

## Savings Groups (SGs)

Helping families increase their economic resilience

**Problem:** In many of the areas where World Vision works there is a lack of community access to formal financial institutions. This is due to geographic remoteness or a reluctance of these formal institutions to cater for the very poor due to high operating costs and perceived risk. Additionally, the product offerings of these institutions often do not suit the needs of the very poor. As a result, communities lack the ability to build capital or withstand economic shocks and are therefore not self-reliant or able to provide well for their family's needs.



**Summary:** SGs focus on savings as accumulated capital, not credit. They facilitate savings, insurance and credit services in a small-scale and sustainable way to members who are traditionally outside the reach of formal financial institutions. They enable community members to plan ahead, smooth consumption, cope with household emergencies and invest in their livelihoods.

**Concept:** A SG is a group of people who save together in a safe, convenient and flexible way. They are owned, managed and operated by its members using a simple, transparent method whereby groups accumulate and convert small amounts of cash into savings.

The group's savings can be lent as credit to earn additional income for members through interest, kept in a safe place for emergencies or both. The SGs approach is sustainable due to low costs and self-replicating through trained community members.

They are based on a model that was developed in 1991 by CARE international and now operates in over 61 countries and has over 6 million active participants worldwide. World Vision's SGs operate in over 20 countries for 161,000 people who have saved over \$4.5 million.

### Current Working Example

#### Indicative outcomes after a 4 year project:

1. >5000 active members saving
2. 3000 women have greater influence over household finances
3. >20,000 children will be better cared for

*Outcomes are self-sustaining beyond the life of the project*

**Cost: \$125,000 over 4 years**

#### Total additional savings

**Year 1- 4  
\$560,000**