



Effectiveness of Savings for Transformation (S4T) and Producer Groups (PGs) in Economic Engagement and Resilience to Natural Disasters

Gender and Disability Inclusive Economic Development Project (iLIVE),
Eastern and Northern Provinces, Sri Lanka

About this report

This report is drawn from a research study on S4T-PG Assessment of the iLIVE project, conducted by independent researcher, Institute for Participatory Interaction in Development (IPID), Dehiwala, Sri Lanka. The research study and analysis was supported, as well as technically reviewed, by World Vision Australia (Saba Mebrahtu Habte, Vincent Potier, Esther Bates, Ellie Wong and Clay O'Brien). This report focuses on the impact of PGs and S4T groups on livelihood and family wellbeing, as well as resilience from major hazards that the members faced, such as droughts and floods, among others.

Gender and Disability Inclusive Economic Development (iLIVE) Project was supported by the Australian Government through the Australian NGO Cooperation Program (ANCP).

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Front cover photo: 'Virudsam' inclusive S4T group members involved in their regular savings meeting at Pallikkudijiruppu GN, Muthur.

Executive Summary

Background and Context: The Gender and Disability Inclusive Economic Development Project (iLIVE) initiated by World Vision Lanka (WVL) aims to increase the economic engagement of 24,000 target beneficiaries by increasing the incomes of 2,696 beneficiaries. This includes 1,650 producers who will achieve a 30% increase from the project's targeted value chain crops through production, value addition and wage earnings in the Eastern and Northern Provinces in Sri Lanka (Kilinochchi, Mullaitivu, Trincomalee and Batticaloa districts) by 2021. The iLIVE project uses a 'twin-track' approach to gender and disability inclusion within local agricultural value chains by addressing barriers for women and people with a disability. The project is funded by the Australian Government through the Australian NGO Cooperation Program (ANCP).

Purpose and scope of the study: The overall aim of the study was to assess the effectiveness of the iLIVE supported Savings for Transformation (S4T) and Local Value Chains Development (LVCD) approaches, involving Producer Groups (PGs), to enhance economic engagement of the members and community resilience to natural disasters. The key research questions included: (1) To what extent are S4T groups supporting business development and generating economic impact for members, including persons with disability and women?; and (2) What is the impact of PGs and S4T groups on capacity building around community resilience to natural disasters?

Method: The study used a mixed approach including quantitative and qualitative methods: an audit of S4T financial records, focus group discussions (FGDs), key informant interviews (KIIs), and desk review. The S4T audit covered all the S4T groups involved in the iLIVE project. The FGDs were purposely selected to represent participants that were affected by at least one type of disaster (such as floods and droughts) and those that were not. The FGDs also aimed to ensure adequate representation of women and men with disabilities, as well as female heads of households.

KIIs were purposely sampled to represent key selected stakeholders, including government officials, project staff and other stakeholders. The study was completed before the COVID-19 crisis; quantitative data collection and data entry were conducted from 5th August to 23rd September 2019 by the project team, while qualitative data collection was from 11th September to 24th September 2019 by the independent consultant team.

Limitations: The study was undertaken just before COVID-19 spread across the world hence reference is not made to this most recent pandemic. However, some of the findings that are related to S4T-PG members' recovery from other national disasters, such as floods and drought, may also be relevant to this context. Out of the 60 S4T groups that participated in the S4T audit survey, only 20 provided complete information including loans given to LVCs. Therefore, any analysis of the S4T members, especially in relation to loans given to LVCs, was limited.

Conclusion: The study found that the S4T and LVCD components of the project have contributed towards: i) organising and mobilising vulnerable communities around savings, strengthening their investment capacity on start-up/expanding income generating activities (IGAs); and ii) strengthening resilience of vulnerable communities during unpredicted hazards affecting their livelihoods and day-to-day activities.

S4T was successful in the disbursement of loans for business development, yielding broader benefits beyond income, such as meeting child educational needs. Vulnerable groups engaged in traditional ventures (dominated by agricultural and livestock practices and IGAs, with no potential to expand due to a lack of capital) have diversified and/or expanded their IGAs, including LVC-based IGAs such as growing groundnuts, mushrooms, and manioc for a better income. S4T was also found to be a promising inclusive model for addressing the financial needs of vulnerable groups, including those with disabilities,

because it offers: i) a practical system to mobilise savings among vulnerable groups with limited financial management skills; ii) the choice to withdraw from the group at the end of the first cycle or to continue during the second cycle; iii) collective decision-making practices in consultation with the group members; and iv) a focus on IGA strengthening or expansion/diversification through LVC-based IGAs with links to specific LVC-based PGs, as well as family wellbeing. However, focused attention is needed to address the environmental and attitudinal barriers faced by vulnerable groups, such as people with disabilities.

Although existing relief programs of the government and civil society (including World Vision) met most of the needs of the affected communities during natural disasters, S4T self-help activities and the flexibility in S4T operation rules may have played an important role in enhancing the members ability to cope with the after-effects of the disaster. S4T seems to have played a particularly important role in assisting affected members in recovering livelihood losses through self-help activities and the provision of options to members to either extend loans (provide grace periods for loan repayments, or to take up new loans). But further clarification could be required regarding the specific roles that S4Ts could play in enhancing the coping mechanisms and resilience capacity of its members.

Recommendations: Building on the encouraging results on disability inclusion in S4T and PGs to strengthen/expand/diversify IGAs (including LVC-based IGAs) and enhance recovery from natural disasters, a comparative analysis to examine gender differences should be undertaken as part of the end of project iLIVE evaluation. These findings should inform efforts that are needed to ensure that gender and disability inclusion is systematically mainstreamed across the S4Ts and LVCD/PGs, with a focus on addressing the remaining barriers to gender and disability inclusion.

Building on the largely qualitative yet promising findings, showing that S4T, when combined with LVCD, can play an important role in strengthening/expanding/diversifying IGAs for better income (including in pre- and post-disaster situations), consideration should be given to undertake quantitative research focused around the effects on resilience capacities (absorptive, adaptive, transformative) in being able to recover and re-start IGAs. These findings should be used to inform strategies to further strengthen coordination and intersectionality between inclusive S4T and LVCD, as well as inclusive Market Systems Development (iMSD), for better livelihoods and improved resilience in pre- and post-disaster situations.



Nonawathy, who produces mushroom hot drinks, is delighted to show her batch of mushrooms in her mushroom hut at Kiran.

Background and Context

In Sri Lanka, according to the latest available data, 4.1% of the population lives below the national poverty line.¹ This represents a declining trend over the years; however, the poverty gap index remains the highest in the Northern and Eastern provinces. Global studies have revealed that the COVID-19 pandemic has caused an increase in poverty,² and it is likely to be the same in Sri Lanka. The most recent Household Income and Expenditure (HIE) survey was carried out in 2019, prior to the COVID-19 related closures in the country, but the results have not yet been published.

iLIVE Project Overview

The Gender and Disability Inclusive Economic Development Project (iLIVE) initiated by World Vision Lanka (WVL) aims to increase the economic engagement of 24,000 target beneficiaries by increasing the incomes of 2,696 beneficiaries. This includes 1,650 producers who will achieve a 30% increase from the project's targeted value chain crops through production, value addition and wage earnings in the Eastern and Northern Provinces in Sri Lanka (Kilinochchi, Mullaitivu, Trincomalee and Batticaloa districts) by 2021.

Expected Outcomes:

- Outcome 1:** Increased capacity for producers to earn income, including people with disabilities and women, through: (1) Increased engagement of producers in target value chain activities (producing/processing/selling); (2) Improved market linkages and collective buying/selling for producers through producer groups; (3) Increased technical, vocational and financial literacy skills of producers; (4) Increased capital and access to finance for producers; (5) Increased time available for income generating activities (IGAs).
- Outcome 2:** Increased agency of women, through: (1) Changed community attitudes on gender; (2) Increased equitable household decision-making power; and (3) Increased time available for women through shared care work.
- Outcome 3:** Increased agency of people with a disability, through: (1) Increased independence of people with disabilities; (2) Changed community attitudes towards people with disabilities; (3) Strengthened capacity of Disabled People's Organisations (DPOs), government and service providers.
- Outcome 4:** Increased project stakeholders' understanding and access to knowledge on how to achieve economic empowerment inclusive of people with a disability and women for future projects.

The iLIVE project uses a 'twin-track' approach to gender and disability inclusion within local agricultural value chains by addressing barriers for women and people with a disability. The project is funded by the Australian Government through the Australian NGO Cooperation Program (ANCP).

People with disabilities and women are among the most vulnerable, as they are often excluded from society and do not have equitable opportunities to increase their income. According to the census statistics of 2012,

1 Household Income and Expenditure Survey 2016 (statistics.gov.lk) [accessed 2 August 2021]

2 ProjectedpovertyimpactsofCOVID19.pdf (worldbank.org) [accessed 2 August 2021]

people with disabilities make up 8.7% of the Sri Lankan population, of whom about 43% are male and 57% are female.³ Common types of impairments include visual (35%), physical, (25.6%), hearing (13.7%), cognition, self-care and communication. The three-decade civil war is a significant contributing factor;⁴ it is estimated that 27.6% of the population in conflicted areas in the Northern and Eastern provinces experience severe post-traumatic stress impairments, while landmines and unexploded ordnance continue to cause physical injury and death.⁵ Women with disabilities are doubly impacted by discrimination due to both their gender and impairment.⁶

The Global Climate Risk Index (CRI), which analyses and quantifies impacts of extreme weather events in terms of fatalities and economic losses that occurred, showed that Sri Lanka ranked the second highest on the CRI in 2017.⁷ Sri Lanka is often affected by various natural hazards, including weather-related events such as cyclones, monsoonal rain, and subsequent flooding and landslides.⁸ In addition, droughts are common due to variations in the monsoons. Localised and seasonal flooding poses the greatest threat to the populations; hence, the flood risk profile, a combination of the chances of a flood occurring and the consequences for people, property and infrastructure, is rising due to the expected increase in the impact and frequency of hydrometeorological hazards.⁹ The floods in the Northern Province in December 2018 were the second-

worst natural disaster to have occurred in Sri Lanka, after the huge tragic effect of the 2004 Indian Ocean earthquake and tsunami.

According to World Vision Lanka needs assessment, over 120,000 individuals and 39,000 families were affected by the floods in Kilinochchi and Mullaitivu districts.¹⁰ More than 11,000 people were displaced at the time and were living in 35 evacuation centres.¹¹ Furthermore, the iLIVE project supported rapid needs assessment of the flood affected beneficiaries in the North, and found that the most vulnerable groups in society, including women and people with a disability, were disproportionately affected by natural disasters, in terms of total cost of damages, compounding their vulnerability to these shocks and stresses.¹²

World Vision uses a comprehensive approach by integrating climate change and resilience into development programming to enhance communities' resilience to absorb, adapt and transform the realities, especially of the most vulnerable, that keeps them marginalised and at risk. Resilience is defined by World Vision as the "capacity of a system, community or society potentially exposed to hazards to adapt, by changing or resisting, reaching and maintaining an acceptable level of functioning and structure. It is the capacity of a community to grow through disasters, or 'bounce-back plus'. It is determined in part by the degree to which the social system is capable of organising itself

3 United Nations Regional Meeting on Disability Measurement and Statistics in support of the 2030 Agenda for Sustainable Development and the 2020 World Population and Housing Census Programme, 'Session 6 – Approaches used to measure disability through censuses: National experiences – Sri Lanka' (2016) <<https://unstats.un.org/unsd/demographic-social/meetings/2016/bangkok--disability-measurement-andstatistics/Session-6/Sri%20Lanka.pdf>> [accessed 28 October 2017]

4 https://www.westernsydney.edu.au/__data/assets/pdf_file/0011/1345583/a_study_of_war_affected_women_with_disabilities_in_sri_lanka.pdf

5 cited in: [Report \(acfid.asn.au\)](http://report.acfid.asn.au) [accessed 2 August 2021]

6 <https://www.ohchr.org/Documents/Issues/Disability/RightAccessJusticeArticle13/CSO/DisabilityOrganizationsJointFrontSrilanka.pdf>

7 Eckstein, D., Hutfils, M.-L. & Wings, M., 2019. Global Climate Risk Index 2019 Who Suffers Most From Extreme Weather Events? Weather-related Loss Events in 2017 and 1998 to 2017, Berlin: Germanwatch.

8 Ministry of Disaster Management, 2019. [Online] Available at: http://www.disastermin.gov.lk/web/index.php?option=com_content&view=article&Itemid=0&id=58&lang=en [Accessed 15 April 2019].

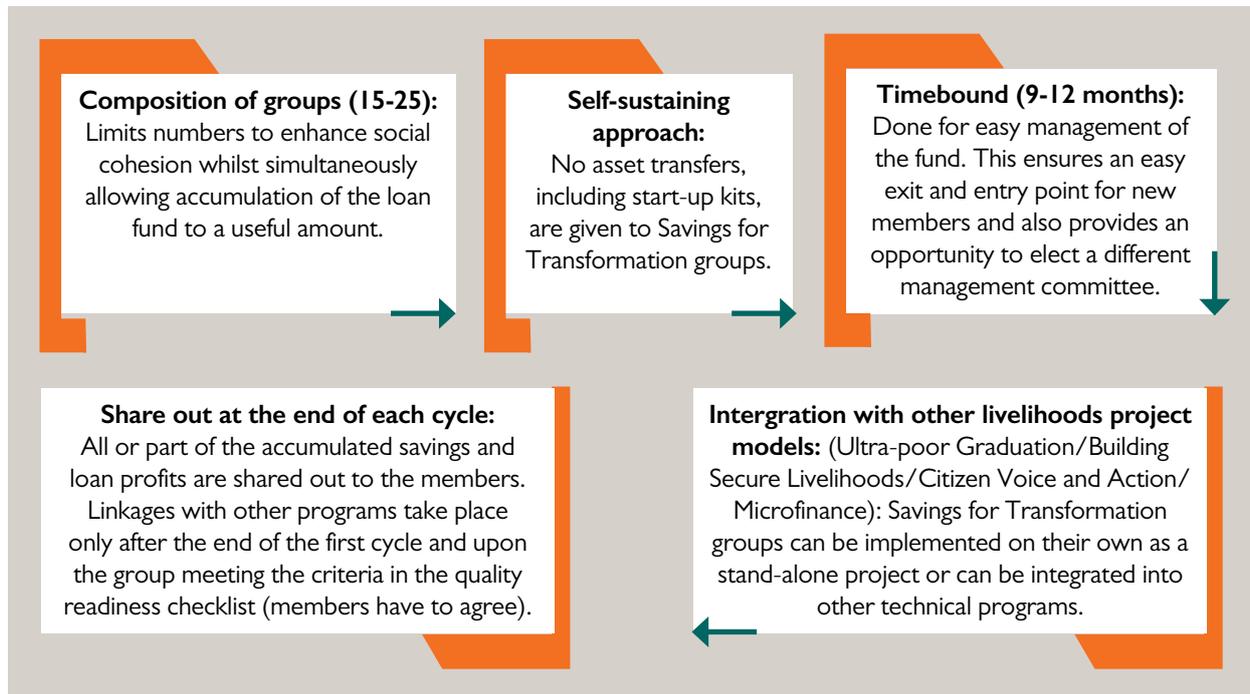
9 Ibid; GFDRR, 2017. Sri Lanka, s.l.: Global Facility for Disaster Reduction and Recovery.

10 WV, 2018. Rapid Need Assessment for Floods in Mullaitivu and Kilinochchi. World Vision Lanka (WVL), 31 December 2018.

11 reliefweb.int/disaster/fl-2018-000425-lka

12 iLIVE, 2019. Rapid Assessment for Flood Affected Beneficiaries in the North (draft report).; the rapid assessment covering all the flood affected project sites revealed that out of 767 beneficiaries affected, 584 were female, 183 male, 157 people with disability, and 74 were female headed households.

Figure 1: Key Features of Savings for Transformation (S4T) Groups



to increase its capacity for learning from past disasters for better future protection and to improve risk reduction measures.¹³ The resilience concept is operationalised into the following development practices:¹⁴ (1) Participatory assessment of complexity and root causes; (2) Broad stakeholder engagement and capacity building; (3) Cross-sectoral design and implementation; (4) Flexible program design and implementation; and (5) Scenario planning.

The iLIVE project supports gender and disability inclusion through: (i) **Local Value Chain Development (LVCD)**; and (ii) **Savings for Transformation (S4T)**, with the goal to enhance economic empowerment. Producer Groups (PGs) for the selected value chain activities have been established and strengthened to specifically include people with a disability and maximise women's economic engagement. The specific local value chains (LVCs) include mushrooms, groundnuts and manioc production, and value addition activities with the aim of improving incomes. **Savings for Transformation (S4T) Groups** are World Vision's adaptation of the Village Savings and Loans Associations (VSLA) savings groups approach. As

of June 2021, some 165 S4T groups have been established and are in operation. The S4T groups are designed to be explicitly inclusive in practice to ensure that the most disadvantaged and vulnerable, including women and people with a disability, in the targeted communities can access financial services and participate in the local market economy.

The diagram above highlights the key features of Savings for Transformation groups,¹⁵ which generally operate for a 12-month cycle, and which ends with the share out meeting. At this meeting, group members discuss and decide whether to continue to the next cycle. Members have the choice to leave with their savings if they want to and allow new members to join for the next cycle as well. New members are required to join the groups prior to the first share purchase (savings) meeting. It is at this meeting when group members decide on the share value for the new cycle, forming the seed capital for the loan fund. The group's constitution will be amended incorporating the above decisions. Then the same process will be followed for another year.

13 Institutionalising resilience: the World Vision story (wvi.org) [Accessed 2 August 2021]

14 <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8525.pdf> [Accessed 2 August 2021]

15 Key Features of World Vision's Savings for Transformation <https://www.wvi.org/sites/default/files/Key%20features%20of%20S4T-FINAL-electronic.pdf> [Accessed 4 August 2021]

Purpose and Scope of the Study

The overall aim of the study was to assess the effectiveness of iLIVE project-supported S4T groups and PGs to enhance economic participation of the members and community resilience to natural disasters. The key research questions for the study included:

- **To what extent are S4T groups supporting business development and generating economic impact for members, including persons with disability and women?**
 - What proportion of share value is re-invested into business development and target value chains?
 - What proportion of loan amount is taken for business development purpose?
 - How effective is the S4T model in increasing income generation for members living with different types and levels of disability?
 - From how many cycles (level of experience, maturity) are the S4T groups significantly contributing to business development?
 - To what extent are S4T group members able to graduate to larger, more formal sources of finance for business development?
- **What is the impact of PGs and S4T groups on capacity building around community resilience to natural disasters?**
 - What are the effects of major natural disasters on the lives and livelihoods of S4T members and their families?
 - How do S4T group members define resilience?
 - What mechanisms are in place to enhance community resilience (e.g. S4T group's social fund)?
 - To what extent are these mechanisms supporting recovery? What is the benefit of being a member of a S4T group or a PG in case one is facing natural disasters?



FGD with S4T female members during the research at Punnaineeravi GN, Kandawalai.

- How did S4T groups and PGs targeted by the project cope after being struck by hazards affecting the host/surrounding community, e.g. the floods in the North (Kandavalai) in December 2018; the drought in the East (Kiran, Muthur) in May-June 2019; elephant attacks in the East (Kiran area) currently occurring?
- To what extent does the community (beyond project target people) benefit from the presence of S4T groups or PGs for their recovery from disaster?
- To what extent did S4T-induced social dynamics contribute to community resilience?

Method

The study used a mixed approach including a desk review, quantitative and qualitative methods – an audit of S4T financial records, focus group discussions (FGDs) and key informant interviews (KIIs). The S4T audit covered all the S4T groups involved in the iLIVE project. The study was completed before the COVID-19 crisis; quantitative data collection and data entry were conducted from 5th August to 23rd September 2019 by the project team, while qualitative data collection was from 11th September to 24th September 2019 by the independent consultant team. The FGDs were purposely sampled to represent disaster affected communities, where the participants were affected by at least one type of disasters (floods, drought and/or elephant attacks). One group was held for each of the eight project divisions affected by disasters, across the four project districts, including Kandavalai division which was affected by the flash floods (December 22, 2018 – January 02, 2019). In addition, four groups of non-members of S4Ts from disaster affected areas were selected for comparison. The FGD sampling also aimed to ensure adequate representation of women and men with disabilities (10%), and female heads of households (10%) who are members of the S4T groups and PGs. Similarly, KIIs were purposely sampled to represent key selected stakeholders, including government officials, project staff and other stakeholders.

The S4T Audit Survey was conducted by the iLIVE project team based on the S4T record books, which were distributed to all S4T groups in the Northern and Eastern provinces. The quantitative audit survey was gathered from 60 groups (representing 1,513 S4T members). Out of the 1,513 survey participants, 13% were male, 87% were female, 18% were people with disabilities,¹⁶ of which 11% were male with a disability and 7% were female with a disability, and 17% were women head of households. Of the people with disabilities, about 50% were physically impaired while the balance was represented by persons

with visual impairments, hearing impairments and learning disabilities.

Focus Group Discussions (FGDs) were planned in consultation with the project team and carried out in each target district using an FGD guide, which included visualisation in local language, careful wording of the key questions, and maintaining a neutral attitude and appearance. At the end of each day, the session was summarised to reflect participants' opinions evenly and fairly. During the FGDs, the participants or respondents were organised into small groups of 5 – 10 members with a leader assigned by each group categorised as women, men, people with disabilities, female-headed households. The questions were asked by the field researcher, giving time for the group members to discuss and the leader to write down the responses, while counting the number of participants under each response. The plenary discussions were recorded by the Field Researcher, using a voice recorder for transcribing. The attendance sheets used in the FGDs gave participants the choice to self-identify as having a disability, being a female head of household and their gender. A total of 16 FGDs were conducted across the four project districts, involving 349 FGD participants. Out of the 349 FGD participants, 251 (73%) were S4T group members of whom 93 (27%) were also members of PGs. A total of 66 participants (19%) were non-S4T/PG members, and 32 (9%) were PG members but not members of S4T groups.

Key Informant Interviews (KIIs) were conducted using a semi-structured interview guide, which was administered for key selected stakeholders, government stakeholders, project staff, and other stakeholders. World Vision Lanka assisted the independent researcher, Institute for Participatory Interaction in Development (IPID), in contacting relevant stakeholders.

¹⁶ “Persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others” [UNCRPD, 2006, pp.]

Limitations

- The study was undertaken in 2019, just before COVID-19 spread across the globe, hence reference is not made to this most recent pandemic though some of the findings that are related to S4T-PG members' recovery from other natural disasters, such as floods and drought, can be relevant to this context.
- Out of the 60 S4T groups that participated in the S4T audit survey, only 20 provided complete information including loans given to LVCs. Therefore, any analysis of the S4T members especially in relation to loans given to LVCs was limited.



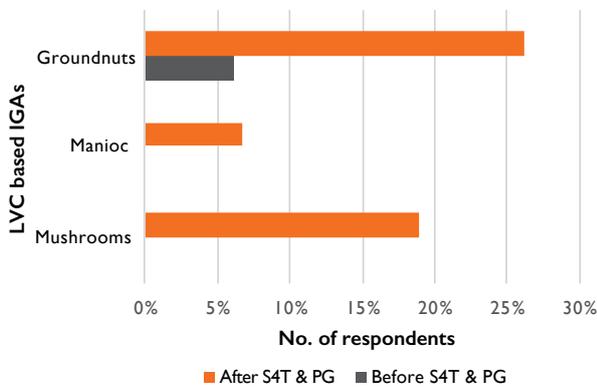
Jukamala (female head of household) involved in groundnut de-husking with her 'Olirpirai' PG members at Piramanthanaaru GN, Kandawalai.

Key Findings

Impact of PGs and S4T groups on economic engagement and family wellbeing

S4T share value appeared to catalyse increased income generating activity

Figure 2: Status of LVC based IGAs before and after S4T and PG introduction



- Analysis of audit records of 1,489 members of 60 S4T groups, covering the period between October 2017 – August 2019, revealed that 41% of the S4T group members had also joined PGs to work with LVC activities (groundnuts, manioc, and mushrooms) introduced through the iLIVE project.
- This was confirmed by the FGDs, which showed that after joining S4T and PG groups, vulnerable members who were engaged in traditional ventures, dominated by agricultural and livestock practices and IGAs with no potential to expand (due to lack of capital), have diversified and/or expanded their IGAs to include LVC based IGAs for a better income (Figure 2).
- S4T, as a whole, has contributed to the start-up ventures among members who were not engaged in any kind of IGAs. Out of the 19% of respondents who were not engaged in any kind of income generation prior to joining S4T, 10% were engaged in some kind of IGAs at the time of FGDs. However, the remaining 9% were members

with disabilities. This suggests that more access and agency work is needed so that people with a disability are able to participate economically if they choose to do so.

Purpose of most loans is business development

- Loan disbursement was analysed for the sub-sample of 20 groups, covering 411 loans amounting to LKR 4,352,950. S4T audit analysis for these groups revealed that, in terms of the total number of loans disbursed (411), the majority (79%) took loans for business development in support of start-up enterprises and strengthening IGAs. These IGAs included traditional agriculture, non-farm enterprises, and self-employment livelihoods (50%), as well as taking part in LVCs introduced by the iLIVE project (29%) towards business expansion and/or product diversification. The focus on income generation is to be expected because this was strongly encouraged as loan priorities/purposes in the S4T constitutions while setting up the S4T groups. The remaining loans (21%) were taken up for non-business development related to children's education and household needs.

“I do not go to work. My husband gives me money to attend to family needs. When I joined S4T, I was challenged with finding money to purchase shares. Looking at the home expenses, I decided to grow vegetables in my garden for the family and save money to purchase shares at the S4T meeting.”

- S4T member in FGD

- In terms of the disbursed loan amount (LKR 4,352,950), only 20% was invested in 115 LVC ventures, which was predominantly invested into the groundnut LVC. The small size of the investment into LVCs suggests that lower investment is required for LVC products compared with other IGAs. In terms of the number of loans, the highest number of loans was recorded for: (1) traditional agriculture (29%), i.e. vegetable and paddy cultivation; (2) LVC ventures (29%); and (3) non-business development (21%).
- However, there was a decrease in the participants' engagement in traditional agricultural practices by 13%, due to climatic issues, low profits, and allocation of land for LVC products (which requires comparatively lower investment than paddy or livestock).

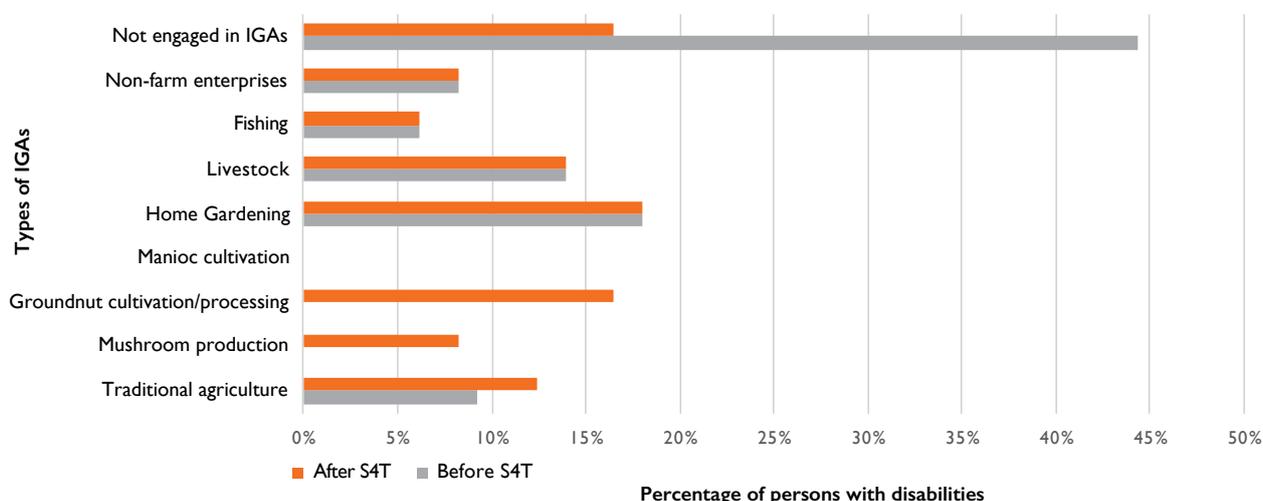
S4T was effective in increasing income generation for members, including those with disabilities

- The S4T audit revealed that there was an increase in LVC-based income generation among the S4T members, including those with a disability, when compared to the period before and after joining the S4T groups. The proportion of S4T members with a disability that were not engaged in IGAs declined from 44% before joining S4T down to 16% after S4T. This is due to improved investment capacity through S4T and strengthening their livelihoods

with LVCD through PGs. This finding suggests that S4T, including when combined with PGs for specific local value chains, have played a positive role in livelihood diversification, including for those living with disability (Figure 3).

- FGD participants with disabilities reported that they were treated equitably during their participation in S4T activities, especially, share purchase and requesting loan services. Some groups have prioritised persons with disabilities during loan disbursement and issued interest-free loans to motivate them to engage in/expand IGAs, while other groups provided no special concessions to support people with disabilities.
- All in all, these findings suggest that the S4T model is effective in motivating members, including those with different types of disabilities and their families, to generate income and improve savings through share purchase and loan services for start-up/improving IGAs. However, continued efforts are needed to ensure that this disability inclusion is mainstreamed across all the S4T groups.
- Most of the members with disabilities are engaged in the same IGAs as members without disabilities (Figure 4), especially home gardening (18%); groundnut cultivation/processing (16%); traditional agriculture (12%) and non-farm enterprises (8%). However, 16% of those members with disabilities are still not involved in IGAs on their own, compared with 0% of S4T members without disabilities.

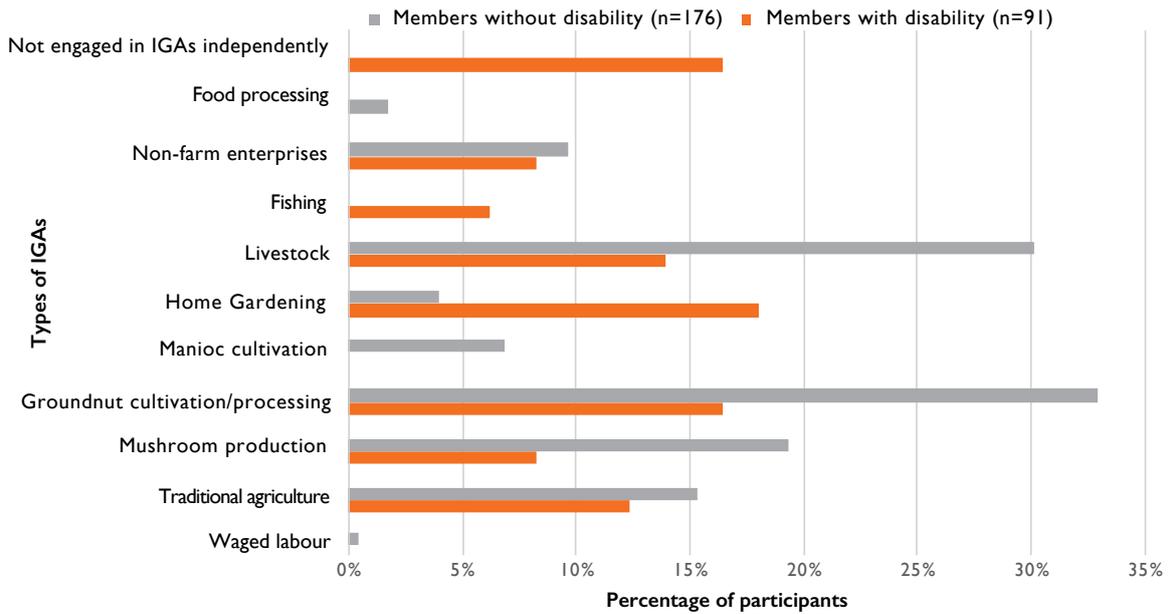
Figure 3: Status of IGAs before and after S4T introduction among members with disabilities



- In the FGDs, most persons with disabilities stated they experienced barriers to engaging in IGAs such as accessibility, mobility, and communication issues, while some identified severe impairments, lack of confidence and overprotection from family

members as barriers. FGDs also revealed that some persons with disabilities received a monthly allowance through Divisional Secretariats and were reluctant to start IGAs due to fear that the allowance would be stopped as a result.

Figure 4: Income generation status of S4T members with disabilities compared to members without disabilities



- Nevertheless, even those members with disabilities who were not engaged in the IGAs (16%) had purchased shares with the support from their families. The shares and dividends were considered a form of saving by the family for their members with disabilities, and some were expecting to join the LVCs within their capacity. This suggests that the S4T model is effective in motivating persons with different types of disabilities and their families to generate income and improve savings through share purchase and loan services for start-up/improving IGAs.

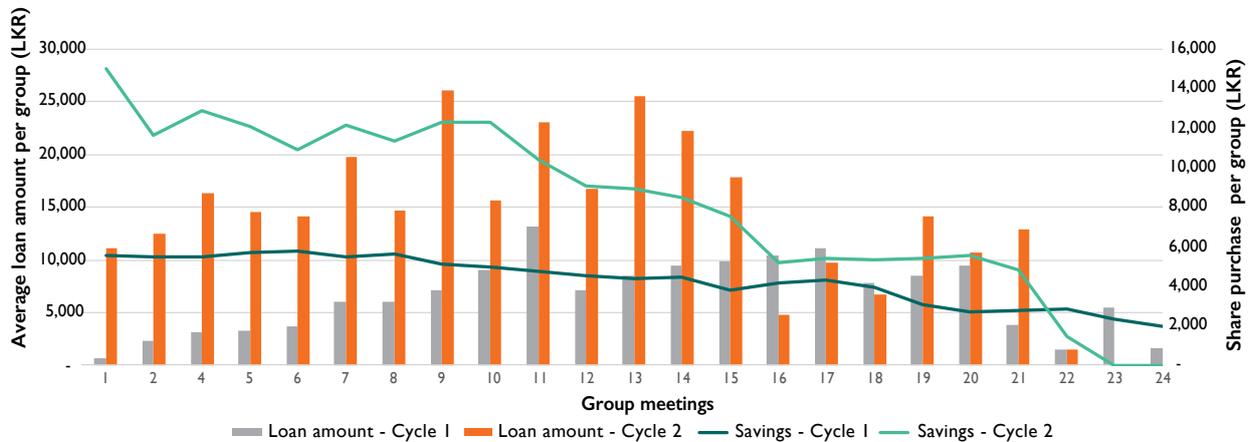
As S4T groups mature, they have a stronger impact on business development

- S4T audits revealed that the investment capacity of the S4T members increased with graduation from one cycle to the next as shown in Figure 5; the member shares in Cycle 1 has a relatively

uniform pattern of investment in small amounts until the end of the cycle. In comparison, Cycle 2 starts with higher amounts and then goes down by the 10th month (Meeting #20) after which the share amount reaches zero. This is to be expected as the loan fund increases by cycle and members' confidence in the S4T process (both in taking loans and approving loans) grows.

- Disbursement of loans in Cycle 2 has a comparatively steadier loan disbursement pattern due to a strong savings base for reinvestment on loans compared to Cycle 1, where loan disbursement only starts after a few months of preparation and collecting shares, until it reaches the mature stage of disbursement. Moreover, Cycle 2 groups cease their loan disbursement activities by the end of the 10th month, as compared to Cycle 1 groups which continued to the end of the cycle. This reflects the opportunity to carry forward the loan scheme to the next cycle and the relatively low risk of defaulters.

Figure 5: S4T member shares purchased vs loan disbursement pattern in Cycles I & 2



“All the community-level micro-credit programs charge high interests, which we cannot afford. Many got trapped in this vicious process. We didn’t have confidence that we could run our own self-help loan service. After joining S4T we realised that we could do it. And we were trained to be financially disciplined as well. The more we invested through shares, we could disburse more loans to our members. At the end of each cycle the group dissolves and forms again, giving members the choice to decide whether to continue with it or not.”

- FGD participant

gained during Cycle I on managing a loan scheme, members became more confident and knowledgeable.

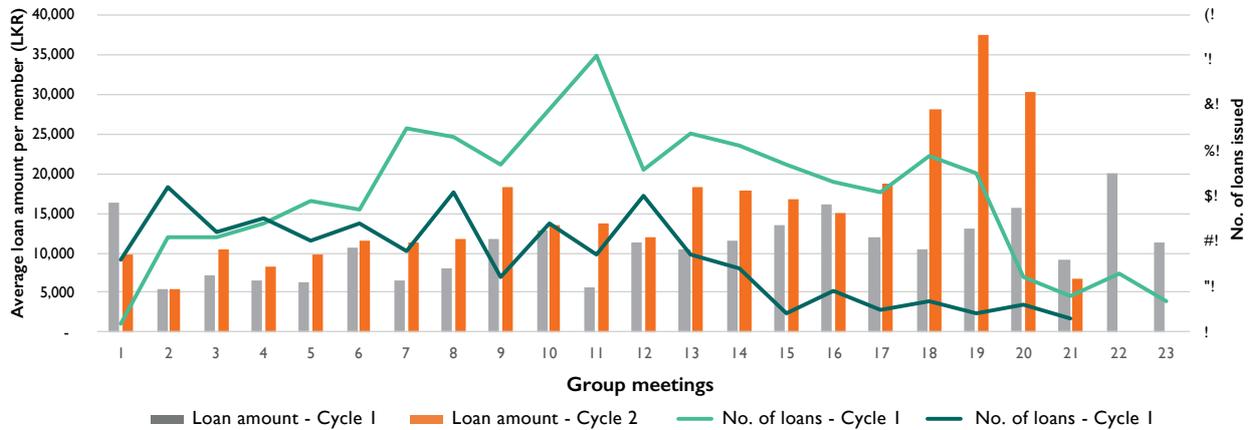
- The members also stated that as more loans were disbursed, more profits were gained for shareholders through the interest rate earned. Moreover, in FGDs, they stated that half-way through Cycle I, they realised that the S4T model had been successful in the disbursement of loans for business development, reflected in the increase in share purchase due to the increase in their income.



Kumutha, President of the 'Iyanar' S4T group conducts regular S4T meetings with her group.

- Though the number of loans disbursed are higher in Cycle I compared to Cycle 2, the average loan amount per member is higher in Cycle 2 than Cycle I, particularly towards the end of the loan cycle (Figure 6). This is confirmed in the FGDs, indicating that when the groups have graduated from Cycle I to Cycle 2, with hands-on experience

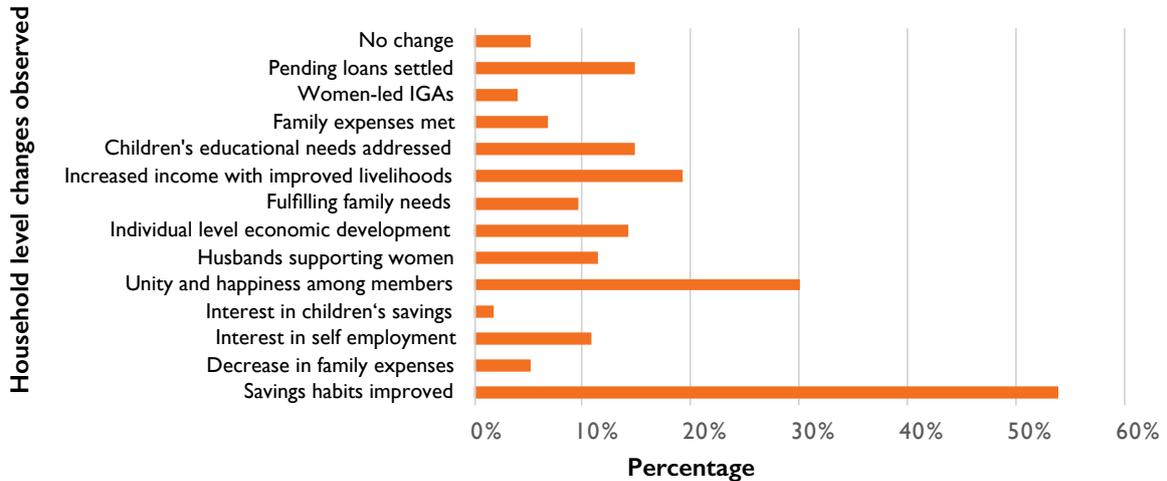
Figure 6: No. of loans issued vs average loan amount per member in Cycles I & 2



S4T members report increased ability to care for children and improved household financial wellbeing

- FGDs findings suggest a broad set of benefits. S4T members reported that key outcomes attributed to S4T included (respondents could nominate more than one): Improved saving habits; unity and happiness among members; increased income with improved livelihoods; and children’s education needs addressed, among other benefits (Figure 7). Only a few stated that there was no change.

Figure 7: Changes in the households of S4T members



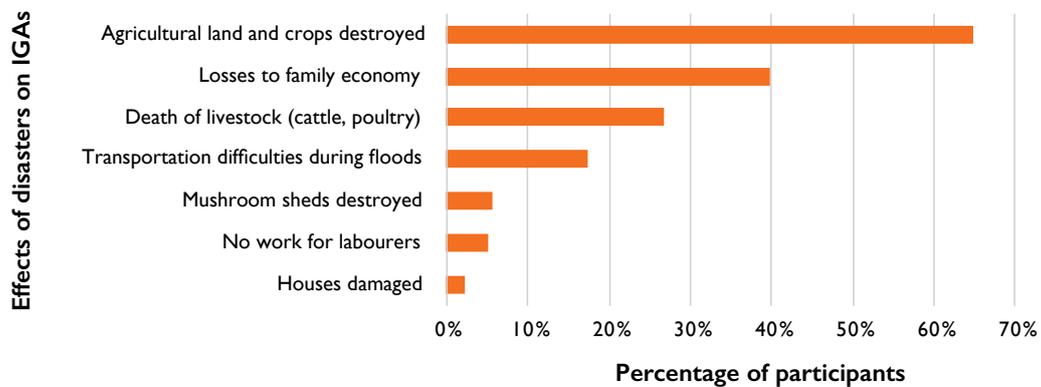
FGD with S4T members during the research at Punnaineeravi GN, Kandawalai.

Impact of PGs and S4T groups on resilience to major hazards

The lives and livelihoods of S4T members and their families are significantly affected by major hazards

- Most FGD participants identified drought (64%) and floods (55%) as the most common hazards affecting people in their communities. Particularly in the East (Seruvila, Muthur and Kiran divisions), elephant attack (45%) was considered a major hazard. A few FGD participants (ranging from 10% to 5% across the two provinces) also considered tornados, lightning and thunder, gang attack and robbery, which have increased in some divisions, as major hazards due to the adverse effects.
- The greatest damage to livelihoods was caused by floods and drought, resulting in two-thirds of S4T members suffering the destruction of agriculture land and crops (65%). Some of the participants also reported losses to the family economy (40%); death of livestock (27%) and difficulties in transportation during floods (18%). A few of the FGD participants (6%) who were engaged in mushroom production reported that their sheds were destroyed during the flood and 5% reported there was no work for labourers (Figure 8). Elephant attack was considered the most fatal hazard by all S4T members in FGDs.

Figure 8: How the major hazards affected IGAs of S4T members



How S4T group and PG members define resilience

- The majority S4T and PG members included in FGDs defined resilience as preparatory measures to face the regularly occurring hazards. These measures could involve saving money, purchasing, and maintaining stocks of essential materials that are required during the crisis.
- Resilience was also described by some as displacement during high-risk situations such as planned evacuation and shifting to the lands at higher elevations for farming/cultivation. Others described resilience as community awareness prior

to disasters. But very few talked about preparing during and after the crisis for survival and recovery, by adapting specific practices, such as reducing expenditure.



People displaced due to torrential rains and heavy flooding in Kandawalai.

“When floods came having no other option, we enjoyed being with the neighbours having the opportunity to interact with our own community. It is because we have more time as we could not attend to any other work.”

- Participants from Mahaweligama

Recovery period from the drought in the East and floods in the North ranged from 3 to 6 months or more

- With regards to the recovery period after the floods in the East and drought in the North, the FGDs and KIs revealed that most of the affected families recovered from the after-effects of the floods/drought between two to three and up to six months or more after its occurrence. Those that faced serious damages to their property, such as houses, cultivation lands, business places, took six months or more to recover especially in the North (69%)
- With regards to the recovery period from losses in IGAs, 29% of FGD participants mentioned that it took them less than one month to recover their livelihoods, 19% took up to three months, while 23% took 6 months or more

Disaster relief programs met most needs of communities during the crisis

- FGDs revealed that most of the needs of communities during the disaster were met by disaster relief programmes in operation through the Divisional Secretariats in the iLIVE project areas, which complemented the relief programmes supported by civil society, including World Vision. Some of these government services included: food transfers and temporary shelters, reconstruction of damaged properties; supply of materials, as well as financial grants in support of recovery for affected families under the Samurdhi program.

- KIs also indicated that post-disaster interventions were mostly concentrating on the relief stage, but were expected to decline at the recovery stage, with some compensation for recovery from damages caused by disasters.

S4T together with PGs played a key role in the livelihood recovery phase

- FGDs revealed that while the savings temporarily declined and borrowers initially struggled following the disaster, the trust/goodwill built in the group meant they could negotiate grace periods or recovery loans, both of which enabled them to prioritise household needs over loan repayments. This same goodwill meant that repayment rates were high, all contributing to improved livelihood recovery.
- S4T savings practiced through regular meetings of the groups were affected temporarily during the disaster due to displacement and environmental factors. Just over 20% in both the North and East provinces indicated that their regular savings were affected. As many as 60% of S4T members in the North stated that they had stopped saving as their earnings had gone down, while none stopped saving in the East. But none in the North or the East withdrew their savings to revive their livelihoods, which suggests that there were other government or NGO supported relief programs that protected the communities from adopting such coping mechanisms.

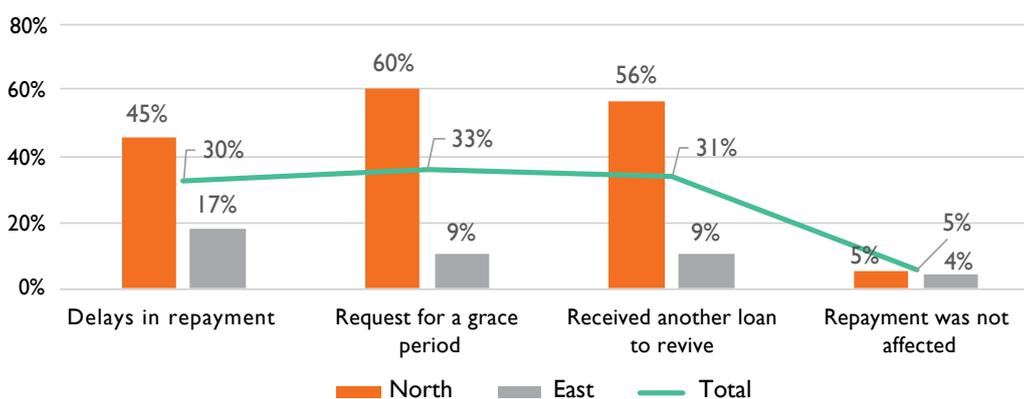
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...following the disaster, the trust/goodwill built in the group meant they could negotiate grace periods or recovery loans, both of which enabled them to prioritise household needs over loan repayments.

- More than half (58%) of S4T members in FGDs had obtained loans prior to the onset of disaster, and many of them faced difficulty in meeting their loan repayments due to the impacts of the disaster on their livelihoods. As shown in Figure 9, 30% were late in paying back their loans, 33% requested and received a grace period, while 31% managed to receive another ‘recovery’ loan from

S4T groups to settle their first loan and to revive their livelihoods. Members from the North were consistently more likely to be affected as compared to those from the East. However, only 5% stated that their repayment was not affected, with little variation between the two provinces. Importantly, none of the S4T members requested to write-off their loans or defaulted on their loans.

Figure 9: Impact of the disaster on loan repayments



- None of the S4T groups used social funds for recovery. With regards to the reasons for not using social funds, 40% of members in FGDs stated that they did not request social fund support; 27% felt that the social fund was small; 15% indicated that there was no need; while 9% had their loan grace period approved.
- These findings are confirmed by quantitative analysis of S4T audit records, which showed that there was no significant difference in S4T performance before the floods and after the floods.¹⁷ Even though the savings of a few S4T members were affected, it was not large enough to be significant across all the 60 S4T groups that the S4T audit is based upon. It also confirms that there were no defaulters, and that social funds were not used after the disaster. S4T audit analysis also confirmed that S4T groups had established a social fund, with a total amount reaching LKR 291,990 at the time of the study. The social fund of the S4T groups was not utilised for disaster-related assistance, but it was used in addressing/

supporting the member-level needs such as funerals, hospitalisation, birthday celebrations.

- During the recovery period from the floods in the North, FGDs revealed that the S4T groups helped the affected members with loans to revive their livelihoods, to address other damages or to meet other family needs. Out of the 176 S4T members that participated in the FGDs and that responded to the question on whether they had taken a new loan after the hazard, 43% stated that they did. The new loan was for: i) recovering IGAs (93%); ii) groundnut re-cultivation (3%); iii) house repairs (12%); and iv) meeting family needs that are not related to the disaster, such as children’s education and medical needs (5%). This finding suggests that S4T groups have an important role to play in ‘recovery lending’ post disaster, including re-establishing livelihoods activities and household needs (home repairs, education, medical), and they appear to have had reasonable capacity to do so with their own loan funds. However, this is also because they received disaster relief support

¹⁷ Paired t-test was performed to compare difference across four key S4T quantitative variables (No. of shares, savings, social fund, fine) before and after the flood disaster for 60 S4T groups that the S4T audit is based upon.

from the government and other related projects. In other cases, more resources might be needed to allow useful sized recovery loans for enough people.

- In FGDs with S4T members, it was revealed that 48% acquired loans from their S4T groups' loan fund during the livelihood recovery process, and 27% used their own savings in the government poverty alleviation programs (Samurdhi). Having their own group to support them financially in order to recover their livelihoods after a disaster was recognised as a great strength by all the S4T members who participated in the FGDs.

S4T Groups together with PGs have the potential to improve social cohesion and resilience

- FGDs also revealed that, during and after disasters, some of the members adopted self-help practices (28%). These practices involved informing and registering as displaced persons in the government relief schemes, participating in labour sharing (Shramadana) to engage in common activities such as cleaning, cooking, planning at the evacuation centres, and sharing their S4T and PG experiences with the others who were displaced. This suggests that the presence of the S4T groups may have enhanced social cohesion by enabling them to support each other and their community during and after disasters.
- In addition to receiving support in the recovery of their IGAs through loans (from the groups' loan fund), FGDs stated that they were also provided with relief assistance through producer groups. Some indicated that they were supplied with seeds and sheds (37%) to restart their livelihoods through World Vision Lanka and Agriculture Officers; while others reported that they received skills development (14%), assistance from Agriculture Department (11%) and marketing assistance (4%) to build their resilience (Figure 10).
- Despite the challenges faced by the S4T groups, the FGD revealed that the members received, in addition to loans, seeds and huts, technical and marketing assistance and skill development in coordination with PGs. The S4T group and PG members also practised self-help among members

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Having their own group to support them financially in order to recover their livelihoods after a disaster was recognised as a great strength by all the S4T members who participated in the FGDs.

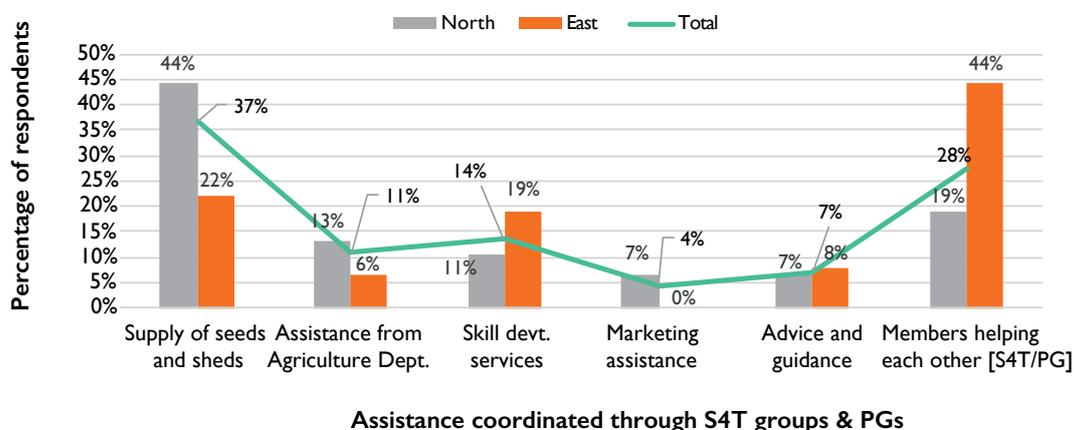
and in support of other affected members in the community during the revival process, i.e. sharing information, labour, inputs/material in reviving their IGAs, especially the agricultural ventures.

- Apart from acting as conduits for recovery support, S4T groups and PGs have been able to organise and support their members and others in the community to recover (i.e. through self-help, etc.) because they have established and strengthened social networks in the community, particularly for vulnerable people such as female-headed households and people with disabilities, who often did not have as many networks. All



Vasantha's children support their mother (who has a disability) in mushroom cultivation at Konavil, Karaichchi.

Figure 10: Building resilience through producer groups



in all, these findings suggest that S4T loans may have been instrumental in assisting the members in recovering their livelihood losses due to the disaster, and that S4T together with PGs have the potential to build resilience.

Post-disaster, interest in S4T increased in affected communities

- In some of the most affected areas, for instance after the floods in Kandawalai, S4T audit analysis showed that there was more awareness of the need for savings and loans. This is evidenced by the significant growth in the number of S4T groups (and members) which continued even immediately after the floods, suggesting that S4T is seen as a useful mechanism for coping during recovery.
- The S4T approach, which promotes the culture of investing in small amounts on share purchase, has attracted community members to join/form the groups in both pre- and post-disaster contexts, as revealed during FGDs and confirmed by the project team during KIs.

S4T appears to have induced social dynamics, which may contribute to community resilience

- KIs revealed that the community had no confidence or trust in the abilities of people with disabilities, as well as limited trust in S4T at the beginning because there had been several reported incidents of women being cheated by

“...these findings suggest that S4T loans may have been instrumental in assisting the members in recovering their livelihood losses due to the disaster, and that S4T together with PGs have the potential to build resilience.

loan-recovery personnel, so that they lacked proof of loan payments. These attitudes were positively transformed. In FGDs, the members stated that they enjoyed participating in the S4T meetings and considered it as a socialising opportunity. Their abilities were recognised in the community as income earners through S4T-assisted IGAs, and not as a burden to the family and the community. Furthermore, World Vision’s Journey of Transformation (JoT) program has helped mobilise men for share purchase at S4T meetings, and to support women’s economic empowerment and address inequitable gender attitudes.

- FGDs with S4T members in Seruvila stated that recurring floods provided them with the opportunity to interact with other community

- members, sharing their stories and learnings on coping with day-to-day problems/challenges.
- Finally, they also shared their experience in addressing the issue of elephant attacks. Some members had learned about a small-scale electric fence developed in a neighbouring village, which stopped the elephants invading the houses. They managed to obtain loans to invest in this elephant fence, which stopped elephants attacking their houses, some of which had been fatal.
- The S4T measures for the members to mitigate risks of different types of future disasters included: better water management, environment-friendly agriculture, and small-scale solutions such as household-level elephant fences. In addition, specific S4T adaptive measures included: extending loans terms, provision of livelihood recovery loans, which enabled faster recovery; while group savings and the social fund were also in place to improve their security from disaster in the future.

Journey of Transformation [JoT] is a program aimed at increasing women’s agency by harnessing men’s support for women’s economic empowerment and transforming inequitable gender attitudes by addressing issues including GBV, household decision making and promoting greater engagement of men in childcare and other household responsibilities.

Adapted from Promundo’s gender-transformative curriculum for engaging men as allies in women’s economic empowerment, the JoT program is a series of 11 sessions delivered to 10-15 couples at a time through small group education with critical reflection, dialogue and participatory activities designed to increase men’s support for women’s economic empowerment. Men are encouraged to do so through more equitable household decision making and sharing of domestic tasks in order to increase women’s time available for economic development and to promote healthier, more equitable relationships.



S4T meeting during the formation of ‘Saraswathy’ S4T group at Koraveli GN, Kiran.

Conclusions

- The S4T and LVCD component of the iLIVE project has contributed to: i) organising vulnerable groups (including women and people with disabilities) to mobilise savings and strengthen their investment capacity in the start-up/expansion of IGAs; and ii) building resilience among the vulnerable groups to natural disasters that affected their livelihoods and day-to-day activities.
- Vulnerable groups who were engaged in traditional ventures (dominated by agricultural and livestock practices and IGAs, with no potential to expand due to a lack of capital) have diversified and/or expanded their IGAs, including LVC-based IGAs such as growing groundnuts, mushrooms, and manioc for a better income.
 - The increase in income of the S4T members, when compared with their income before joining the S4T groups, is due to improved investment capacity through S4T and strengthening their livelihoods with LVC products through PGs. Producer groups have also played a positive role in product diversification.
 - The decrease observed in the participants' engagement in traditional agricultural practices is also due to climatic issues, low profits, and allocation of land for LVC products (which require comparatively lower investment than paddy or livestock).
- S4T was shown to be successful in the disbursement of loans for business development. The groups that graduated from Cycle 1 to Cycle 2 could purchase more shares due to the increased investment capacity of the members. This contributed to an increase in the value of loans, resulting in broader benefits beyond improved income.
 - The more the loans were disbursed, the more the profits were gained for shareholders through the interest rate earned. Moreover, halfway through Cycle 1, they realised that the S4T model had been successful in the disbursement of loans for business development (reflected in the increase in share purchase due to the increase in their income).
 - Beyond improved income, there were a broad set of benefits. S4T members reported that key outcomes attributed to S4T included: the ability to address the educational needs of their children; support given to women by their spouses; and the ability to fulfil family needs, among others.
 - The S4T model, which has developed the members' capacity to own and administer a financial service (social enterprise) to their own community, was considered by the members to be a better alternative due to its approach that encouraged discipline among the members on day-to-day financial management at both a family level and business level.
- S4T is a promising inclusive model for addressing the financial needs of vulnerable groups, including women, female headed households, and those with disabilities, because it offers: i) a practical system to mobilise savings among vulnerable groups with limited financial management skills; ii) the choice to withdraw from the group at the end of the first cycle or to continue during the second cycle; iii) collective decision-making practices in consultation with the group members; and iv) a focus on IGA strengthening or expansion/diversification through LVC-based IGAs with links to specific LVC-based PGs (mushrooms, manioc, and groundnuts), as well as family development (e.g. meeting child education and health needs). However, additional efforts are needed to address environmental and attitudinal barriers faced by vulnerable groups.
 - There is a significant overlap between S4T and PG membership, enabling greater engagement in LVCs (groundnuts, manioc, and mushrooms) introduced through the iLIVE project.
 - S4T and PGs are effective in motivating people with different types of disabilities and their

- families to improve savings and generate income through share purchase, as well as loan services for start-up/improving IGAs or adopting LVC-based IGAs to expand and diversify their income.
- Members with disabilities were treated equitably during their participation in S4T activities, especially share purchase and requesting loan services.
 - Though initially the community had no confidence or trust in the abilities of people with disabilities, S4T contributed to transformative changes resulting in community recognition for people with disabilities as income earners through S4T-assisted IGAs without being a burden on the family and the community.
 - There was an increase in LVC-based income generation among the S4T members, including those with disabilities, when comparing before and after joining the S4T groups. Even those members with disabilities who were not engaged in the IGAs had purchased shares with the support of their families. The shares and dividends were considered a saving by the family for their members with disabilities, and some were also expecting to join the LVCs at their capacity.
 - Inclusive and equitable practices of the S4T model have provided opportunities for most vulnerable groups, including people with disabilities and female-headed households, such as holding management positions and engaging in IGAs; however, continued efforts are needed to ensure that gender and disability inclusion is further strengthened and sustained among these groups involving key stakeholders such as DPOs.
 - Furthermore, while some groups have prioritised people with disabilities during loan disbursement and issued interest-free loans to motivate them to engage in/expand IGAs, there were also groups that provided no special concessions to support these groups; hence, mainstreaming gender disability across the S4Ts is crucial.
 - Focused attention is also required to address remaining barriers faced by people with disabilities, including accessibility, mobility, and communication issues, in addition to a lack of confidence among family members and overprotection. Furthermore, some people with disabilities received a monthly allowance through Divisional Secretariats and were thus reluctant to start IGAs due to the fear that the allowance would be stopped as a result.
- The most severe damage to livelihoods was caused by floods and drought, resulting in the destruction of agriculture land and crops, losses to the family income due to lack of work, market issues, the loss of livestock, and difficulties in transportation. Elephant attacks were the most fatal among all the various hazards experienced by S4T members. With regards to the impact of the disasters on S4T operations, quantitative analysis of S4T audit records confirmed that it was not significant, i.e. not much change after the floods in terms of shares issued by S4T, savings, social fund, fines, loan repayments, interest paid by borrowers, number and amount of loans issued. Though existing relief programs of the government and civil society (including World Vision) met most of the needs of the affected communities during such disasters, S4T self-help activities and the flexibility in S4T operation rules may have played an important role in enhancing the members ability to cope with the after-effects of the disaster.
 - Even though most of the communities' needs were met by disaster relief programs of the government and other civil society organisations, S4T seem to have played an important role in assisting affected members to recover livelihood losses through self-help activities and the provision of options to members to either extend loans (provide grace period for loan repayment, or to take up new loans).
 - S4T members also made use of S4T loans to invest in small-scale elephant fences, which stopped elephants attacking their houses.
 - Withdrawing funds from savings or social funds were not the preferred options, as these were reserved for use during crises that had debilitating effects on their members and families.

- Most of S4T and PG members in FGDs defined resilience as a preparatory measure to face the regularly occurring disasters, which could involve saving money, as well as purchasing and stocking essential materials required during disasters. However, very few members mentioned adopting any of these practices or reducing expenditure to prepare for disasters. Hence, further clarification could be required regarding the role that S4Ts could play in enhancing the coping mechanisms and resilience capacity of its members.
- In selected project areas affected by the floods (Kandalalai and Seruvila), it appears there was increased awareness of the need for savings and loans after the floods, as evidenced by the significant growth in the number of S4T groups (and members), during and immediately after the floods. This suggests that S4T is seen as a useful mechanism for coping during recovery and could contribute to community resilience.
 - The increase in share purchase and the number of loans disbursed during the period before and after the floods, suggests that the S4T model, which promotes the culture of investing small amounts in share purchase, has attracted community members to join/form the groups in both pre- and post-disaster contexts.
 - Flood situations provided the opportunity to interact with other community members, sharing stories and learnings about how to cope with day-to-day problems/challenges.



Rasathurai's wife supports him in groundnut production at Koraveli GN, Kiran.

Recommendations

- Building on the encouraging results on disability inclusion in S4T and PGs to strengthen/expand/diversify IGAs (including LCA-based IGAs) and enhance recovery from natural disasters, a comparative analysis to examine gender differences should be undertaken as part of the end of project evaluation. These findings should inform efforts that are needed to ensure that gender and disability inclusion is systematically mainstreamed across the S4Ts and PGs, and that the remaining specific barriers to gender and disability inclusion are addressed, involving key stakeholders such as DPOs and women's organisations.
- The role that S4T could play in enhancing its members' coping mechanisms and resilience should be articulated more clearly for varying contexts based on needs assessment, i.e. taking into account the availability of existing disaster relief services and micro-insurance. Recovery lending should also be explored with VisionFund International (VFI), especially in contexts where the loan funds are unable to meet the needs of everyone (i.e. to re-start livelihoods/repair homes, etc.), they could take a group loan from VFI. This would enable members to get access to funds more easily when they are most needed, while still keeping the same group processes in place.
- Building on the promising findings (largely based on qualitative data), suggesting that S4T, when combined with PGs, can play an important role in strengthening/expanding/diversifying IGAs for better income (including in pre- and post-disaster situations), consideration should be given to undertake quantitative research focused around the effects on resilience capacities (absorptive, adaptive, transformative) in being able to recover and re-start IGAs. Then use the findings from this additional research to inform strategies to further strengthen coordination and intersectionality between inclusive S4T and LVCD, as well as inclusive Market Systems Development (iMSD), for better livelihoods and improved resilience in pre- and post-disaster situations. Furthermore, in line with the overall World Vision International approach, resilience should be operationalised into S4T and LVCD development practices through participatory assessment of complexity and root causes, broad stakeholder engagement and capacity building, cross-sectoral design and implementation, flexible program design and implementation, and scenario planning.

Thanka (who has a disability) takes dried mushrooms from a sun dryer to prepare mushroom hot drinks at Puthumurippu GN, Karaichchi.



When you commit to humanity amazing things can happen!

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