-development-peace-nexus
  - Requires partners/staff to understand concept and challenges while being solution-focused

- Investment for People at the Centre
  - Community awareness and digital literacy, including decisions about personal identity (PII) & data protection
  - Remember connectivity challenges in some Fragile Contexts
1. **Savings and access to credit** are key to thriving in crisis

2. **Cash and voucher transfers** are effective throughout all phases if targeted and timely

3. **Engaging with SGs in crisis response** is critical for financial inclusion and resilience

4. **MFI links to SGs** can improve resilience with low risk to lenders

5. **Digital will be essential for transcending humanitarian-development-peace aspects** – begin exploring and expanding options now – complementarity of formal & informal safety nets

6. **Social cohesion** is also critical – digital should enable flexibility, but goal is not to eliminate meetings – F2F community engagement still important
Leveraging Nexus Enablers Cash & Digital Questions, Answers, Discussion…

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Thank you