



Oxfam America's | Saving for Change program

IN WEST AFRICA

Saving for Change is Oxfam America's signature savings-led microfinance program. Members—primarily women living in rural communities—form a group that saves, lends, and pays dividends to its members. Group members elect their own leadership, set their bylaws, and decide collectively how to achieve their goals.

Oxfam trained its first Saving for Change (SfC) group, in Mali, in April 2005. Since then, SfC has grown to include more than half a million members across five countries: Cambodia, El Salvador, Guatemala, Mali, and Senegal. In Mali alone, a seed grant from the Stromme Foundation, followed by funding from the Bill & Melinda Gates Foundation, positioned SfC as one of the largest microfinance initiatives in Africa in terms of number of participants.

SfC enables poor women in rural areas to improve their savings habits by encouraging them to save what they can afford, which can range from a few cents to a few dollars a week. The group savings accumulate to form a fund that the group uses to make loans to members. Women generally invest the loans in microbusinesses or use them for health emergencies or household expenses. A group-defined interest rate charged on each loan adds to the group fund. At the end of a savings

cycle, usually eight to 12 months, members divide the fund and the accrued interest among themselves, before they begin the next cycle. The program adheres to a strict ethic of self-sufficiency and provides no external capital to the groups.

SfC recognizes that poor people in the developing world are not, in fact, too poor to save. It is common practice, for example, for farmers to use savings to survive between the harvest and the next planting season. The trouble is that money kept in traditional savings mechanisms (i.e., livestock, jewelry) erodes with inflation and that the value of these investments is volatile. Through SfC, instead of losing value on their savings, members earn a return by lending their money to other group members. As women meet, they learn to manage their groups, and they develop bonds of mutual assistance and solidarity. SfC is as much about building social capital as financial inclusion.

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We need to support women. ... You must give knowledge and the path to something else. [With Saving for Change] women will help themselves through their savings.

—Village chief



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What is Oxfam?

Oxfam is an international relief and development organization that creates lasting solutions to poverty, hunger, and injustice. Together with individuals and local groups in more than 90 countries, we save lives, help people overcome poverty, and fight for social justice. Oxfam America is one of the 15 affiliates in the international confederation Oxfam.

To join our efforts or learn more, go to oxfamamerica.org.



Efficiency and innovation in West Africa

Sustainability

SfC groups become sustainable by demonstrating their capacity to function, grow, and replicate years past the involvement of a facilitating agency. Most groups master the financial methodology within approximately one year.

Low costs

SfC controls costs by supporting individual participants, known as *replicators*. Replicators are savings group members who form and train most of the groups, serving as volunteers or receiving payment directly from the groups they train.

Integrative methodology

In Mali, SfC's success comes in part from its foundation in traditional forms of financial services known as *tontines*, which have operated with no external support for centuries. *Tontines* collect an agreed-upon payment from members and pay that amount to each member in turn. SfC members quickly understand and adopt the program's methodology because it is based on principles that they already trust.

Customized teaching materials

Oxfam partnered with Freedom from Hunger—an organization with extensive experience in adult learning—to develop a pictorial manual so replicators who are illiterate can train groups effectively. The training ensures that members work together to develop bylaws to run their groups. An oral record-keeping system makes it possible to track accounts without written ledgers.

Social capital

Through group participation, women acquire new leadership skills, report greater confidence in speaking in public, and gain the ability to participate more actively in household decision making. Ongoing monitoring and evaluation suggests that members consider the benefits of increased solidarity and mutual assistance provided by the group to be as important as the savings and lending component.

Financial assets

Flexible savings and loans help SfC members to build a financial asset base that stabilizes consumption, increases resilience to economic shocks, and generates income.

Service platform

In Mali and Senegal, SfC groups learn about malaria prevention and treatment through a curriculum developed independently by Freedom from Hunger. The malaria curriculum helps members of savings groups improve their understanding of the causes of malaria, share what they have learned within their communities, and take action to prevent and treat the disease.

Saving for Change's new initiatives: Beyond savings

SfC participants report substantial benefits from their group membership, including the ability to buy food to tide them over between harvests, pay school fees, and purchase medicine. Oxfam believes that it can build on these achievements and use the critical mass of women organized into

savings groups to ensure the long-term well-being of rural communities by further empowering women. To this end, Oxfam is building on the SfC platform by offering members complementary programming to enable them to tackle their most pressing needs and achieve sustainable livelihoods.

Agricultural pilot

In 2010, in response to the rapid decline in soil fertility in the Sahel region of Africa, deforestation, and climate change, Oxfam introduced a set of sustainable, productivity-enhancing measures in Mali that draw from the same principles of simplicity, low cost, and replication as the SfC program. Oxfam's aim is to increase food security in SfC communities by improving agricultural production and, where feasible, by linking products to new markets. Moving ahead, Oxfam will test the efficacy of the following pilot measures:

- Introduction of short-cycle varieties of common crops, like millet and cowpeas, to guarantee food security
- Design and implementation of water-management systems for vegetable gardens
- Use of hedges (organic fences) to protect crops from animals
- Intercropping of bushes and trees to increase soil fertility

Because SfC places great importance on women as agents of their own advancement, this pilot seeks to empower members, not only by teaching them new techniques, but also by training them to become *agricultural replicators*—



individuals who train men and women in their community on the new technologies. In doing so, Oxfam's aim is to help women gain new leadership skills and elevate their role in society. Women will finance these agricultural pilots through their group savings and loans, thus boosting financial activity in the savings groups and strengthening connections between the two initiatives.

Business and leadership pilot

During the course of participatory research, women consistently voiced an interest in business training. With the input and expertise of group members, in 2010 Oxfam designed business modules for well-established savings groups. To ensure the transfer of adequate skills to members, Oxfam incorporated a leadership component focused on gender, establishing the crucial combination of leadership and business training.

Key components of the business curriculum include:

- Starting and running a successful individual or collective business
- Financing one's business and managing the budget
- Creating a successful product
- Setting a competitive selling price to make a profit

Key components of the leadership curriculum include:

- Building self-confidence and learning what makes a good leader

- Building communication and negotiating skills
- Gaining an understanding of one's status as a citizen
- Learning the importance of accountability
- Learning how to identify and analyze a collective problem and make a case for change

In addition, Oxfam sees great potential in collaboration among savings groups to take up issues of importance in their communities. Oxfam will strengthen existing networks of savings groups so members may learn better management techniques to ensure the financial and collective viability of their group associations.

Research and evaluation

Reaching and training over half a million individuals is a major accomplishment, yet it is important that Oxfam document not only how SfC expands but also its impact on participants.

Oxfam partnered with the Bureau of Applied Research in Anthropology at the University of Arizona to carry out longitudinal anthropological studies in 12 villages, comparing villages that have established SfC groups with villages that have not. Innovations for Poverty Action at Yale University is also working with Oxfam to compare 500 SfC and non-SfC villages as part of a randomized control trial.

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Thanks to SfC, there is cohesion between women. We didn't used to visit each other. Now if a woman has a problem, 2-3 representatives (of the SfC group) go to visit her to support and advise her.

—Group member



These studies will present information about the impact of SfC on the factors listed below, with results expected in 2013:

- Extent of outreach to the poorest village women
- Changes in the sources and amounts of saving and lending
- Effects on agricultural production, small-scale trading, and other income-generating activities
- Changes in household food security
- The transmission of SfC through social networks and its impact on social capital
- The use of health care and changes in health status

- Changes in levels of children's schooling
- The development of social capital and the effects on women's empowerment
- Any unintended consequences

Moving forward

Building on its success, Oxfam intends to expand SfC in Mali. Over the next three years, Oxfam will take the agriculture and the business and leadership pilots to hundreds of villages, while also working with its global network of affiliates to enhance the scope of current interventions. For example, affiliate research staff are identifying and promoting best practices for strengthening

women's livelihoods through collective action. As part of this research, Oxfam will undertake a value-chain analysis among savings groups in Mali to identify markets for their products and to increase women's earning potential. In addition, Oxfam is part of a consortium of nongovernmental organizations that is promoting the SfC model in Africa and Latin America. Through such efforts, Oxfam hopes to leverage the capacity of other international and local organizations to promote a program that enables poor women to use their financial and social capital to better their lives.



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To learn more about our Saving for Change program, go to oxfamamerica.org/savingforchange.

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