Youth savings groups, entrepreneurship and employment

Plan

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Acronyms and abbreviations

AIYD	Alliance for International Youth Development
CGAP	Consultative Group to Assist the Poorest
FINDEX	Global Financial Inclusion Database (www.findex.com)
ILO	International Labour Organization
SfC	Saving for Change
SG	savings group
SHG	self-help group
SAVIX	Savings Groups Information Exchange (www.thesavix.org)
SILC	Savings and Internal Lending Community (Catholic Relief Services)
VSLA	Village Savings and Loan Association

Executive summary

Young people represent one of the fastest growing segments of the world's population. Countries have the potential to experience what has been termed a 'demographic dividend,' meaning that increases in economic growth can follow increases in the ratio of the working age population to dependents.

However, creating the many new jobs needed to absorb a burgeoning population of young people, and ensuring that young people are ready to take up these jobs, or generate jobs through starting businesses, is challenging. Globally, young people are over-represented among the unemployed, and even working youth experience much higher rates of underemployment, whereby one in five working youth continue to live in extreme poverty. Without sufficient job creation, young people can become frustrated by their lack of opportunities. How countries manage this demographic transition is critical not only for young people, but also for the stability of the countries in which they live.

Decent work can be transformational for youth as it can result in increased earnings and higher self-confidence, and youth entrepreneurship is regarded as an important component of integrating young people into the labour market and reducing poverty. However, youth encounter a number of challenges in securing decent work. Across the globe, common constraints can include limited ownership and control over assets; limited access to finance; household underinvestment in essential services such as education and health; unfavourable cultural and social norms; limited social networks; lack of employment and entrepreneurship skills; and non-conducive regulatory frameworks. These challenges are similar to those encountered by adult entrepreneurs and job-seekers, yet youth tend to experience constraints more frequently and more intensely due to their age and transition from school to the labour market.

The purpose of this paper is to examine how youth savings groups can contribute to the fight against youth unemployment, through alleviating these constraints to entrepreneurship, and enabling young people to engage more effectively in market opportunities.

Plan's approach to financial inclusion is based primarily on the promotion of savings groups, a low-risk form of microfinance based on members' own savings. Plan has facilitated savings groups since 2003, reaching over one million people, over 80% of them women, in 27 primarily African countries. Plan increasingly facilitates youth savings groups, and has two flagship programmes.

Savings groups are considered manageable and appropriate for youth – an ideal 'starter system'. The methodology is easy to understand and apply. Participating in a savings group provides an opportunity for experiential learning about finance. The emphasis on small, regular savings deposits; social insurance; participatory management; low pressure to borrow compared to credit-led models; and access to lump sums that can meet household demands and emergencies, all make savings groups attractive to youth.

Early evidence suggests that the financial outcomes of youth savings groups do not differ significantly from those of mainstream adult-focused savings groups. However, inexperience and the higher geographic mobility of youth require different approaches to group mobilisation and challenge the common vision of savings groups as permanent or long-lived institutions. Youth savings groups can help alleviate the constraints to entrepreneurship to varying extents:

1. Savings groups provide an **unmatched ability to mobilise savings in low-income communities**, especially among youth. And there is substantial evidence that one of the most immediate effects is an increase in asset ownership, particularly among women.

2. Youth savings groups **provide access to appropriate financial services**, and may alleviate some of the financial constraints faced by young entrepreneurs and job-seekers.

3. Evidence is mixed as to whether savings groups lead to increased expenditures on children's health and education, or to improved health and education outcomes. However, **many youth savings group members join in order to use savings and loans to support their own education and training needs, or that of their siblings or children.** Or, they use the finance to grow their small businesses, putting the profits into school fees. All this is likely to have positive effects on access to decent work in the medium to longer term.

4. Evidence suggests that youth savings groups may foster **behavioural changes** in young people that can, in turn, re-shape adults' perception of youth, but research in this area remains limited. Similarly, building the **financial and leadership skills** of young women seems to allow them to fulfil new roles within their households and communities, but additional research is needed to document the extent to which observed changes are attributable to participation in youth savings groups.

5. Savings groups can promote collaboration among self-selected young people on a structured and continuous basis. Depending on savings groups structure, and whether the group is linked to additional networks or mentoring opportunities, youth savings groups may enable youth – and particularly young women – to **strengthen their local personal and commercial networks**.

6. Evidence suggests that youth savings groups may be a promising **platform for the delivery of training in entrepreneurship, employability, life skills and financial literacy.** Providing training in a context where youth can regularly try out what they learnt means that lessons are more likely to stick, and persist across their lifespan. At the same time, it is important to note that savings accumulation and training alone may not be enough to transform young people into successful entrepreneurs, as market and other systemic barriers are difficult to overcome.

7. Although evidence is currently lacking, it is possible that facilitating organisations, such as Plan, **may be able to influence policy changes or regulatory reforms that are more conducive to youth banking, employment and entrepreneurship**, through drawing on the demonstrated experience and outreach of youth savings groups and helping youth voices be heard.

This paper also explores the main operational considerations for the effective integration of savings groups in youth economic empowerment programmes. These include: the multiple potential roles of savings groups; needs analysis and market research; programme design; staffing; curriculum development; sequencing of activities and programme timelines; sustainability; and risk analysis and moral responsibility.

As Plan's economic security programming focuses increasingly on youth savings groups, employability and entrepreneurship, it is important to continue to examine the most appropriate mechanisms through which these components support one another. This knowledge can serve as a foundation for more tailored approaches. This can also foster realistic expectations of what savings groups, youth employability and entrepreneurship programming can achieve with different categories of young people, and clarify definitions of success more appropriately aligned with their diversity and dynamism.

1. Introduction

> Given the large numbers of youth in developing countries and the many disadvantages that low-income youth face, youth financial inclusion is on the policy radar of many governments and international organisations, including the United Nations. (Kilara and Latortue, 2012)

Young people represent one of the fastest growing segments of the world's population. In 2003, the World Development Report estimated a population of 1.2 billion young people between the ages of 15 and 24, most of whom are located in the developing world. More recent estimates suggest this population has now grown to over 1.8 billion (United Nations, 2011). This 'bulge' in the youth population is largely due to success in reducing infant mortality, combined with high fertility rates (Lin, 2012). If managed well, countries have the potential to experience what has been termed a 'demographic dividend,' meaning that increases in economic growth can follow increases in the ratio of the working age population to dependents.

However, creating the many new jobs needed to absorb a burgeoning population of young people, and ensuring that young people are ready to take up these jobs, or generate jobs through starting businesses, is challenging. Without sufficient job creation and access to critical services, young people can become frustrated by their lack of opportunities. This frustration is manifested in various ways. Widespread youth protests in recent years remind us of what can ensue. Thus, how countries manage this demographic transition is critical not only for young people, but also for the stability of the countries in which they live.

Globally, young people are over-represented among the unemployed, even when unemployment rates are not high (Rosas, 2011). Young people experience a host of barriers when preparing for employment, including difficulty accessing jobs due to inexperience. Even working youth experience much higher rates of underemployment, whereby one in five working youth continue to live in extreme poverty (Kilara, 2012). According to the 2014 International Labour Organization Global Employment Trends report, it is estimated that 74.5 million young people (aged 15-24) were unemployed in 2013 – an increase of nearly one million over the previous year. The global youth unemployment rate is three times higher than the adult rate (ILO, 2014). Thus, for many youth in developing countries, becoming an entrepreneur happens by necessity, rather than choice.

Starting a business can be arduous for a young person due to limited financial and social assets, restricted decision-making abilities and limited social networks (Markel and Brand, 2011a). In addition, adolescent girls face particular vulnerabilities and unique risks compared to boys: early marriage or pregnancy, gender-based violence, and specific cultural and familial circumstances can put girls at a further disadvantage and adversely affect their economic well-being (Sebstad, 2011).

Young people tend to be less able to translate an idea into a business due to various constraints, including limited access to appropriate financial services (Chigunta et al., 2005). For instance, the Global Findex report indicates that youth (aged 15-24) are 33% less likely to have a bank account and 40% less likely to have saved formally, as compared to those aged 25 and older (Kilara, 2012).

1.1 Purpose and structure of the report

Plan's economic security programme is increasingly focused on two components: 1) financial inclusion, particularly through savings groups; and 2) youth employment. The purpose of this paper is to examine the relationship between youth savings groups and youth employment, particularly via entrepreneurship. Given the strong importance on understanding and addressing the unique situation of young women and adolescent girls within Plan's programming, emphasis on their particular needs is woven throughout the paper. **Section 2** provides an overview of youth financial inclusion and employment, within an economic empowerment framework. **Section 3** explores the key constraints young people face when seeking employment and becoming business owners, and provides evidence and examples of how youth savings groups can act as a springboard to accessing the financial, business and life skills necessary to secure employment. And **Section 4** presents operational considerations and key analytical frameworks for the effective integration of savings groups with programming in youth employment and entrepreneurship.

1.2 Plan's economic security programme

Plan's vision is of a "world in which all children realise their full potential in societies that respect people's rights and dignity." Plan recognises that in order for children and young people to fulfil their potential they need to be prepared to become economically active adults. These principles have resulted in Plan's economic security strategy to promote the economic rights of children and youth (Beauclerk and McLaughlin, 2011; Plan International, 2012).

Plan's economic security programme applies the dual approach of supporting households, especially women, to reduce vulnerability for children, and ensuring that young people are prepared to become economically active adults making a positive contribution to civil society. In terms of enhancing the economic security of young people, Plan aims to:

- Promote an environment that fosters social and economic development that is based on human rights and that benefits children and young people;
- Build capacity in the areas of life and work skills and create access to information, opportunities and support for a successful transition from school into decent work;
- Ensure that young people's voices are heard, and that they are respected and recognised as actors in their own development (Plan International, 2012).

The programme increasingly focuses on two thematic areas: financial inclusion, particularly through savings groups, and skills for employment and self-employment.

Financial inclusion

Plan's approach to financial inclusion is based primarily on the promotion of savings groups. Savings groups are a low-risk form of microfinance based on members' own savings. Plan has facilitated savings groups since 2003, reaching over one million people, around 82% of them women, in 27 countries. Savings groups fit neatly into Plan's rights-based Child-Centred Community Development framework, with its emphasis on participation, local ownership, community management, empowerment and local institution building.[1] In Africa, nearly all Plan country offices promote savings groups and, increasingly, many promote youth savings groups. Plan has two flagship youth savings group programmes (**Box 1**).

Enabling access to financial services by youth – and young women in particular – is a core principle of Plan's financial inclusion strategy. Savings groups are particularly relevant to youth because the methodology is simple and easy to understand and apply. They provide an opportunity for experiential learning about finance and are therefore an ideal starter-system for youth. They are also an attractive option for youth because of the emphasis on small, regular savings deposits; social insurance; participatory management; less pressure to borrow recurrently or in large amounts, compared to credit-led models; and access to lump sums that can meet household demands and emergencies (Rippey, 2012b).

In addition, financial education is increasingly incorporated into the training curriculum of youth savings groups through various curricula – including courses by CARE International, Freedom from Hunger and the Peace Corps.

Box 1: Plan's flagship youth savings group programmes

From 2007 to 2009, Plan piloted an innovative approach to make financial services and business skills development available to African children and youth. Based on this experience, the **Youth Microfinance Project**, a Plan Canada initiative implemented in partnership with the MasterCard Foundation, was expanded in 2010 and aimed to enhance economic opportunities for youth in Niger, Senegal and Sierra Leone, through youth savings groups, formal financial inclusion, financial literacy and life skills training. By the end of 2013, the programme reached over 88,000 youth.

Banking on Change is a partnership between Plan UK, CARE International, and Barclays. Phase I (2009-12) focused on outreach and on innovations around linking savings groups to formal financial institutions. It reached over half a million people in 11 countries in Africa, Asia and Latin America. Phase II (2013-15) focuses on scaling up linkages to financial institutions, as well as extending outreach to youth and providing additional training in financial literacy and business skills. It operates in a subset of the original countries: Egypt, Ghana, India, Kenya, Tanzania, Uganda and Zambia.

[1] For more information on the Child-Centred Community Development approach, please see Plan International's strategy to 2015 'ONE plan ONE goal: Rights and opportunities for every child': http://plan-international.org/files/global/publications/about-plan/Strategy-2015.pdf.

Youth employment and entrepreneurship

Plan provides youth with basic business, life skills and technical training to enhance their knowledge and capacities and, ultimately, the application of these skills. Reflecting the global evidence from the 2012 Education for All Global Monitoring Report on Youth and Skills (UNESCO, 2012), Plan's Youth Employment Sub-sector Strategy in Asia (2013) promotes three distinct skill areas: foundation, transferable and technical skills. Training programmes cover basic business knowledge, management, marketing, negotiations, inventory management, customer relations and basic record keeping. The curricula also seek to integrate basic skills such as numeracy, literacy, time management, and planning. Many youth and employers alike, have noted the importance of the soft or transferable skills components of entrepreneurship training. In some instances, Plan's employment programming also seeks to link young people to markets, and facilitates horizontal and vertical linkages along selected youth-appropriate value chains. Youth are also connected to relevant business providers as mentors to enable them to develop their entrepreneurship skills and employability in growing value chains (Plan Canada, 2013).

Programming in youth employment and entrepreneurship also seeks to diminish social exclusion and enhance self-empowerment and confidence, directly addressing the barriers that young women and adolescent girls face to access education and training. And programmes are designed to be sensitive to various types of exclusion related to geographic isolation, migration and disability (Plan International Asia Regional Office, 2013).

2. Youth economic empowerment: an overview

In recent years, youth economic empowerment has risen to the forefront of policy and programming agendas. The World Bank, the International Labour Organization (ILO), the United Nations and a myriad of other agencies have stressed the need to prioritise young people, and the importance of facilitating their access to economic opportunities. In 2012, the ILO released a call to action, responding to the youth employment crisis.

There are various approaches, strategies and thematic areas of intervention related to youth economic empowerment. Nevertheless, **Table 1** demonstrates a growing alignment amongst select global organisations. Each agency presented either represents a wide variety of organisations implementing youth-focused programming such as the Alliance for International Youth Development (AIYD)[2] or acts as a convener of practitioners and knowledge in this area.

Table 1: Key focus areas of Plan's youth employment approach, compared to representative or convening agencies working in youth employment

Institution	Focus areas of youth employment strategies				
	Employability skills	Financial inclusion	Entrepreneurship	Gender and cross-cutting issues	Policy reform
AIYD	X		X	X	X
ILO	X		X	X	X
Making Cents International	X	X	X	X	
World Bank	X	X	X	X	X
Plan International	X	X	X	X	X

Sources: AIYD, 2013; Plan International, 2012; Plan International Asia Regional Office, 2013; www.theyouthalliance.org; www.ilo.org/global/topics/youth-employment/lang--de/index.htm; www.makingcents.com; www.worldbank.org/en/topic/socialprotectionlabor/brief/youth-employment.

2.1 Financial inclusion

Youth financial services

There is high demand from youth for financial services, presenting exciting opportunities for formal financial service providers to build a lifelong customer base and tap into young people's networks. Understanding the needs of youth and providing them with safe, quality financial service options can promote asset-building, instil good financial habits and improve a country's overall gross savings rate. Nevertheless, there are relatively few well-documented cases of formal financial

2. Plan USA is a member of the Alliance for International Youth Development.

institutions providing youth savings services in a profitable manner (Kilara and Latortue, 2012). An estimated 800 million youth are living on less than USD2/day, yet only about 4.2 million youth currently have access to financial services. The Global Financial Inclusion Database (Findex) shows that youth (aged 15–24) are 33% less likely to have a bank account than an adult aged 25 or above.

Youth and savings groups

The promotion of savings groups has expanded considerably over the last decade. Projects have expanded in scale – there are at least 43 projects with a respective outreach above 50,000 members. Programmes have also expanded in scope – savings groups are increasingly adopted as an economic strengthening strategy by multi-input development programmes, ranging from health to market development. Innovations in delivery channels are increasing the rate and cost effectiveness of replication. And there is an increasing number and diversity of institutions that are promoting savings groups – including national and local governments, donor agencies, international and local NGOs, academic institutions, formal financial institutions, and faith-based organisations. As a result, by the end of October 2013, it was estimated that there were over 400,000 savings groups, serving nearly 9 million members, in 69 countries (Allen, 2013). Plan has facilitated savings groups since 2003, reaching over one million people, around 82% of them women, in 27 primarily African countries.

While there are no reliable global estimates of youth coverage in savings groups[3], there is a growing number of youth-focused and youth-inclusive savings group programmes, including Plan's flagship programmes (**Box 1**). In fact, in a 2013 SEEP survey of 103 organisations that promote savings groups in 43 countries, 22% include youth- or child-focused groups and 38% report participation of youth in mainstream groups (SEEP Network, 2013).

Savings groups are not the only solution to financial inclusion and may not be the most appropriate source for long-term growth and investment. They are, nevertheless, an extremely effective mechanism for savings mobilisation and short-term credit on flexible terms; an inducement to regular savings and asset-building; a potential platform for other development activities; and, importantly, appropriate for children and youth (Schiller, 2013).

Approaches and considerations in targeting youth

Most youth-focused projects have successfully promoted youth savings groups without any adaptation to the basic methodology (as described in Annex II). While the model is entirely manageable and appropriate for youth, there are several important differences in the implementation of programmes that target youth.

3. The global coverage of youth in savings groups is difficult to estimate as there is no framework for global reporting on the number of youth in savings groups. Not all programmes track youth outreach, and definitions of youth vary across programmes.

First, youth savings group members may be more difficult to mobilise and retain. The higher mobility of youth, who migrate and marry, challenges the common vision of savings groups as permanent or long-lived institutions anchored in the community. Youth scoping exercises undertaken by Banking on Change projects often identified both seasonal and permanent rural-to-rural, -peri-urban or -urban migration for work (e.g. small-scale gold-mining in Ghana, housekeeping or construction in Zambia), as well as for "education, … independence, and social events" (Banking on Change Ghana, 2013), as an issue that can present particular challenges to mobilisation and retention.

Mobilisation can be particularly challenging in urban areas. Plan India's Banking on Change project, working with women in two resettlement colonies in Delhi, finds mobilising and retaining young savings group members more challenging than older, more established women, as young women migrate to other communities for marriage or to take up jobs or study opportunities. A 2012 evaluation of CARE International's Ishaka programme in Burundi – which promoted youth savings groups with adolescent girls from 2008 to 2011 and included training in financial management, sexual reproductive health, and legal rights – concludes that urban girls "are more difficult to satisfy, are more demanding, have many more distractions and opportunities, are more busy, difficult to reach and to gather" than their rural counterparts (Rushdy, 2012:16).

Just because a young person may migrate and leave a particular group, it does not necessarily mean they are not carrying the benefits of savings group participation with them. Knowledge gained in terms of working with others and money management, and access to small amounts of capital via savings or loans, can help start them on their journey towards economic independence. Indeed, it is arguably important to 'frontload' basic financial education as early in the savings group formation process as possible, so that even those who may leave after some time will carry this knowledge and skills with them, helping to build their resilience to economic and social shocks and stresses.

Second, there have been a number of recent efforts to integrate youth savings groups into the curricula of academic and vocational training institutes, effectively turning a classroom into one or more groups. "This is easy", explains John Schiller, Global Savings Groups Advisor at Plan International, "because students represent a captive audience. However, the group is bound by the academic calendar, group survival rates are low and the overall experience is not very good". A longer-term approach would target youth cultural, faith-based, and athletic associations based in neighbourhoods and villages, which are organised around strong local social affinities. These groups may then serve as demonstration groups and vehicles for broader mobilisation of youth. "This requires more preparatory work and more patience," explains Schiller, "but the investment is worthwhile" (Schiller, interview, 2013). As discovered by Plan Senegal, village- or neighbourhood-based youth savings group are more likely to endure than those interrupted by the end of the academic year or training course (Diagne, 2011).

Third, youth economic empowerment "programs are most successful when they engage youth in program design and delivery. This is supported by recent youth development findings indicating that youth need to be engaged in and take responsibility for the programs that serve them. Examples of youth involvement include inviting youth to be part of the Board of Directors , seeking their active involvement in the development and modification of programs and services, training youth to deliver training, and engaging youth as recruiters and mentors for new participants," explains Kim Pate (2011:18), Chief External Relations Officer at the Corporation for Enterprise Development.

The Youth Advisory Boards in Plan's Youth Microfinance Project are an "excellent innovation that entrusts young people with responsibility, and allows them to rise to the occasion, gaining skills and confidence in the process [...] The Youth Advisory Boards are one of the most innovative aspects of the [project], and Plan's real commitment to give youth a voice and real responsibility is refreshing" (Rippey, 2012b:31). Banking on Change is seeing initial success with the engagement of young women and men as community volunteers or village agents – those trained to establish and support savings groups. Plan Zambia is finding that training youth as business mentors helps support business skill development of both mentee and mentor.

2.2 Youth employment and entrepreneurship

Compared to adults, young people are three times as likely to be unemployed, and this "youth-to-adult unemployment ratio has reached a historical peak" (ILO, 2014). Further, the number of young people who are neither employed nor in school or training has significantly increased, meaning many young people are not only unemployed, but increasingly inactive.

Decent work can be transformational for youth as it can result in increased earnings and higher self-confidence. Youth entrepreneurship is regarded as an important component of integrating young people into the labour market and reducing poverty. Yet, young people often become entrepreneurs by necessity rather than choice. These young entrepreneurs of necessity face additional constraints towards building successful businesses. Understanding the unique needs of young entrepreneurs and supporting responsible youth entrepreneurship can promote positive risk-taking and opportunistic mind sets, resulting in new income-generating opportunities for vulnerable youth and contributing to overall economic growth.

However, many educational and vocational training programmes are mismatched against job and income-generating opportunities available in local markets. Often, the skills being taught are "exceedingly general, out-dated or ill-adapted" (Markel and Brand, 2011b: 26). Therefore, improving the relevance of youth workforce development or skills development programmes has become an increasing focus of many youth employment interventions.

The Alliance for Youth Development (2013: 20) argues that "effective learning provides individuals with the necessary tools to become productive citizens, pursue education and lifelong learning, engage in meaningful employment, and work toward achieving their life goals."

Youth workforce or skills development and entrepreneurship programmes help young people enhance their well-being. Programming varies by agency, target group and context, and may include technical, business and other transferable skills training (ibid.). Youth entrepreneurship programmes can also include links to social and business networks, mentors, and youth-inclusive financial services. Workforce development trainings tend to focus more on providing technical skills for gainful employment, yet there is growing recognition of the importance of integrating entrepreneurship and other transferable skills, as well as the need for linking trainees to employers and hands-on learning.

Approaches and considerations in targeting youth

Young people have a more difficult time starting a business than adults and face challenges transitioning from education and training into the workforce. They also have different needs, preferences, priorities and ways of interacting than adults. Moreover, young people are not a homogenous group. Within their demographic segment, individuals are unique and face different challenges. Age and gender are significant determinants of the kinds of opportunities youth can access, and shape the constraints they face. This diversity requires a comprehensive understanding of the local youth target group in order to design matching delivery mechanisms.

For instance, the ability of adolescent girls to join a savings group, start a business or a new job can be shaped by her level of control over her own body and decisions around marriage and pregnancy, her ability to access sexual and reproductive health services to stay healthy, the amount of time she is expected to spend on unpaid work at home, and the degree of social protection offered at the workplace against discrimination and sexual harassment.

Furthermore, within workforce or skills development programmes, the ILO recommends an understanding of where youth are positioned in relation to their school-to-work transitions. A 'transited' young person is one who is currently employed in a stable/satisfactory job or self-employment. A youth 'in transition' is either currently unemployed or in a non-satisfactory position. The youth for whom the transition has not started is someone still in school or with no intention of looking for work (ILO, 2013).

When designing entrepreneurship programmes, it is also important to understand the difference between necessity and choice entrepreneurs, given their different desires and barriers. The theory of enterprise pathways also recognises three different types of young entrepreneurs. These include: pre-entrepreneurs, budding entrepreneurs, and emergent entrepreneurs (Chigunta et al., 2005). Pre-entrepreneurs have less self-employment experience and are more restless, and typically are younger. Budding entrepreneurs have more social networks and may have already started a business, but may have difficulty keeping it running. Emergent entrepreneurs typically have more technical and life skills and are more likely to succeed in business ventures. Other diagnostic frameworks exist such as the ILO Enterprise Readiness Framework (Markel and Brand, 2011a). The ILO framework is helpful because it not only helps programmes to identify the enterprise readiness of their target population, it also links these characteristics to potential programmatic strategies. It can also help practitioners to remember that young people may already be economically active and to tailor the programme accordingly.

Mapping out these pathways can help programmes understand the operating context, develop appropriate curricula, and target and select participants.

3. Youth savings groups: fostering employability and entrepreneurship

There are various determinants and constraints to youth employability and entrepreneurship; and barriers vary significantly across different contexts, as do the profiles of local young job seekers and entrepreneurs. Nevertheless, global assessments, across many countries, show that common challenges exist, even if young people may experience them uniquely in different locations. These include:

- Limited asset base
- Limited access to finance
- Household underinvestment in essential services: education and health
- Unfavourable cultural and social norms
- Limited social networks
- Lack of employability and entrepreneurship skills
- Non-conducive regulatory frameworks

In this section, we examine the key constraints to youth employability and entrepreneurship; and then examine the extent to which savings groups are an effective platform to address these barriers. **Table 2** summarises the findings of this section: the extent to which savings groups may alleviate the main constraints to youth employability and entrepreneurship.

Table 2: Unlocking the constraints to youth entrepreneurship

Constraint	Potential for savings groups to address this constrain	Evidence
1. Limited asset base	MEDIUM	PROVEN
2. Limited access to finance	HIGH	PROVEN
3. Household underinvestment in essential services: education and health	MEDIUM	UNPROVEN
4. Unfavourable cultural and social norms	LOW	UNPROVEN
5. Limited social networks	MEDIUM	PROMISING
6. Lack of employability and entrepreneurship skills	MEDIUM	PROMISING
7. Non-conducive regulatory frameworks	LOW	UNPROVEN

3.1 Limited asset base

An important barrier to youth entrepreneurship is the limited ability of youth to accumulate assets, and the limited control over the assets that they do own. Evidence suggests that young people, particularly girls, do not have assets available to sell or use as collateral to start a business or an income-generating activity. According to research by the World Bank in 2012, the lack of sufficient assets is the most frequently cited reason for not having a bank account (Demirgüç-Kunt and Klapper, 2012).

And, if assets are available to youth, youth often require prior consent of the family before selling an asset, taking part in asset building interventions or requesting a loan from a formal financial institution (Mercy Corps, 2013). Depending on the social context and family, negative perceptions about entrepreneurship combined with narrow views of what children and youth are capable of, can make receiving permission from a parent challenging. Yet, parents may be open to financial service options that are perceived to be less risky, such as their children and youth accessing saving services.

Box 2: Mercy Corps in Nigeria

A Mercy Corps study in Nigeria found that 74% of girls do not have assets to either sell or use as collateral. Among the 26% of girls with assets available to sell, the majority would either sell livestock or jewelry. All of these girls reported needing to ask their parents for permission to take a loan from a bank. That said, most of the girls reported that they believe their parents would give permission.

Moreover, the study found that 56% were interested in opening a bank account. Yet the far distances they needed to travel to get to a bank and their limited information on how to interact with the bank were the top two reasons for not attempting to access financial services from the bank.

Source: Mercy Corps (2013).

Asset-building

Savings groups have demonstrated an unmatched ability to mobilise savings in low-income communities, particularly among youth. The projected annualised share-out of a youth savings group in West Africa is nearly USD 31 per member.[4] That means that a typical youth savings group of three years of age is expected to have a capitalisation of about USD 1,500. It is not uncommon to observe mature savings groups with assets of more than USD 3,000.

These resources enable an unprecedented purchasing power – at both individual and collective levels. And there is substantial evidence that one of the most immediate effects of savings groups on households is an increase in asset ownership, particularly assets controlled by women (Allen, 2009; Allen and Bekele, 2008; Allen and Hobane, 2004; Annan et al., 2013; Boyle, 2009; Bundervoet et al., 2011; Dovi, 2008; JMK Consulting, 2012; Panetta, 2008).

4. Based on annualised savings rate of USD 24.57 and an annualised return on equity of 24.7% (Plan Youth Microfinance Project data accessed from the SAVIX on 6 January, 2014).

Table 3: Most common assets acquired as a result of participation in savings groups

Domestic assets	Business assets
Kitchenware	Poultry and poultry inputs
Furniture	Livestock and livestock inputs
Mobile phone	Agricultural tools
Radios and televisions	Agricultural inputs
Bicycles and motorcyles	Lease of land or commercial space
Clothes	Inventory and operating capital

Young members of savings groups in rural Zambia have used their savings share-outs, loans, and increased income to purchase business assets including poultry and other livestock, and the materials to build poultry enclosures, and fertiliser, seed and other inputs for crop production. They also purchase domestic assets such as roofing and other housing materials; cooking pots, plates and pans; furniture, including soft mattresses; electronic items for entertainment, including TVs, radios and solar panels; and clothes. In urban India, a key asset purchased by some young women via their self-help group[5] membership is a sewing machine – useful for both domestic and business purposes. (See the case studies in **Annex III**.)

While **Table 3** provides a simple classification of the most common domestic and business assets acquired as a result of participation in savings groups, the asset categories have a high degree of fungibility; and assets often serve a combination of domestic and commercial purposes. According to Girls and Their Money (Sebstad, 2011), girls and young women tend to have smaller amounts of money to save than boys and young men, and the savings is often more erratic. The same report notes that spending habits and the acquisition of assets also depends on the age of the young woman. Younger girls tend to spend their money on snacks and small items, rather than acquire assets. Adolescent girls tend to have more obligations and will spend money on smaller items, but also may be paying for domestic assets such as clothes. Young women's asset accumulation tends to be more diversified, yet is highly dependent on the savings and purchasing practices of their parents, particularly if they are still living at home.

Some studies – though not focused specifically on youth groups – provide a more nuanced perspective on the impact of savings groups on asset ownership. For instance, randomised control trials in Ghana, Malawi and Uganda find no significant impact on asset ownership (Karlan et al., 2012); and, in the final evaluation of the Banking on Change programme in Kenya, asset ownership decreased among participant households during the project period (Okeyo, 2013). Nevertheless, there is some evidence that in periods of economic distress, members of savings groups exhibit a smaller decrease in asset ownership compared to control groups and the general population, avoiding a potential downward spiral. Savings groups in Bangladesh have reduced the incidence of severe coping strategies and the cannibalisation of key value chain assets to respond to emergencies and short-term cash flow needs (Pennotti, 2011).

[5] Indian self-help groups have some methodological differences to savings groups as practiced elsewhere, but the core principle of low-risk savings-led microfinance remains. See Lee (2010) for more information.

In short, savings groups support the acquisition of domestic and business assets which may, in turn: 1) improve general living conditions; 2) serve as collateral for formal financial services; 3) increase business investments; 4) mitigate the risk of asset-stripping to meet emergencies and short-term cash-flow needs; and 5) have positive behavioural effects, as described in **Box 3**, below. More research is required, however, to better understand how young people's more limited decision-making capabilities at the household level may affect their ability to accumulate and use assets as their savings increase.

Box 3: The behavioural effects of asset-building

Asset effects – the theory that the ownership of assets has both material and behavioral effects (Sherraden, 1991) – has been widely written about and there is an emerging body of evidence to back the theory from developed countries. Asset theory states that holding assets changes one's cognitive schemas, increasing future orientation, long-term thinking, planning and self-efficacy (Scanlon and Adams, 2006). In particular, positive economic, psychological, social, health, and intergenerational effects have been cited from research in developed countries (Sherraden, 1991).

Source: Kilara and Latortue (2012).

3.2 Limited access to finance

There are exciting opportunities for formal financial service providers to serve the youth market: building a loyal, lifelong customer base; tapping into young people's networks; gaining market share, especially in competitive environments; solidifying brand; and delivering on corporate social responsibility (Kilara and Latortue, 2012). Nevertheless, "there are relatively few well-documented cases of providing youth savings services in a profitable manner through the private sector. According to a 2009 survey by Making Cents International, 45% of microfinance providers indicate that their staff consider youth to be irresponsible, unable to manage money, and risky due to a lack of collateral" (ibid.:3) Other important obstacles for formal financial institutions include: limited short-term profitability of the youth market segment; costly client acquisition; and, in many cases, restrictive regulations.

As a result, it is difficult for young people to access credit or other forms of financing needed to start, operate or expand a business. In Ghana and Senegal, the Youth Employment Network (YEN, a partnership among the United Nations, the ILO and the World Bank) cites limited access to finance and an inability to generate collateral as important barriers to entrepreneurship development (YEN-West Africa, 2008). For rural youth, physical distance can also be a strong determinant of their ability to access financial services because of greater constraints around their mobility due to social norms and availability of cash for transport. In more traditional contexts, adolescent girls may be unable to travel alone without a family member and may face safety concerns travelling on public transportation. In these circumstances, girls living in remote areas may have additional difficulties reaching financial service points.

Financial products that require less collateral typically require additional fees, so the products available without guarantee are often too expensive for young people to afford. Even many savings accounts also charge fees and require a minimum balance – these issues were noted by several young Zambians as reasons they preferred savings groups over saving in a local bank. As a result, many young people rely on personal savings or family and friends for start-up funding. The 2003 World Youth Report states that "those without such alternatives have little chance of starting their own businesses unless special credit programmes are set up for them" (United Nations, 2003:59). In Rwanda, Catholic Relief Services found that youth have little to no access to formal credit to initiate or expand a business due to their age and lack of physical assets, collateral and social connections (Mukankusi et al., 2009).

The ILO cautions, however, that youth tend to overestimate inadequate financial services as a constraint to starting a business. Interestingly, in the Kashmir Valley, Mercy Corps cites start-up finance as only the third most important need of a young entrepreneur, after entrepreneurship education and training (Mercy Corps, 2011). Given young people's potentially limited understanding of formal financial services, market research may need to widen its scope past youth perceptions to fully understand local financial markets and their role in promoting youth employment and entrepreneurship.

Box 4: Plan's Youth Microfinance Project in West Africa

In 2012, a rolling baseline completed by Plan Canada for the Youth Microfinance Project showed that 60% of youth surveyed reported to have used at least nine formal and informal savings instruments prior to the project. Ninety percent of the youth using these instruments reported to: "use informal savings in revolving schemes, saving with parents or relatives, keeping their money at coin banks or money boxes, and by entrusting it to other people." Only 5% reported use of formal financial services.

The propensity towards using informal savings schemes appears to be driven by limited financial capacities and low degree of access to formal financial institutions. Young people reported difficulty "meeting minimum deposit requirements, distance and costs of transacting with banks as the main reasons of not accessing [microfinance institutions] and banks."

Source: Hasan and Lobo (2013).

Enhancing access to finance

Unlike formal institutions, savings groups have low transaction costs, no collateral requirements, are easily understood and managed by youth – and importantly, they are located in the community. Evidence demonstrates that the most immediate effect of savings groups on households is a significant increase in savings and improved access to credit (Gash and Odell, 2013). The improved access to financial services afforded by savings groups may alleviate some of the financial constraints faced by young entrepreneurs, students and job-seekers.

Table 4, below, describes the performance of Plan's Youth Microfinance Project, which comprises over 4,000 youth savings groups in Niger, Senegal and Sierra Leone.

Table 4: The financial performance of Plan's Youth Microfinance (YMF) Project, compared to the average savings group on SAVIX[6]

Area	Indicator	YMF	General Population
Savings	Savings per member	$17.20	$24.20
	Annualised savings per member	$24.57	$17.39
Loans	Average outstanding loan size	$23.20	$32.60
	Percentage of members with outstanding loans	35.0%	47.2%
Insurance	Average balance in other funds, per group	$26.49	$23.49
Returns	Annualised return on assets	24.7%	32.8%
Capital adequacy	Loans outstanding, as a percentage of performing assets	40%	49%
Portfolio	Loans past due, as a % of loans outstanding	0.7%	0.3%

Members of youth savings groups save an average of nearly USD 25 per year – 40% more than the sector average.[7] With an average outstanding loan size of USD 23, it is also estimated that youth savings groups in West Africa have an average loan size of about USD 35 and are managing loans of up to USD 150. The scale of these services – all located in the community and managed by youth themselves – is significant and the resources mobilised may support asset-building, investments in essential services and business capital, and the resilience of youth entrepreneurs.

Youth savings groups provide an attractive return on investment – an average annualised return on assets of nearly 25% – but are generally less profitable than mainstream groups due to a lower level of loan activity. In fact, in Plan's Youth Microfinance Project, on average, 60% of the group assets remain in the box. While empirical evidence from longitudinal studies suggests that loan activity increases over time, the high degree of liquidity of youth savings groups in the short to medium-term has implications on profitability and the types of formal financial services that would be most useful for youth savings groups.

The common perception of the formal financial sector is that the youth market segment inherently carries a higher degree of risk. While the percentage of loans past due in Plan's Youth Microfinance Project is indeed higher than the average savings group, the portfolio-at-risk of only 0.7% remains significantly lower than benchmarks in the microfinance sector.

Through an emergency fund, savings groups may also provide members with a basic form of insurance. Despite much anecdotal evidence, the SAVIX reveals that the average balance of such funds is barely over one USD per member – for youth and mainstream groups alike – and the usefulness of the micro-insurance system may be rather limited. Furthermore, due to a small and geographically-limited risk pool, the

6. Based on data from the Savings Groups Information Exchange, accessed on 6 January, 2014.
7. Sector benchmarks are based on the 189 savings group projects that report to the SAVIX (www.thesavix.org), accessed on January 6, 2014.

emergency fund of savings groups does not provide appropriate protection against systemic risks – such as floods, droughts, crop failure or epidemics, for example. (On the other hand, the emergency loans available from self-help groups in Plan India's urban project are well used by members, particularly in the case of illness within the household. These emergency loans are drawn from the main loan fund and charge interest, but are easily available on very short notice and can have more flexible repayment schedules. See Case Study 2 in **Annex III**.)

Longitudinal studies in ten countries[8] also demonstrate that savings groups exhibit a step-increase in savings mobilisation rates in their second cycle of operations; and the capitalisation of independent savings groups increases rapidly in the 2-3 years following the training period. While neither study is focused on youth groups, this finding has important implications for youth entrepreneurship interventions that require participant investments, with respect to the timing and scale of these investments.

Savings groups are an extremely effective mechanism for savings mobilisation and short-term credit on flexible terms. Due to the short duration of loans, however, savings groups are not an optimal source of business capital for long-term growth and investment; and they should not be considered the exclusive source of financial services for young entrepreneurs.

Members of Plan-promoted youth savings groups around the world have saved up and accessed small loans to start new businesses, diversify existing ones, and support household enterprises. In rural Zambia, for example:

- Chilau, 25, has taken small loans to invest in mobile phone talktime to sell locally. Building his capital this way, he aspires to be able to stop burning and selling charcoal – a tough job he's been doing since childhood – and start a small grocery shop
- Purity, 27 and her sister Rosemary, 20, have used loans to add brewing and selling munkoyo (sweet non-alcoholic beer) to selling clothes and sweets, to support their household and pay labourers to work on their grandfather's farm.

Additional examples from rural Zambia and urban India can be found in the case studies in **Annex III.** Each case includes examples of using savings and loans to invest in income generating activities such as agriculture and poultry, small grocery shops and stands, and tailoring businesses.

3.3 Household underinvestment in essential services: education and health

Limited access to quality basic services such as education and health further constrains young people from realising the full benefits of technical or business trainings. Increased and improved investments in these essential services may improve the preparedness of youth to engage in market opportunities.

A household's decision on how much money and time to spend on education and health services for their family and children is complex and strongly shaped by cultural

8. The SAVIX Research Sample in Cambodia, Kenya, Malawi, Mali, Tanzania and Uganda; and the Aga Khan Foundation Long-Term Monitoring Initiative in India, Madagascar, Mozambique, Pakistan and Tanzania.

norms. Families often choose not to send their daughters to school after a certain age due to factors such as domestic responsibilities and marriage. Cultural norms can also affect a family's decision to access healthcare services. Certain illnesses and healthcare needs are considered taboo and remain untreated. In situations where there are limited resources, gender discrimination may lead families to prioritise treatment for boys or girls. Limited awareness, education and physical distance to services can also determine the level of education and health services a family chooses for their children.

Increasing household investments in education

Based on a literature review commissioned by Plan UK, Cameron and Ananga (2013a) conclude that savings group programmes help poor rural households pay for education in some contexts but not others. The authors identify seven possible mechanisms through which savings groups can have an effect on education: 1) households use share-outs to meet educational expenses; 2) households use loans or emergency funds to meet educational expenses; 3) savings groups improve overall income or livelihoods, making more money available for education; 4) savings groups improve overall income or livelihoods, reducing the need for child labour; 5) improved child health and nutrition; 6) changes in household decision-making; 7) changes in attitudes and behaviour related to work, consumption and saving.

Cameron and Ananga review a range of documents and note that evaluations of the Banking on Change Programme in Egypt, Ghana, Kenya, Tanzania, Mozambique, Zambia and Vietnam report an increase in expenditures on education (Triodos Facet, 2013). Programme evaluations in a number of countries report a variety of positive effects of savings groups on education, including increased expenditures, enrolment and attendance (Allen 2005, 2009; Allen and Bekele, 2008; CARE, 2012; JMK Consulting, 2012; VARG and Mayoux, 2008). However, other studies (Anyango et al., 2007; Dovi, 2008; Swarts et al., 2010) find no such effects. "The strongest evidence for the impacts of savings groups [on educational investments] comes from three randomised evaluations covering five countries," argue Cameron and Ananga (2013b:1). The results are similarly mixed, as described in **Box 5**.

Box 5: Savings groups and educational outcomes – The results of three randomised control trials

In Burundi, Bundervoet et al. (2011) find that there were large increases in education spending across the board, but significantly larger increases for those who were savings group members.

For Ghana, Malawi and Uganda, Karlan et al. (2012) find no significant increase in education expenditure attributable to savings groups. In Ghana, however, there was a significant increase in primary school enrolment for both boys and girls, and in secondary school enrolment for boys, attributable to the presence of savings groups.

In Mali, BARA and IPA (2013) find no significant impact on school enrolment or expenditure.

Source: Cameron and Ananga (2013a).

However, many youth savings group members join in order to use savings and loans to support their own education and training needs, or that of their siblings or children. Or, they use the finance to grow their small businesses, putting the profits into school fees. All of this is likely to have positive effects on access to decent work in the medium to longer term.

For example, in urban India, the main reasons given by a group of five young women aged 18-24 for joining youth self-help groups were to access loans for college admission fees and forms, as well as to be able to contribute in case of a family emergency, and to access skills trainings. In rural Zambia, 25-year-old Medzine uses her savings group loans for farm inputs and to buy goats for her husband to sell in the city. She uses the profits to support the school fees of her two older children and orphaned niece. And Most Significant Change stories collected and analysed by youth leaders and field agents in the context of the Youth Microfinance Project in West Africa highlighted that being able to use loans to pay for children's, siblings' or one's own school fees and other educational costs was an important change for several young participants, as was being able to aspire to return to school.[9]

Increasing household investments in health and nutrition

"Hunger and malnutrition, especially during early childhood, are associated with slower cognitive development, poorer learning outcomes, starting school late, and dropping out early; poor health during school years can also increase the risk of non-attendance or drop-out. [...] If savings group membership can help improve health and nutrition, it is likely to have longer-term impacts on education, as children are absent less due to ill health, and learn more easily due to better early childhood nutrition. Again, though, the evidence is rather mixed" (Cameron and Ananga, 2013a: 8, 17).

Box 6: Savings groups and outcomes on health and nutrition

The BARA and IPA (2013) randomised control trial in Mali found significant improvements in a measure of food security, suggesting that the savings group helped to smooth consumption during lean periods.

The other two RCT studies found little evidence for health or nutrition effects. In the Karlan et al. (2012) study, households in communities with Village Savings and Loan Associations (VSLAs) did not spend significantly more on food or health than those in the control communities. Bundervoet et al. (2011) find that expenditure on child health was actually lower for children who had been through VSLAs, a finding the authors are not able to explain.

Of the less rigorous studies relying on members' perceptions and recall, several (including BARA, 2008; CARE, 2012; Okeyo, 2013; Triodos Facet, 2013; VARG and Mayoux, 2008) report positive effects on health or ability to access healthcare, and several (Allen, 2009a, 2009b; Allen and Bekele, 2008; CARE, 2012; Dovi, 2008b; Okeyo, 2013) report improvements in food availability, quantity and quality of meals, food security and/or nutrition.

Source: Cameron and Ananga (2013a).

[9] The Most Significant Change stories: Voices of youth publication will be available in mid-2014. See also Salamatu's story (https://www.youtube.com/watch?v=UD8mWLZALRQ).

The extent to which young people's participation in savings groups will lead more consistently to investments in improved health and nutrition for themselves and their children – perhaps also through investment in agriculture and livestock for their own consumption – requires further investigation. For at least one young woman in rural Zambia, the impact on nutrition was a significant result. Maureen, a 26-year-old woman with two of her own children and an adopted orphan, is a youth business mentor who has participated in both general and youth savings groups. She was able to grow her grocery shop business significantly and expand into other income generating activities, improving overall household well-being. In particular, she no longer has to give her adopted child a drinks sachet in place of a proper school lunch.

In short, the evidence is mixed as to whether savings groups lead to increased expenditures on children's health and education and evidence on educational and health outcomes is limited. Access to financial services may not, alone, translate directly into increased expenditures on essential services; which may depend equally on the quality, availability and access to these services. Another complicating factor is that increased expenditures in health and education may not necessarily translate into better outcomes; depending, once again, on the quality of the services that are locally available.

3.4 Unfavourable cultural and social norms

Gender and other cultural norms around the role young people play in a community or a household can prescribe whether or not a young person is able to find work or start a business. These norms can define the distribution of opportunities and resources, and therefore hinder people's ability to increase their income earning potential. Young people, particularly young women and girls, are highly susceptible to being shaped by these influences, as well as vulnerable to discrimination.

A young person's gender can be a key determinant of the type of treatment they will receive at work or when looking to enter into the workforce. This discrimination greatly affects young women's opportunities to become gainfully employed and start a business and influences which sector they enter. The World Youth Report 2003, which examines youth unemployment data from 97 countries, shows that in a quarter of these countries, female unemployment was more than 20% higher than male unemployment; and in half of the countries in Latin America and the Caribbean, female youth unemployment exceeded those for young males by more than 50% (United Nations, 2003).

Data from northern Pakistan shows staggering gender differentials, whereby 75% of women do not participate in the labour force; and 95% of businesses – formal and informal – are owned by men (Aga Khan Foundation, 2011). In the MENA region (other than Israel) men are nearly three times more likely to start a business than women (Kew et al., 2012). Gender discrimination also affects access to assets. In rural Zambia, young women report facing discrimination in terms of access to land controlled by local headmen, and to fertiliser and other agricultural inputs controlled by cooperatives or government agencies managed by men, as young women are seen as less able to work hard, and even report being asked for sex in exchange for fertiliser.

Negative socio-cultural perceptions about self-employment can also act as a significant barrier to young people desiring to start up a business. If society does not consider entrepreneurship to be a worthwhile option – meaning they would only consider entrepreneurship out of necessity – then young people are also less inclined to perceive it as a viable employment option (United Nations, 2012). Some studies suggest that family background seems to play a more important role in attitudes towards starting a business than general cultural variables. Family attitudes towards entrepreneurship play a substantial role in determining the mind sets of young people and shape whether they are amenable to self-employment or not (Schoof, 2006).

In Africa, cultural variables are shown to have a direct impact on the value that young people place on self-employment. There is some evidence that positive cultural attitudes towards entrepreneurship are emerging in countries like Zambia and Malawi. However, in other African countries, such as South Africa, greater value is placed on securing wage employment: there is a perception that educational qualifications qualify people to be employed and to create wealth (Chigunta et al., 2005). Similarly, a study by Save the Children in Morocco found that parents preferred for their children to wait and get stable government jobs (Meissner, 2009). In West Africa, markets for industry and services have customarily been controlled by the public sector (YEN-West Africa, 2008). Promoting entrepreneurship in this type of context is new, and therefore more challenging, especially with young people: parents are typically more resistant to their children taking on the financial risk of starting a business.

For young people who are fortunate enough to obtain a job, many experience age discrimination by their employers. They are commonly called lazy, distracted or unreliable; and youth are perceived to be more difficult to employ than adults. Due to these stereotypes, alongside their minimal experience, young workers are often taken less seriously. This can also affect a young entrepreneur's ability to start a business. "According to a Barclays Bank Survey in the UK, 'not being taken seriously' and 'age discrimination by suppliers or customers' are two of the biggest problems experienced by young entrepreneurs in the course of running a business" (Schoof, 2006: 28).

Fostering favourable cultural norms

Street Kids International, an organisation working with street active youth, explains that a central element of its work is "the art of engaging young people and breaking down barriers in communication that are often part and parcel of the perceptions and attitudes of adults and authorities that view young people as social liabilities and in need of help or welfare-driven approaches" (Chigunta et al., 2005: 72).

The literature identifies three possible mechanisms through which savings groups can foster behavioural changes in young people that, in turn, can re-shape adults' perceptions of youth. First, discipline, responsibility and self-reliance are values that are inherent to the model. Meetings begin on time, procedures are orderly and transparent, fines are administered for infractions of the group's constitution, members save regularly, and loans are generally repaid on time.[10] This behaviour is directly observable to members and outsiders. And the extent to which the members of youth savings groups see these positive attributes in themselves – and this behaviour is observable to their families and communities – the notion that they are a social liability may be eroded.

10. In Plan's Youth Microfinance Project in West Africa, the portfolio-at-risk (loans past due as a percentage of loans outstanding) is only 0.7%, based on data accessed from the SAVIX on 6 January, 2014.

Secondly, youth savings groups are economically active. Members save regularly, mobilise significant amounts of capital and manage a sizeable loan portfolio, as demonstrated in the performance of Plan's Youth Microfinance Project (see **Table 3**). And they sometimes engage in collective economic and social action. This may change the role of youth in their community, and the perceptions of adults and the local authorities that youth are simply beneficiaries of family and state-sponsored support.

For example, in rural Zambia, 14-year-old Judith has earned respect among her peers and community for insisting she join the youth savings group alongside her mother, making small investments in a small fritter and fish selling business, and contributing to her own school fees.

Third, in youth groups all leadership roles are taken up by youth; and in mainstream groups, youth members invariably assume positions of leadership – the most common being the roles of group record-keeper or money-counter. In many parts of the developing world, the literacy and numeracy skills of adolescents is above adults. This enables youth members to serve two key roles in their respective groups; again, this may change the perceptions of them in their community. For example, in areas of northwest Bangladesh with an estimated literacy rate of 4%, adolescents are disproportionately represented in the role of record-keeper (Panetta, 2007).

Fourth, designing training curricula to be gender-responsive can help support positive gender norm development. Simple items such as the inclusion of examples and case studies that highlight women and girls in gainful employment, as successful business leaders, or working in non-traditional sectors can play a significant role. Employing adult and/or young women as trainers or having a male and female staff co-leading a training can help change perceptions (Kanesathasan et al, 2013). Female trainers can become positive role models for both young men and women.

While examples and anecdotal evidence exist on the positive effect of savings groups on social norms, there is limited empirical research in this area; and the extent to which the observed changes in member behaviour and family attitudes translate into broader cultural changes remains largely unknown.

3.5 Limited social networks

Strong social networks and links to relevant employers and business owners is a common trait of successful workers and entrepreneurs. Compared to adults, young people typically do not have the experience or access to the right types of people to create strong peer social networks that are helpful to secure decent work or grow a business. And, according to the Flash Eurobarometer Survey (2004, in Schoof, 2006), the younger the person, the more important business contacts become to ensure a successful business. Unsurprisingly, those who are younger, and girls and young women, tend to be even more sensitive to this variable. For example, girls in Nigeria typically have less access to social networks that aid in job searches and consequently less information with which to make a good decision on engaging in a sector or occupation (Mercy Corps, 2013).

Mentors and business role models can also be considered social assets. Most young people do not have access to mentor support at work or when starting a business. Mentors can help link young people to opportunities and provide guidance once a young person has obtained employment. "Mentor support, mainly in the form of informal advice and guidance from someone who has good business experience and, in some cases, business networks, may assist youth proprietors. This particularly applies to younger youth, most of whom have little or no experience and business contacts" (Chigunta et al., 2005:72).

Mentorship and access to social support groups or associations can be especially important for young women. In many contexts young women and adolescent girls may not have working women role models to help them shape career and business choices. Social support for young women and girls can also be important to facilitate in more traditional contexts where their mobility can be limited and their access to support groups – such as sports teams or community groups – is low. Young mothers may also have specific social support needs. Motherhood can, in certain contexts, be isolating. Childcare support and groups inclusive of young working mothers can help to build partnerships amongst peers and allow for more time spent on facilitating business activity.

The social and financial status, business acumen and connections of a young person's family or caretaker can also play a significant role in supporting them to become a successful entrepreneur or employee. Caregivers are often the decision-makers within a household and can restrict or allow and influence a young person's decision and ability to access needed social or communal support. This is not only relevant for dependent youth, but also older or independent youth, particularly in societies with strict hierarchies (Markel and Brand, 2011a).

Building social capital

Through their core operations, savings groups promote the association of self-selected individuals and their collaboration on a structured and continuous basis. This may enable youth to strengthen their local personal and commercial networks.

One young woman, a member of a Plan-facilitated federation of self-help groups in urban India, explained it this way: "From staying at home, we started to meet one another and discovered the power of the group. Next, we'll buy the Taj Mahal!" Both young Indian women described in the case studies in **Annex III** are examples of overcoming adversity caused by unfavourable gender norms (and bad luck) through considerable resilience, attributable in part to the solidarity coming from their groups and the hope this provided.

A study on savings products for vulnerable adolescent girls – undertaken jointly by MicroSave and the Population Council – found that girls "valued the social support component (i.e. making friends and having a mentor) as much as, if not more than, the financial service they were receiving" (Austrian and Wambugu, 2012:4). The study highlights the importance of promoting social networks when working with vulnerable adolescent girls; and provides evidence that, after one year of programming, girls in a savings group were more likely to report sexual or physical harassment. Moreover, the life goals of participants changed significantly, compared to girls who were not part of a social group. Girls participating in a savings group were more likely to have long-term educational goals, and short- and long-term employment goals (ibid.).

However, peer social capital for youth may not be enough to unlock entrepreneurship potential, particularly in homogeneous groups composed of similarly marginalised individuals. Partnering with the private sector to enhance networks and develop opportunities for quality mentoring may improve the social capital of youth savings group members – particularly related to employment and business opportunities. Youth-inclusive programmes may also provide different opportunities, from youth-focused programmes. The interactions of youth with adult members, or youth groups with mainstream groups, may expand the opportunities for mentoring and the development of useful networks.

"Mentoring can be very powerful," explains Markus Pilgrim of the Small Business Unit at the ILO. "However, the question is how to achieve scale. I believe that group mentoring may be a helpful way to achieve cost-effective mentoring programmes. This could be built into the training curriculum [of savings group programmes]. They could facilitate a once-a-month meeting between the savings group and a mentor. The key problem is that few entrepreneurs are willing to be a mentor; they do not have time. Group mentoring could help to address this challenge" (Pilgrim, interview, 2013).

Savings groups can bring together young women and men looking to start up a business with those who are somewhat more experienced, facilitating this mentorship process – or at least fostering the sharing of ideas and skills. In Nigeria and Argentina, a study by Vital Voices found that joining business associations can help women to build social capital, partnerships and provide referrals and reputation signalling that facilitate business activity. Almost all the participating women reported learning from mentors from within the association and helping to mentor others within the group (Buvinic et al., 2013). At the same time, facilitators of groups that mix significantly younger and older members need to be careful that the voices of the older members do not come to dominate those of their younger colleagues, dampening the effects on youth ownership, leadership skills and self-confidence building.

One of the main challenges of effective women's associations is time constraints. Women typically face additional time constraints as they balance home and work responsibilities. Ensuring that the meetings are held nearby and kept brief can be important, which the savings groups model can offer. Also, studies have shown that women seeking to work in male dominated sectors may have more business success if linked to a male mentor. If socially appropriate, facilitating linkages between groups of men and women can help women learn from these male change agents (ibid.). Although these studies do not target young women specifically, the lessons are relevant to them as they may face similar constraints. Additional safety precautions, such as having parents join the meetings, holding group mentor sessions and meetings in safe, public locations may be necessary to ensure the security of young women, particularly if linking them to male mentors.

A number of programme evaluations also find that savings groups generate a variety of human development outcomes, including increased: self-esteem; participation and leadership roles in community institutions; and role in household decision-making, particularly related to financial decisions. Contrary to these evaluations, seven RCT studies – in six African countries – did not find impacts on social capital; and effects on individual empowerment were found to a lesser degree than expected (Gash, 2013). The timeframes of these studies, however, is rather limited – nearly all respondents had participated in savings groups for less than two years and, in many instances, for as little as one year. In other words, while it is possible that the practitioner literature overestimates the social impacts of savings groups; it is equally possible that these effects require more time to develop and are not easily captured by short-term, quantitative research such as the RCTs. If so, youth employability and entrepreneurship initiatives that seek to leverage the social capital developed by savings groups may need to adopt a longer time horizon, and address the issue actively, instead of assuming that youth savings groups, alone, generate the types of networks that youth require to secure employment and business opportunities.

3.6 Lack of employability and entrepreneurship skills

Gaining access to relevant technical and entrepreneurial skills is important for young people, given their limited experience in the labour market. Yet, in emerging economies, there is a wide skills gap between what the educational system provides and what business and industry need (Brewer, 2013). Moreover, many adolescents have a limited understanding of key transferrable skills – or soft skills – in the working world such as effective communication, and workplace expectations and behaviour. These transferrable skills can be as important – or more – than technical skills in securing decent work.

Whether because of their age or an ineffective education system, young people are also unlikely to have the types of skills that enable them to make informed employment and business decisions. Moreover, young people often underestimate how these low levels of business skills will affect their ability to find work or start a business (Kew et al., 2012). Misinformed perceptions can lead young people to become inactive about searching out the educational opportunities that might be available to them.

> "Youth access to secure jobs will continue to be problematic for the foreseeable future in West and Central Africa. To have even a chance of productive adulthood, youth must acquire money management, self-employment, business and life skills capacities."
> Plan International West Africa Regional Office (2012:6).

Creating opportunities for skills development

Savings groups, through their core activities, are pedagogical instruments. They transmit values of self-esteem and collaboration; as well as transferable skills, namely financial capabilities and good practices in the management of collective economic activities. These outcomes, in themselves, constitute an attractive base for interventions in a multitude of areas.

In addition, savings groups are a promising platform for the delivery of training in entrepreneurship, life skills and financial capabilities. "What we really like with youth savings groups is that it is a great stepping stone to build trust in one another, and a good delivery system for other trainings," explains Amalia Johnsson, Microfinance Manager at Plan UK (Johnsson, interview, 2013). Similarly, Tim Nourse, President of Making Cents International, explains that "it is important to bring the financial and business skills into one package. A savings group is a helpful platform for other add-ons because it provides multiple touchpoints" [face-to-face meetings that a programme can build upon] (Nourse, interview, 2013).[11]

Youth savings group members in rural Zambia who undertook financial literacy or business skills training reported a wealth of new skills that have helped them start new businesses, diversify existing ones, and – although it can be difficult to attribute this to specific training – increase the profits generated by their businesses. Many youth said business skills training had served as a good complement to savings and credit, because it made suggestions and stimulated them to think of their own ways to put their accumulated lump sums to use:

- to improve agricultural activities traditionally pursued in the community (e.g. purchasing fertiliser or hiring field labour);
- to launch new trading activities (e.g. small groceries), add new products for sale, or diversify their product range;
- or to combine different activities together in order to meet both business and consumption goals.

These youth noted particular skills gained, which include how to conduct record keeping and basic market surveys, customer management, product display, and how to reduce risk while selling on credit. Twenty-six-year-old Macey, for example, has drawn on the knowledge gained in her savings group and as a youth business mentor to improve her mobile business selling ladies' clothes, shoes and handbags. Since participating in trainings, she now takes the time to determine which potential customers are likely to actually buy her goods. She keeps records to monitor sales and knows which products are making a loss, and she is much more cautious about selling on credit.

Evidence shows that demand-oriented skills and on-the-job trainings can have a particularly significant impact on young women in terms of increasing their employability and earnings (Buvinic et al., 2013). The World Bank's Adolescent Girls Initiative (AGI) in Liberia was successful in increasing employment and earnings among young women. These gains were particularly large for women who received business skills training. All graduates were more likely to be involved in self-employment than wage employment — a finding that reinforces the importance of entrepreneurial and life skills trainings, particularly where wage employment is limited (ibid.). Vocational training programmes in Latin America have recognised success in promoting young women's employment. Young women tend to outperform young men in obtaining results from training, especially if combined with training in non-traditional skills and other targeted services such as stipends for child care (ibid.).

11. Making Cents International is working with Plan International to develop a youth-focussed business skills training approach called 'Enterprise Your Life', intended to be delivered through savings groups, and a cadre of master coaches to cascade the training and act as mentors.

Box 7: Investing in youth financial inclusion

Investing in bringing youth into the financial system at a young age should help create a generation of adults with stronger money management habits (Johnson and Sherraden, 2006).

As research in other areas of child development has shown, it is easier for children to build habits such as financial discipline when they are young (Knudsen et al., 2006). Based on the notion that people learn best by doing and that positive behaviors and habits are best cultivated in childhood and adolescence, youth savings products may provide an opportunity to 'practise' and cultivate financial capability early in life.

Alongside making financial services available, many policy-makers in developing countries are looking for ways to introduce financial capability programmes targeted to youth.

Source: Kilara and Latortue (2012).

Combining financial services with business trainings tends to have a greater positive effect on business growth, particularly amongst men. Results from a recent World Bank study show that men who were offered both loans and training report 54% greater profits initially, with the effect increasing slightly over time. Interestingly, the study finds no effect from any of the grant interventions examined (Fiala, 2013). "Savings groups could have a similar effect. The interesting finding is that loans perform much stronger than grants in terms of the effects on enterprise growth, particularly for men. And savings groups create similar incentives to a loan – even if informal. It puts more commitment or pressure on the recipient to care about the linkage between borrowing money and business performance" (Pilgrim, interview, 2013).

Experience shows that integrating either vocational or entrepreneurship trainings with savings groups tends to lead to more successful employability outcomes for young people than when delivered separately. At Catholic Relief Services, "the integration of vocational training and SILC in the OVC programme has proven to be a winning combination: youth undertake the vocational training course where they learn practical skills for self-employment and gain financial literacy through simultaneous participation in savings groups" (Mukankusi, et al., 2009:3-4). Mercy Corps (2013) echoes this finding and recommends integrating entrepreneurship training within its financial inclusion programmes. They find that there is a clear demand for these skills since the majority of their girls' savings groups in Nigeria plan to use their savings to start a business or economic activity.

A randomised control trial in Burundi provides the most robust evidence on the additional impact of combining entrepreneurship initiatives with savings groups. Under its New Generation programme in Burundi, the International Rescue Committee added business training to savings groups. Karlan and Valdivia (2001, in Annan et al., 2013) conclude that adding business training for low-income female participants of savings groups increased profits for the treatment group. The study also shows improvements in cash flows. Participants used more diversified goods and services, started using financial records and began reinvesting their profits. The combination of quality entrepreneurship education and financial services may enable entrepreneurs to move beyond subsistence to more profitable livelihoods.

"Training within a group context also seems beneficial: the group dynamic and sense of purpose may push individual participants to act and try new things, with an increased sense of confidence coming from both the new knowledge and the encouragement from peers (and perhaps a sense of excitement and new possibilities emanating from the groups)" (Moore and Schiller, 2013).

In terms of improving financial education and skills for consumers, one of the key recommendations of a recent World Bank study is to "leverage social networks and peer effects. Financial literacy interventions have been shown to have positive spillover effects in the social networks of those who participate in the intervention. … Promoting such spillovers would be a smart and cost-effective way of spreading the benefits of financial education" (Xu and Zia, 2012:40). Moreover, these spillover effects may also be purposely planned for in the design and delivery of behaviour change initiatives, as demonstrated in the malaria education component of the Saving for Change programme in Mali.

Savings groups are not the only group mechanism for the delivery of training in entrepreneurship, life skills or financial capabilities. However, they lend themselves particularly well to this role. They are organised, disciplined and mobilise the financial and human resources of the community; and members are better equipped to put into practice the knowledge and skills acquired through training. However, it is important to note that trainings and savings accumulation alone may not be enough to immediately transform young people into successful entrepreneurs. Successful business creation is complex, even for adults, and highly dependent on the presence of various other market and systemic barriers. Therefore, it is important to understand the market context, and be realistic about what these interventions can achieve. A positive outcome in the short-run can be a change in mindset or beginning a practice of entrepreneurship at a small level (Nourse, interview, 2013). These changes may seem small, but they can have significant long-term implications on a young person's ability to become employed or start a business as opportunities arise. Youth may be encouraged by these incremental changes, which can act as a multiplier and lead to greater understanding and more significant changes over time. Therefore, it is important to celebrate incremental changes and help young people identify their successes, even if small.

3.7 Non-conducive regulatory frameworks

Unleashing young people's potential requires an environment that enables young workers and entrepreneurs the right to decent work, to financial services, and to create, to manage, and if necessary, to close a business. Laws, licensing and registration procedures must aim to facilitate young people's success, rather than hinder them. Due to limited contacts or access to resources, it is difficult for young people to keep track of regulatory changes. In some countries, these changes can occur on a yearly basis and put youth businesses at risk (Schoof, 2006).

In addition, young people deserve access to decent work and policies that support their particular development needs. Many countries now recognise the need to prioritise youth employment policy reforms, yet regulations and policy frameworks continue to ignore the specific needs of young people or are less effective at implementing and enforcing the new frameworks. Furthermore, youth have often been excluded from the development process of these frameworks. Good practices suggest that meaningful participation of young people in the process of regulation and policy reform can have significant positive effects on the outcomes (Markel and Brand, 2011).

Policy reform

Savings groups are not normally subject to age limits,[12] documentation requirements, and restrictions on deposit-taking – and can normally operate outside the constraints of formal financial regulations. They can therefore provide basic financial services to market segments – such as youth – that formal financial institutions cannot easily reach.

The ability of savings groups – or even federations – to independently influence regulatory reforms that are more conducive to youth banking, employment and entrepreneurship is, however, unlikely. Nevertheless, savings group projects are increasingly large in scale – according to Allen (2013) there are 22 country programmes with an outreach of at least 100,000 members, and the national coverage exceeds half a million members in several countries (Kenya, Mali, Rwanda, Tanzania and Uganda). The extent to which this clientele represents an attractive political constituency, and may be able to leverage national networks into effective advocacy efforts, remain unknown. And although evidence is currently lacking, it is possible that facilitating organisations, such as Plan and its implementing partners, may be able to positively influence policy changes or regulatory reforms, through drawing on the demonstrated experience and outreach of youth savings groups, and helping youth voices be heard.

12. Self-help groups in India have a minimum age requirement of 18.

4. Integration of savings groups in youth economic empowerment programmes: operational considerations

4.1 The multiple roles of savings groups

Mature savings groups often undertake different roles and responsibilities, as they mobilise resources and consolidate their identity. The literature identifies five different roles undertaken by savings groups. In some cases, these additional activities are promoted by the facilitating agency or other institutions; in other instances, this occurs spontaneously, and sometimes, even without the knowledge of the facilitating agency.

Table 5: The multiple roles undertaken by savings groups

Role	Description	Example
1. Consumer of products and services	Savings groups expand the purchasing power of individuals and groups to acquire products and services – on an individual or collective basis	In CARE Zimbabwe's VSLA programme, savings groups are linked to CARE's agriculture programme and engage in the collective purchase of agricultural inputs
2. Supplier of products and services	Savings groups expand the capacity of individuals and groups to produce products and provide services – on an individual or collective basis	In CRS' SILC programme in Tanzania, savings groups are federated into marketing associations In Plan Tanzania's Banking on Change project, savings groups form apex organisations (called IMAs) to intermediate funds and make social and economic investments in local communities In the Salvation Army's WORTH programme in Uganda, savings groups identify, monitor and provide psychosocial support to orphans and vulnerable children, and provide training to their caregivers

3. Marketing and distribution channel	Given the decentralised operations of savings group programmes, they provide an opportunity for the marketing and distribution of goods in remote areas	Barefoot, d.Light, Tough Stuff, Unilever, Living Goods and Bata are examples of companies that have marketed and distributed goods – including solar energy, hygiene products and sandals – through savings groups
4. Entry point	Given the decentralised operations of savings group programmes, they provide an opportunity for development agencies to mobilise remote populations more efficiently	In remote areas of north-west Bangladesh, Sajida Foundation leveraged its network of savings groups to screen thousands of individuals for cataracts and deliver hundreds of surgeries through mobile units In Burkina Faso, the Ministry of Health dispenses reproductive health services through savings groups formed by Plan
5. Pedagogical instrument	Through their core operations, savings groups distil a number of values and skills; and they also serve as an effective platform for training	Plan's Youth Microfinance Project in West Africa has incorporated life skills training and financial education into its savings group training curriculum; Phase 2 of Banking on Change will be incorporating financial education, entrepreneurship and employability skills training

The integration of savings groups with interventions in youth employment and entrepreneurship requires that programmes clearly define the intended role of savings groups within the integrated model. The extent to which savings groups are expected to serve as consumers, producers, marketing channels, entry points for other services or pedagogical instruments – or a combination of the above – will define training and supervision requirements, the duration of the intervention, the expected financial contribution of the savings group and its members to additional activities, and the relationship between the groups and the facilitating agency that promotes them.

4.2 Needs analysis and market research

Many integrated programmes that include the promotion of savings groups are a response to funding opportunities. And increasingly, international NGOs are developing standardised, multi-component programmes that include the promotion of savings groups, according to their respective mission and technical expertise. However, market analyses – to assess the needs, demand and feasibility of providing additional services through savings groups – rarely occur. The main reason is that these types of analyses are complex, expensive and often beyond the financial and technical resources of smaller organisations.

Nevertheless, some savings group programmes have adopted effective strategies to evaluate the potential, inform the design and develop the content for the delivery of additional services through savings groups. For instance, in Colombia, Plan International offers a menu of short courses to the savings groups that it promotes. Towards the end of the savings group training curriculum, the trainer offers the group an orientation in Plan's course offerings: eight short courses related to child protection and early childhood development. Through the trainer, each group makes a formal request for training in any combination of these courses; and specialised personnel deliver each course to representatives of a cluster of groups, as soon as sufficient demand is identified in a given area.

This approach is based on a menu of pre-designed services; and the delivery of specific services to savings groups based on a formal request. This allows the organisation to remain within its mission and area of expertise while offering services based on expressed needs; and to deliver these services more efficiently through the clustered training of groups.

Another example comes from Corporación Vital, also in Colombia. Based on the AMIGA methodology, Vital completes a participatory assessment of the needs of each savings group and makes an inventory of the skills and experience of each member. Using business intelligence software, the needs, skills and experience of the members are then cross-referenced to identify income-generating activities with the greatest likelihood of success. This informs Vital's programming in business and technical training. Data is also analysed to estimate potential demand; to design financial and non-financial products and services; and to negotiate agreements with private providers (Panetta, 2013).

Young people typically have limited exposure to and experience with financial services, employment and business. Expanding research past youth perception surveys or focus groups will deepen market knowledge; and differences in perceptions across youth, family, employers and market actors can be informative for programme design.

Whenever possible, youth should also be engaged in the research process. Young people are typically data sources, and are rarely engaged in the design or implementation of research or programme development. Youth-focused programmes can be more effective when young people are engaged in "developing the tools, conducting interviews/focus groups, analysing data and feeding into the selection of the intervention" (Markel and Denomy, 2012:8). The figure below presents a continuum for the involvement of youth in market research, based on three levels: consultative, collaborative and youth-driven (ibid.). Recognising that the involvement of youth in these processes is not always easy, it is important to develop a clear strategy about where and when to engage youth.

Figure 1: Continuum of young people's engagement in market research

Consultative level: Young people act as research subjects or data sources.

Collaborative level: Young people are consulted in the development of research tools and/or assist in applying them.

Youth-driven level: Young people control or share decision-making authority over the scope and strategy of the research.

Source: Markel and Denomy, 2012:8.

Young women and girls may be more difficult to identify and involve. Having young women and girls actively participate in the research process can bring attention to their diverse set of assets, skills and barriers. Programming in economic security should consider girl-centred recruitment strategies and engage parents or caregivers in the programme development process so they feel that it is safe for girls to participate (ibid.).

While formal market research may not be feasible for many organisations, there are practical options to identify the needs of individuals and communities, estimate the potential demand for additional services and design more appropriate services. In the end, these initiatives increase the relevance and impact of additional services for savings groups and their members.

4.3 Programme architecture

The programme literature identifies four models for the delivery of integrated programming centred on savings groups: overlapped, linked, parallel and unified.

Table 6: Models for the delivery of integrated programming

Model	Description	Strengths	Weaknesses
Overlapped	Savings groups are promoted in the same area, with the same target population, as other interventions; however, there is no operational relationship between these interventions.	Low risk and organic expansion. Savings groups and their members participate in the additional interventions on an entirely voluntary basis and without any modification to group methodology, procedures or culture.	It is not possible to control the degree of overlap between the interventions; and there may be imbalances between their respective outreach.
Linked	Two or more organisations provide services. One organisation promotes and trains savings groups; while other organisation(s) provide other services to these groups.	May provide opportunities to bring specialised services or technologies to savings groups that the facilitating agency may not be able to provide alone. Costs may also be shared across multiple organisation(s). The approach is most suitable in large multi-sectoral programmes implemented by a consortium of organisations selected for their expertise in one or more of the programme's focal areas.	Involvement of multiple organisations may lead to misunderstandings, conflicting agendas and inefficiencies in group visits by multiple organisations.

Parallel	Different staff, within a single organisation, provide different services to savings groups.	This approach is most appropriate for organisations that maintain functional departments and capacity in distinct technical areas such as financial services, health, education and agriculture. Requires less coordination than the linked model and may enable more consistent messaging across trainers of the same organisation.	It is sometimes challenging to coordinate programmes and messages of different departments and staff of the same organisation.
Unified	Multiple services are delivered to savings groups through a single trainer from a single organisation.	In many contexts,the most cost-effective strategy for integrated programming. This approach is most appropriate for very small organisations or those working in extremely remote areas; and for the delivery of services with a high degree of complementarity to savings groups, such as financial education for example.	Trainers may not have the necessary knowledge and skills to deliver multiple services. And incompatibilities between the respective delivery calendars of multiple services may have adverse effects on trainer caseloads.

Source: Adapted from Rippey and Fowler (2011), Rippey (2012a), SEEP (2013) and Panetta (2013).

Each approach has its relative merits and may be most appropriate for a particular context. Agencies that seek to integrate savings groups with interventions in youth employment and entrepreneurship should clearly articulate the model adopted – and the justification for this choice. The programme structure has direct implications on recruitment, staff training, trainer caseloads and working areas, transport, programme calendar, monitoring and evaluation, and budget. In short, it is a fundamental decision in programme planning. And the literature suggests that the main reason for the disappointing results of some integrated programmes is an inappropriate programme structure (Panetta, 2013).

4.4 Staffing

The most important qualifications of a savings group trainer are: good communication skills, knowledge of their respective working area, integrity, a good reputation in the community, and the ability to work irregular hours. No more than a high school degree should be required for trainers; and candidates with less education – but demonstrable oral communication skills and knowledge of the working area – should be considered. Over-qualified savings group trainers have not produced improved results.

In general, savings group trainers should be recruited locally; there is rarely any justification for recruiting trainers from outside the project area. Outsiders lack the local networks that are instrumental in their work and, in some instances, have experienced challenges securing the trust of potential participants.

Moreover, selecting trainers that have a strong understanding of youth and gender can have a significant impact on the learning outcomes of participants. Youth and female trainers can create positive role models and, for young women and girls, it is important that the trainer is an individual that they can trust (Morcos and Sebstad, 2011). It is important that trainers are provided adequate orientation to work with a particular target group, such as youth or girls.

In programmes that link savings groups to interventions in youth employment and entrepreneurship, staffing requirements may differ. The number and desired qualifications of staff will be largely defined by two factors: the thematic nature of the additional activities and the programme architecture (see **Section 4.3**).

In the **overlapped model**, staffing requirements should not differ significantly from stand-alone projects that promote savings groups and youth economic empowerment, as each component is delivered separately – albeit targeting the same population. The **linked** and **parallel** approaches will require trainers that are capable of collaborating with the trainers of other organisations or departments; and perhaps, the ability to communicate the basic principles of the other services.

A **unified** approach will significantly change staffing requirements as supervisors and trainers will require technical expertise in a number of areas as well as greater levels of communication and training skills – which the project must either acquire through recruitment or develop through training. In a unified model, integrated programme should also carefully assess the extent to which a general trainer can adequately deliver multiple services.

Increasingly, projects are using community-based trainers (CBTs) to mobilise and support savings groups – on a voluntary or fee-for-service basis. There is, however, limited experience with the delivery of additional services by CBTs (see **Box 8**). Integrated programmes should avoid expanding the role of CBTs too quickly – requiring that they promote services or products for which there is no demonstrable demand, viewing them as a general distribution channel, or expecting them to deliver training beyond their capacity. When CBTs promote or deliver additional services, programmes should ensure that technical resources and key messaging are developed accordingly; the roles and responsibilities of CBTs and project staff are clearly defined; and CBTs and project staff receive adequate training for the delivery and monitoring of additional activities.

Box 8: The delivery of additional training by Community Based Trainers (CBTs)

A number of savings group programmes have delivered additional training using CBTs. Agencies such as Save the Children and CARE Burundi have adopted a 'girl leader approach', selecting girl leaders who have received a training and supporting them to lead further sessions. This model may be scalable, but its appropriateness, in terms of delivering technical or entrepreneurship training requires further research.

In Bangladesh, BRAC also uses a 'peer-to-peer model' for its broader training, but financial education is delivered by professional trainers because the quality of peer-to-peer training is found to be limited.

Some studies suggest that trainers may be more responsive to the needs of participants who are in a similar stage in life, yet it may be challenging for young trainers to gain the respect of their peers.

Source: Morcos and Sebstad, 2011.

4.5 Curriculum development

As discussed above, segmenting groups and trainings can greatly enhance outcomes. If various subgroups of young people are grouped together and the curriculum is more general, it can lead to limited results. For training in youth entrepreneurship, it is important to tailor curricula to at least three categories of entrepreneurs: pre-entrepreneurs, budding entrepreneurs, and emergent entrepreneurs (Chigunta et al., 2005). These categories do not always align with age; rather it helps to identify the life stage of potential participants and their preparedness for entrepreneurship. Groups, sessions and curricula may be further segmented by gender, literacy or level of formal education. For example, girls may need additional focus on literacy and safety, whereas young women may need more technical advice or the support of a mentor (Morcos and Sebstad, 2011).

Girls and Their Money provides a number of recommendations regarding financial education for girls, a number of which are equally relevant for other types of training targeting youth. These include: keeping the content simple; adapting the content to fit the trainer; making it fun; designing the content to consider the situations of different participants; and phasing in the curriculum – providing the more basic training to the entire group, and then introducing sessions that are progressively more complex (Sebstad, 2011). The new Enterprise your Life approach to youth-focussed business skills training developed by Making Cents International for Plan International takes into account these ideas.

4.6 Sequencing and timeline

In general, agencies that promote savings groups recommend that additional interventions should be introduced until the second cycle of operations, after the group has completed its training period, in order to allow the group to internalise its core operations and avoid a burdensome number and frequency of inputs. Allowing the group to increase its assets and develop its identity over one year may also better prepare savings groups and their members to increase the benefits of interventions in youth employment and entrepreneurship.

Nevertheless, facilitating agencies are increasingly integrating financial education into the training curricula of savings groups. The simultaneous delivery of both components in one seamless package may be mutually reinforcing. Improved financial literacy and capabilities provide members with increased aptitudes to manage and participate in savings groups; while savings groups provide an experiential learning experience that may enhance the theoretical knowledge imparted through financial education. In India, for instance, the Aga Khan Foundation delivers the first module of its financial education curriculum during the mobilisation of savings groups at community meetings. In a review of the programme, ACCION India (2010) reports that the communication of basic concepts related to financial planning and management of lifecycle needs is an effective basis upon which to initiate the promotion of savings groups.

The pre-implementation phase of savings group projects – including the finalisation of operational plans, staff recruitment and training, adaptation and translation of programme guides, preparation of materials and initial community outreach – can take up to six months.[13] On the other hand, projects typically cease to mobilise new groups about one year prior to the end of the grant period, to ensure that all activities are completed by the end of the grant. This means that a three-year project will have a group mobilisation period of about 18 months. And any delays or deviations from programme implementation plans will necessarily have implications on programme outreach.

Most projects adjust to this constraint – which is particular to the delivery of a time-bound and time-sensitive intervention. However, this becomes more difficult when the mobilisation and training of groups depends on the implementation of other interventions. In fact, programme evaluations indicate that one of the main reasons for the failure of some integrated programmes has been the delays observed in the development of other components, particularly under the linked model, which requires collaboration between multiple organisations. The time required to design interventions in economic security – and develop materials and training curricula – are often underestimated; and integrated programmes should seek to complete this stage during programme development, rather than during the grant period.

[13] This pre-implementation phase may be shorter in the case of experienced organisations and extensions of existing projects.

4.7 Sustainability

Agencies that promote savings groups generally define sustainability in one – or a combination of – the following ways.

Table 7: Various concepts of sustainability

Concept	Description/Indicator
Sustainability of KNOWLEDGE and SKILLS	% of participants that demonstrate improved knowledge, skills and practices in management of personal finances
Sustainability of PROCESS	% of mobilised groups that complete the training curriculum and demonstrate the capacity to continue to operate independently
Sustainability of GROUPS	% of groups that continue to operate beyond the training period, the project period, or other specified period of time
Sustainability of ACCESS to GROUPS	% of communities in the project area that have continued access to functional groups beyond the training period, the project period, or other specified period of time
Sustainability of ACCESS to APPROPRIATE FINANCIAL SERVICES	% of participants that have continued access to suite of appropriate financial services - formal or informal - that is plausibly related to the promotion of savings groups

Each of these concepts of sustainability is valid. Agencies typically adopt a perspective that is aligned with its mission. Savings group programmes should develop a clear sustainability statement; and this statement should guide programme operations, monitoring and evaluation.However, few integrated programmes clearly define the sustainability of additional activities implemented through savings groups; or how approaches in the delivery and monitoring of one service may affect the sustainability of another. For instance, in order to support financial education and produce a lasting improvement in financial capabilities, savings groups may only need to offer an opportunity for experiential learning during the course period. On the other hand, marketing associations based on a federation of groups will require that groups survive long-term, at a sufficiently high rate.

Above all, interventions in youth employment and entrepreneurship should not be considered an exit strategy for agencies that promote youth savings groups; rather, they are programmatic components which need to be purposely planned for.

4.8 Risk analysis and moral responsibility

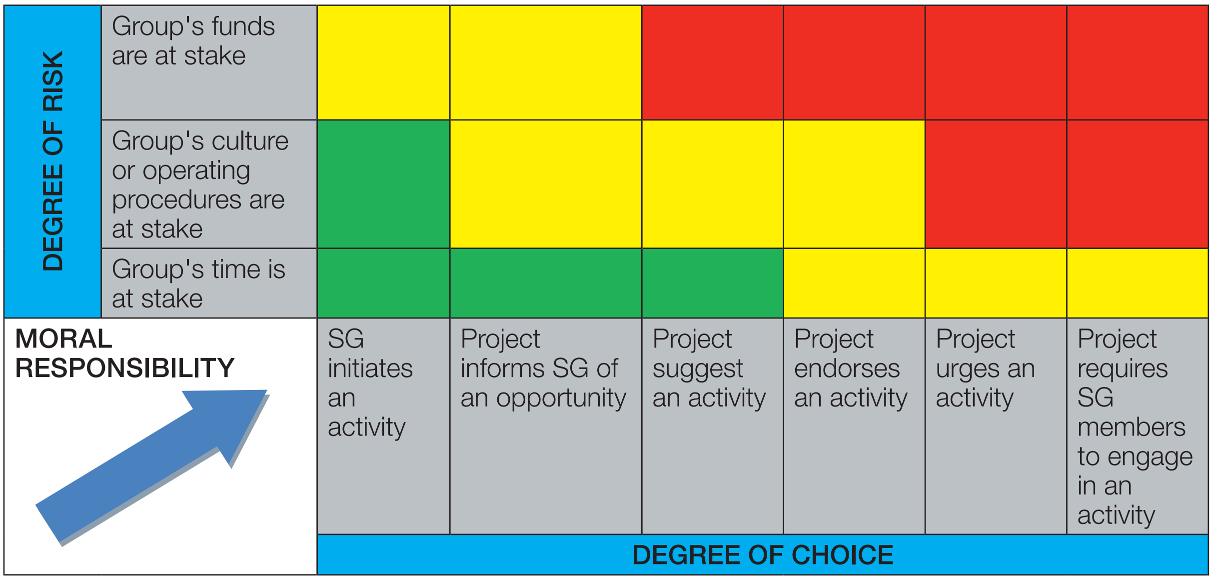
In a synthesis of case studies on the integration of savings groups and other development activities, Rippey and Fowler (2010) argue that development agencies have a moral responsibility for the outcome of their actions and two factors increase that moral responsibility in the case of other activities: the degree of choice, and the degree of risk.

The introduction of other activities to savings groups requires that they make some form of investment – time, labour, physical or financial assets. Rippey and Fowler (2010) argue that there are three benchmarks in assessing the degree of risk of undertaking additional activities based on what is at stake: the group's time; its culture and operating procedures; or its financial assets. Given the limited experience of youth with financial services – and their limited asset base – the potential for negative outcomes – erosion of member confidence, greater uncertainty of cash flows, and loss of assets – should be treated even more cautiously.

The group also has a degree of choice in the adoption of additional activities. The degree of choice lies up on a continuum, from activities that are chosen by the group to interventions that are required by the facilitating agency. In between these two extremes, the facilitating agency may inform, suggest, endorse or urge the group to engage in an activity. For instance, in West Africa, Plan requires that groups participate in life skills training by integrating the content into its savings group curriculum. In Colombia, Plan endorses its short courses in child protection and early childhood development, but each group voluntarily registers and participates in the courses of interest to them.

Combining the degree of risk and the degree of choice, **Figure 2** provides a framework for moral responsibility – the extent to which the facilitating agency is morally responsible for the outcomes of additional activities undertaken by savings groups. The extent to which an intervention is higher and to the right, the greater the degree of moral responsibility.

Figure 2: Moral responsibility



Source: Adapted from Rippey and Fowler (2010) and Panetta (2013).

For instance, encouraging savings groups to initiate group businesses would be located higher and to the right (high degree of facilitating agency responsibility for the outcomes); while providing a voluntary training in life skills to interested savings group members would be lower and to the left (low degree of facilitating agency responsibility for the outcomes).

In two literature reviews covering over 50 integrated programmes that included a savings group component (Rippey and Fowler, 2010; SEEP Network, 2013), there is an evident lack of adequately rigorous risk analysis by integrated programmes. The implementation of economic empowerment interventions through youth savings groups should carefully assess the extent to which: 1) the group's time, culture, operating procedures, and funds are at stake; 2) the extent to which groups and their members are compelled to engage in the activity; and 3) the moral responsibility that the facilitating agency has for the outcomes of the intervention (Rippey and Fowler, 2010). Engaging youth in this analysis to better communicate the potential negative outcomes of additional activities – and to better understand the degree of risk that youth are willing and able to undertake – would enrich the risk analysis of linking youth savings groups with interventions in youth employment and entrepreneurship.

5. Conclusion

Youth encounter a number of challenges in securing decent work. Across the globe, common constraints can include limited access to finance; limited ownership and control over assets; household underinvestment in essential services such as education and health; unfavourable cultural and social norms; limited social networks; lack of employment and entrepreneurship skills; and non-conducive regulatory frameworks. These challenges are similar to those encountered by adult entrepreneurs and job-seekers, yet youth tend to experience constraints more frequently and more intensely due to their age and transition from school to the labour market. Youth savings groups can help alleviate these constraints – to varying extents – and enable youth to engage more effectively in market opportunities.

Plan's economic security programme is increasingly focused on two components: financial inclusion, and youth employment and entrepreneurship. Their purposeful and thoughtful integration can be catalytic in terms of outcomes and the development of knowledge in youth economic empowerment.

Box 9: The synergies between youth savings and entrepreneurship

"Two of the most important strategies for youth asset development are savings and entrepreneurship [...] Youth savings and entrepreneurship are strategies that share common goals and methodologies. They both support the accumulation of human and financial assets by the next generation and incorporate financial education and activities to help children and youth make sound financial decisions. Currently, youth savings and entrepreneurship are loosely joined, as some children's savings programs are connected to school- and community-based enterprises and some youth entrepreneurship education programmes offer savings opportunities. However, despite potential synergies between youth savings and entrepreneurship programmes, relatively little has been done by either practitioners or researchers to explicitly link these strategies."

Source: Pate (2011:3).

Table 8, below, summarises the main findings of this paper: the role of youth savings groups in fostering youth entrepreneurship; and lessons learned for the effective integration of savings groups with programming in youth employment and entrepreneurship.

Table 8: Lessons learned – the role of savings groups in fostering youth employment and entrepreneurship

Youth employment and entrepreneurship	Youth savings groups
The main constraints identified for youth employability and entrepreneurship are: • Limited asset base • Limited access to finance • Household underinvestment in essential services • Unfavourable cultural and social norms • Limited social networks • Lack of employment and entrepreneurship skills • Non-conducive regulatory frameworks	• There is a growing number of youth-focused and youth-inclusive savings group programmes; an estimated 22% of agencies that promote SGs also promote youth groups • The financial outcomes of youth SGs do not differ significantly from mainstream SGs • SGs are manageable and appropriate for youth • The higher mobility of youth requires different approaches to group mobilisation and challenges the common vision for savings groups as permanent or long-lived institutions
The role of youth savings groups in fostering youth entrepreneurship	
• SGs provide access to appropriate financial services[14] and may alleviate some of the financial constraints faced by young entrepreneurs and job-seekers • SGs provide an unmatched ability to mobilise savings in low-income communities, particularly among youth. And there is substantial evidence that one of the most immediate effects on households is an increase in asset ownership, particularly assets controlled by women • The evidence is mixed as to whether SGs lead to increased expenditures on children's health and education, and evidence on educational and health outcomes is limited • SGs promote the association of self-selected individuals and their collaboration on a structured and continuous basis. This may enable youth to strengthen their local personal and commercial networks • SGs are a promising platform for the delivery of training in entrepreneurship, life skills and financial capabilities • Youth SGs can foster behavioural changes in young people that can, in turn, re-shape adults' perception of youth • The ability of SGs – or even federations – to influence regulatory reforms that are more conducive to youth banking, employment and entrepreneurship is unlikely	
Linking savings groups with programming in youth employment and entrepreneurship	
• SGs can perform multiple roles within economic empowerment initiatives - as consumers, producers, marketing channels, entry points for other services, and pedagogical instruments • Practical and more meaningful approaches to market research increase the relevance and impact of additional services for savings groups and their members • There are four models for the delivery of integrated programming centred on SGs: overlapped, linked, parallel and unified • In programmes that link SGs to programming in youth employment and entrepreneurship, the number and desired qualifications of staff will be largely defined by two factors: the thematic nature of the additional activities and the programme architecture • The time required to design interventions in economic security – and develop materials and training curricula – are often underestimated; and integrated programmes should seek to complete this stage during programme development, rather than during the grant period • Interventions in youth employment and entrepreneurship should not be considered an exit strategy for agencies that promote youth SGs; rather, they are programmatic components which need to be purposely planned for • Development agencies have a moral responsibility for the outcome of their actions and two factors increase that moral responsibility in the case of other activities: the degree of choice, and the degree of risk	

[14] Appropriate financial services are generally understood to mean financial services that are matched to clients' preferences in terms of: frequency of transactions; size of transactions; service points; collateral requirements; liquidity preferences; risk preferences; ability to observe and understand transactions; ease of entry/exit; and non-monetary costs of participation and barriers to access.

Research on savings groups has expanded significantly in recent years – in volume, rigour and scope. However, there remains limited primary research that is youth-specific. Also, while the financial outcomes of youth groups are not significantly different from mainstream groups, the assumptions that the effects on youth are similar requires further investigation. There is also a limited understanding of intra-household dynamics and how the household effects of adult participation in savings groups transfer to youth.

Further research that examines how girls, young women and vulnerable groups – such as physically challenged, non-literate or displaced populations – experience savings groups and entrepreneurship training is required to better understand their unique constraints, preferences and needs. And as Plan's economic security programming focuses increasingly on youth savings groups, employability and entrepreneurship, it will be equally valuable to continue to examine the most appropriate mechanisms through which these components support one another. This knowledge can serve as a foundation for more tailored approaches, leading to realistic expectations of what savings groups and programming in youth employability and entrepreneurship can achieve with different types of youth, and clarifying definitions of success that are more appropriately aligned with the diversity and dynamism of young people.

Annex 1: Glossary

Decent work

The concept of decent work is based on the idea that work is a source of: "personal dignity, family stability, peace in the community, democracies that deliver for people, and economic growth that expands opportunities for productive jobs and enterprise development." The Decent Work agenda at the ILO seeks to create jobs, promote workers' rights, extend social protection and enhance social dialogue between workers and employers.[15] More generally, decent work refers to people's ability to access employment opportunities that promote equity and dignity.

Economic empowerment

The capacity of an individual to participate in, contribute to and benefit from growth processes in ways that recognise the value of their contribution, respect their dignity and make it possible to negotiate a fairer distribution of the benefits of growth.[16]

Employability

A person's employability refers to whether or not the person is considered employable to an employer. Employability is generally seen to result from a variety of factors – core skills, access to education, availability of training opportunities, motivation, ability and support to take advantage of opportunities, and recognition of acquired skills (Brewer, 2013).

Employability skills

The ILO defines employability skills as "the skills, knowledge and competencies that enhance a worker's ability to secure and retain a job, progress at work and cope with change, secure another job if he/she so wishes or has been laid off and enter more easily into the labour market at different periods of the life cycle. Individuals are most employable when they have broad-based education and training, basic and portable high-level skills, including teamwork, problem solving, information and communications technology (ICT) and communication and language skills. This combination of skills enables them to adapt to changes in the world of work" (in Brewer, 2013:iii).

Entrepreneurship

Definitions of entrepreneurship are numerous and diverse. In general, entrepreneurship is considered a set of behaviours that leads to the creation of wealth (Klapper et al., 2007) and the entrepreneur is the person who carries out these behaviours. For the purposes of this paper, entrepreneurship is defined as a set of activities that an individual or group undertakes to initiate economic activities.

Facilitating agency

An institution that promotes, mobilises and trains savings groups. There is an increasing number and diversity of institutions that are promoting savings groups – including national and local governments, donor agencies, international and local NGOs, academic institutions, formal financial institutions, and faith-based organisations.

15. International Labour Organization (http://www.ilo.org/global/about-the-ilo/decent-work-agenda/lang--en/index.htm).
16. OECD DAC Gender Equality Network (www.oecd.org/dac).

Financial capabilities

The combination of knowledge, understanding, skills, attitudes, and especially behaviours people need to make sound personal finance decisions suited to their social and financial circumstances (Center for Financial Inclusion, 2013).

Financial education

The provision of education to improve financial capabilities, financial literacy or the use of financial services.

Life skills

Life skills refer to a broad range of personal, psychosocial and interpersonal capabilities which aid people in communicating effectively, making informed decisions, and developing self-management skills that lead them into a healthy and productive life.[17]

Savings group

A small group of individuals – typically from 15 to 30 – that save together and provide credit and basic insurance services to their members from these savings. Savings groups normally refer to a handful of methodologies promoted by a number of international agencies – including Plan International – and a growing number of local organisations. The main principles of savings groups are described in **Annex II**.

Technical skills and vocational training

This type of education provides students with practical or technical skills, job relevant know-how and required understandings for entry into a specific occupation or trade.[18]

Youth

The United Nations and the World Bank define youth as those aged 15 to 24 years of age, but recognise that youth is a transitional phase from childhood to adulthood. It is generally understood that youth is a life cycle stage that precedes the start of adult life, and the age range at which this happens can vary by context (Markel and Brand, 2011b).

Youth-focused

A programme or group that – through deliberate design, targeting and mobilisation – is exclusively composed of youth, or includes a very high proportion of youth.

Youth-inclusive

A programme or group that – through deliberate design, targeting and mobilisation – is accommodating and accessible to youth; and is composed of a significant number or proportion of youth.

Youth savings group

A savings group that is composed exclusively, or primarily, of youth through purposeful design, targeting and mobilisation.

17. UNICEF (http://www.unicef.org/lifeskills/index_7308.html).
18. UNESCO (http://www.uis.unesco.org/Pages/Glossary.aspx).

Annex II: Savings group methodology

Despite multiple variants and local adaptations, savings groups are based on the following general principles.

Membership

A fundamental principle of savings groups is member self-selection. Savings groups function, in large part, because members know and trust each other and their actions are observable to other members. A genuine process of member self-selection involves broad community mobilisation and the patience to allow interested individuals to discuss the opportunity, associate freely, establish a potential group and request training, before training is initiated.

Group size

Savings groups must be large enough to mobilise a useful pool of capital and diversify portfolio risks. On the other hand, they must be small enough such that the transactions of the group are observable to all members and meetings remain manageable. In general, groups are composed of 15 to 30 individuals.

Governance

Another fundamental principle of savings groups – that differentiates them from some other forms of community-based microfinance – is that they are entirely self-managed. Savings groups include a management committee – usually composed of 4-5 individuals – that undertake all responsibilities for meeting procedures, management of the group's materials, record-keeping and monetary transactions. Moreover, all of the main methodologies decentralise these responsibilities such that abuse by an individual – or even a small number of members – is extremely difficult and improbable. The annual, democratic election of the management committee also promotes accountability and broad participation by all members.

Savings

Savings groups enable members to save frequently, in small amounts. In some models and programmes, the savings amount is fixed; in most cases, the amount is flexible, usually within a fixed number of increments of an agreed amount. In all cases, the basic unit is determined by the group, such that the savings parameters are suitable to all members in all seasons.

Lending

Each group has a loan fund that is capitalised through member savings. In a study of 60 community-managed loan funds, the Consultative Group to Assist the Poorest (CGAP) concludes that savings-based models are the only ones that appear to be viable. In fact, Murray and Rosenberg (2006) explain that externally-funded groups "appear to fail so consistently that this model of microfinance support is never a prudent gamble" (Murray and Rosenberg, 2006:1).

Savings groups may initially appear to capitalise very slowly, exclusively through member savings; however, a safe, transparent system that enables members to save frequently in small, usually flexible amounts leads to the relatively rapid capitalisation of groups. "Research on how poor people in the developing world manage their money shows poor people can and do save," explains Stuart Rutherford (2001:3). Accordingly, savings groups often mobilise more than $500 in the first year of operation and experience suggests that group capitalisation reaches $1,000-$4,000 within a few years; thus circumventing the perceived utility of external funds. Maximum loan size and duration are normally prescribed – three times member savings and three months, respectively. This reduces the risk to the group and the borrower; and promotes more equal access to the loan fund. The interest rate is normally decided by the group; and the repayment schedule is flexible, which is consistent with the irregular cash flow, consumption and emergency needs of low-income households.

Basic insurance

Most methodologies prescribe a basic form of group insurance. At each meeting, each member contributes an equal amount – determined by the group – to a separate fund, from which members may request a grant or a no-cost loan to meet emergency needs. This fund is not intended to grow but rather to cover the basic insurance needs of its members.

Record-keeping

The area in which the main savings group methodologies differ the most is group record-keeping; and the degree of reliance on member literacy. SfC is based on oral records alone; VSLA is based on member passbooks and the memorisation of the balances of group funds; and SILC and WORTH employ a more formal accounting system based on group ledgers.

Group meetings

Savings groups generally meet weekly or fortnightly; as decided by the group or prescribed by the project. Experience suggests that groups that meet weekly internalise the methodology more quickly and save more in their first year of operations; however, any noticeable differences disappear by the second year. A savings meeting normally lasts about 30 minutes; while a monthly loan meeting may last between 45-75 minutes depending on the number of transactions.

All transactions occur at group meetings and are observable to all members. This process of witness ensures safety and transparency; and replaces the need for more formal systems of account. Groups meet in their community; and, very importantly, at the location and time that they choose. This minimises the costs of participation – time, burden or travel – promotes attendance and increases the overall usefulness of the system. Trainers must accommodate their schedules to the preferred meeting time and location of the groups.

Action audits

Most methodologies include a periodic action audit, whereby the assets of the group are distributed among the members in proportion to the amount that they have saved. Most groups immediately re-capitalise through the voluntary deposit of lump-sums by their members – to initiate the following cycle of operations with a useful amount in the loan fund. This action audit ensures that the process is safe, transparent and profitable; enables members to periodically access larger lump-sums; and enables individuals to enter or exit the group more comfortably.

Training

A savings group is typically trained over a period of 9-12 months, after which it continues to operate independently. A savings group trainer trains, monitors and supports the group but all procedures, transactions and records are managed by the members themselves. Most groups master these responsibilities within 3-4 months; and the frequency of supervision visits declines over the training period.

Annex III: Case studies

Case Study #1 – Tanya[19]

Family background

Tanya is a young woman in her mid-twenties, unsure of her exact age.[20] She lives in a resettlement colony in western Delhi, India. She completed Class 9 at school before stopping. The youngest of six, Tanya has four sisters and two brothers, the eldest of whom has a speech disability.

When Tanya was about two years old, her father died. Her mother then had to start working in a factory packaging combs. When the children were old enough, they also supported the household by working from home on various jobs, including making bindis, decorating handbags and sewing headbands.These income earning activities were provided by a man her father had helped start a bindi factory; when he died, this 'uncle' offered them this work and provided 15 days of training at home, where they copied existing pieces. When all four sisters were doing this work, they could make Rs4-5,000/month (£40-50), but as each sister got married and left, the income became more sporadic and fell to below Rs1,000/month (£10).

As a child, Tanya wanted to study for a job in order to become someone of worth. She dreamt of being a teacher, and her father had dreamt that one of her sisters would be a doctor and one of her brothers would be a government official. But because of his death, the family struggled with money and food, and Tanya wasn't able to continue her education, dashing her dreams. She remained hopeful, but life didn't seem to be offering her many opportunities. She took a year-long course in sewing offered under a government scheme, during which she received a small stipend.

Joining a self-help group and running small businesses

Three years ago, Tanya joined a Banking on Change self-help group (SHG) with 12 other women, including her sister-in-law who is mute. Today the group has grown to 20 members.

Tanya heard about how SHGs work and joined because she learned that it was possible to save for her own future and to easily access small cheap loans (at an interest rate of 1-2% / month on a reducing balance compared to 5% or more fixed rate via informal credit sources). She now also appreciates the support she gets from the group and the time they take to discuss different issues, particularly in her smaller sub-group. She also appreciates the loans available in emergencies, based on the trust among the group.

Tanya is the SHG treasurer. As she is good at maths, and also was taking care of the accounts at home, everyone in her SHG wanted her to take up this role.

19. Name has been changed.
20. She thinks she is 25, but also thinks her birth certificate states her birth year as 1982, making her 32.

At the beginning, Tanya saved Rs50 (£0.50) each month. She is now saving Rs100 and has about Rs2,500 accumulated in savings. When the SHG distributed dividends, each member received Rs258.

Tanya's mother had an accident in the factory, and because her sons were both earning – one in a government cooperative ice-cream factory, and the other cutting leather for jackets – she was able to leave the factory and start a small shop selling biscuits and toffees. Tanya took her first SHG loan of Rs2,000 (£20) at a 2% monthly interest rate on reducing balance, to support this shop. She was able to repay the loan within seven months, in Rs300 instalments, with a final Rs200 to pay off the interest. Her mother saved Rs10/day from her shop sales in order to repay.

Tanya's second loan of Rs5,000 (£50) was to set up a small stand selling eggs near their front door in the evenings. Anybody who is at home minds the stall. She repaid in ten Rs500 instalments, plus interest.

Recently she took another loan from the SHG to meet an emergency household expense.

Starting about six months ago, Tanya started a small tailoring 'boutique' with another SHG member who lives in the same building and has two sewing machines – a hand operated one and a foot operated one. Tanya currently earns around Rs1,000-1,500 (£10-15) profit per month doing this work. In the future, she hopes to take out an SHG loan towards the purchase of an electric sewing machine.

Marriage crisis

A few months ago, it was Tanya's turn to get married. Five lakh rupees (Rs500,000, or almost £5,000) were spent by her mother on the marriage. She mortgaged the house for Rs300,000, as well as jewellery and utensils, to pay for this, as well as for treatment for Tanya's sister-in-law.

After one month living with her new husband and mother-in-law, Tanya discovered that he was already married. She learned this when her sister-in-law and other relatives visited her husband's first wife in a nearby community to bring gifts on the occasion of the birth of the woman's second child. When Tanya questioned her husband, he said that he had only intended to marry her for six months because his mother needed a servant to do the household work. His mother hadn't allowed his first wife to live with them because she was a divorcee. He thought that if he divorced Tanya after six months so that he too was a divorced person, his mother would have no choice but to allow his first wife and children to live with them. Tanya tried to continue in the marriage, but was physically and mentally abused, both at home and on the street.

After two months of marriage, when her life was threatened and she was denied food for a day, Tanya returned to live with her mother, two brothers and sister-in-law. Tanya realised that there were still things she could do with her life. Happily, her mother and brothers welcomed her back home and supported her to return to her normal life. The family has experience of this type of domestic violence: Tanya's father's sister was killed by her in-laws. Tanya is now very happy to be free, and doesn't want to allow this episode to spoil her life.

Managing money

Tanya and her family have engaged an advocate to lodge a case for divorce and compensation. This has so far cost Rs50,000 (almost £500), including a Rs10,000 (almost £100) loan from her self-help group, which she repaid through her sewing earnings and her brother's income. So far her husband's family has returned all the gifts provided by her family, including utensils and clothes, but they have not provided any additional compensation. After a six-month period to allow for the possbility of reconciliation, the case should be closed so that she can move on with her life.

The family remains in debt to the goldsmith, owing approximately Rs700,000 (£7,000) at an interest rate of 2% fixed per month. They are just about managing the repayments from her brothers' income.

One of her brothers participates in a 'committee' (chit fund – an informal and unregulated rotating savings scheme different to SHGs). It is managed by a permanent resident, so it is judged to pose no risk in terms of someone running away with the cash. Her mother has a bank account where she receives her small widow's pension.

Future plans

The SHG has been very helpful to Tanya her in terms of developing the small businesses owned by her mother and managed by the family together, paying the fees for legal services, and in helping her emerge from the trauma of domestic violence and the end of her marriage. With the support of the SHG, she has gained lot of confidence to create a better, more independent future.

Tanya's goal is independence. To achieve this, she wants to expand the tailoring boutique and have a big shop full of every kind of grocery item. For this she will need to find a place to rent where there isn't too much competition, and the money to rent it. She is confident in her own skills to run the shop, with or without her family's help, but would appreciate business skills training, as well as support to learn more specialist tailoring techniques.

Her message to other young women is to live their own life, thinking of the future, not letting others dominate it.

Case Study #2 – Madhu[21]

Housewife to working woman: A journey with Banking on Change

Family background

Madhu is a young women of 27 or 28. She lives in a resettlement colony in western Delhi, India. She grew up in a family of five children: four girls and one boy. Her father was a housepainter.

Madhu finished Class 10 in school, passing her matriculation exams, and got married soon after, before her 17th birthday. She wanted to do a fashion design course, but

[21] Name has been changed.

marriage ruined her plans. She now lives in a joint family, with 14 people sharing three kitchens. Her father-in-law and mother-in-law live with her and her husband, and their two daughters, aged 10 and 12. In other parts of the building live two brother-in-laws with two sister-in laws (one of whom is her own sister), and their four children.

Health crisis and joining a self-help group

Madhu's husband was working as a salesman in a shop when, two years ago, he fell ill and was often unable to work.

Madhu then joined a Banking on Change self-help group (SHG). She learned about how SHG savings and interlending work from a community facilitator and decided to join to be better able to support her family. She saves Rs100/month and has accumulated Rs2,300 of savings.

From the SHG community facilitator, Madhu also learned about the microenterprise development training centre where she could attend a sewing training course. She had basic sewing skills but wasn't proficient enough to use her skills to earn a living, so she decided to take up this training opportunity. For two months, she trained for 2-3 hours each day, and earned an Apparel Training and Design Centre (ATDC) certificate. The training centre was within walking distance, and the timing made it easy for her to manage alongside her household responsibilities. Madhu built on her own skills and learned specific sewing techniques. She now feels confident and capable to satisfy customer demands.

Eventually Madhu's husband had to have an emergency operation for his appendix. The family had no health insurance, and while the government health card (which costs Rs30 and is available to those with 'Below Poverty Line' cards) allowed Madhu's husband to receive free treatment, it was a waste of time and travelling cost. His treatment in a government health facility was unsuccessful, and he had to turn to a costly private hospital (which initially tried to refer him back to the government hospital) to finally resolve the problem.

Madhu took a Rs8,000 (£80) emergency loan from her SHG for her husband's treatment, adding this amount to that from the sale of her jewellery. While emergency loans still carry interest, they are of huge benefit to members because they can be accessed quickly and easily – within 24 hours of request – and repayment schedules can be more flexible. But she didn't want to take a larger loan she would struggle even more to repay.

Her husband's illness and recovery was a very difficult period financially for the family. Madhu was just about able to make ends meet – she received no support, not even from the extended family. Her husband had to take one year off work, during which Madhu kept the household running, taking in sewing at home. Initially she used a hand-operated machine, but then took a Rs5,000 (£50) loan at 2% interest on reducing balance from her SHG to buy a foot-operated machine (which could eventually be hooked up to electricity). Using this machine she was able to earn around Rs2,000-2,500/month (£20-25), Rs500-1,000 more during the wedding and festival season. Madhu was able to manage this type of work alongside her household responsibilities.

Her husband is back on his feet but unable to do heavy work. Therefore he now works as a security guard at an apartment, earning around Rs5,000/month (£50). His entire income, except about Rs500 for transport costs, go to support his family – he is a 'generous' man. According to Madhu, 'his job is to earn, hers is to manage': Madhu plans for all the month's expenses for her nuclear family, a skill she learned from her own parents. But her income also makes a significant contribution (of between 30-50%) to the household income.

During her husband's illness, Madhu's father helped her get a bank account, and both her and her husband now have bank accounts.

Future plans

Madhu hopes to continue to improve her sewing skills, in order to get a good job – such as a sewing teacher – to better support her family. Although she is confident that she can do a job like that, the main obstacle is simply that she has no idea whether such jobs are on offer or how to find one. Employability skills training will be helpful to her as she navigates this process. She would also have to find a job that is compatible with her household chores.

Madhu's message for other young women is that through an SHG you can learn and contribute to your family.

Case Study #3 – Peter and Esther

Family background

Peter, 28, and Esther, 30, are a married couple living in Chibombo District, Central Province, Zambia. Peter completed 12 years of school, and Esther 9 years. They have a seven-year-old son and a three-year-old daughter. They also care for a school-age nephew, abandoned by his father, the child of Peter's sister who works as a teacher in a nearby town.

Both Peter and Esther grew up in traditional subsistence farming families. Peter remembers his first experience earning money doing agricultural piecework when he was 17. He used the money earned to buy food and for amusement.

Business activities and the savings group

The economic base of their married household is also subsistence farming. They grow maize and tomatoes during the main rainy season, and squash, eggplant, tomatoes and watermelon through irrigated gardening during the dry season. They also sell mangos from trees inherited from Peter's father.

Before joining a savings group, problems with money were frequent and it was sometimes difficult for the family to get through the year. Peter and Esther were living from what they grew, and supplementing that with cash from what they could sell, juggling between dry and rainy season crops. There was no money for fertiliser and Peter had to borrow his father's plough for his fields.

Both Peter and Esther heard about savings group (called OSAWE by Plan Zambia: Own Savings and Asset Wealth groups) through the first Banking on Change project (that focussed on mobilising older adults). In early 2013, there was a meeting organised for youth at the local school. It was led by a Youth Village Agent, assisted by a more experienced adult Village Agent. Initially Peter was hesitant, but decided to join because he was attracted by the idea of accumulating savings. The group began operating in April 2013 with the share-out in December 2013.

A share in Peter and Esther's group is worth 20 kwacha (about US$4). Peter averages three shares, or 60 kwacha of savings per monthly meeting.

Recently, Peter and Esther believed there was an opportunity for a grocery in their household compound, because there was no other grocery in their neighbourhood and they live on a pathway that children use when walking to and from school. After their initial discussions, they reached out to Peter's parents and sister to enlist their support.

They benefited from loans from their group in August 2013: Peter borrowed 250 kwacha (about USD50), and Esther borrowed 150 kwacha. They combined these sums with a gift of 250 kwacha from one of Peter's sisters, a nurse, and with 1,000 kwacha earned from the sale of watermelons. This capital allowed them to construct a modest shelter of poles and thatch (referred to as kantemba or 'small temporary business place') and to purchase a stock of basic goods like bread, cake, dried fish, soft drinks, sweets, matches, candles, cigarettes, tinned sardines, phone cards, skin cream, and washing powder. Added to these purchased goods Esther prepared fritters each day as snacks for passing school children. The extended family discussed how to set the selling prices of their goods. They increased the stock of goods thanks to a second loan of 200 kwacha, which was intended to pay for merchandise (155 kwacha) and transport (45 kwacha).

The grocery presents some challenges. The rudimentary shop offers no security and must be constantly attended to prevent passing individuals from shoplifting, and there is new anxiety caused by having to keep the money from sales safely in the house overnight. Re-stocking also entails additional travel, which carries added expense.

The grocery contributes to the asset base of Peter and Esther's household and establishes a more reliable income stream that complements the sale of different field and garden crops during the year. In that sense, it contributes to a greater sense of wealth and security and an ability to deal with household issues.

Apart from the benefits of the family's improved financial standing and Peter and Esther's continuing participation in a regular savings programme – his OSAWE group is the only source of financial services that Peter uses – Peter is building his knowledge and skill base through his work as a Village Agent. Following the five-day training in June 2013, he works as part of a nine-person team under the supervision of Plan and has been able to create, train and supervise four new OSAWE groups. The skills he values the most are the ability to mobilise groups of other youth and to interact more comfortably with community leaders. He has received a bicycle to facilitate his work and feels that his status in the community has improved, contributing to greater self-confidence.

Future plans

Rather than viewing the grocery as a distinct and separate business, Peter and Esther see it as one more piece in their household's economic life that will help them move to the next step: increasing the value of their farm, its production and their income by acquiring a full animal traction kit (oxen, plough and cart). Another ambition is to invest in building brick kiln to further diversify the family's income

Case Study #4 – Cleopatra

Family background

Cleopatra is a 20-year-old woman living in Chibombo District, Central Province, Zambia. She lives with her husband, two-year-old daughter and sister-in-law.

Cleopatra herself is the second of five children who grew up with both their parents. While four years ago Cleopatra dropped out of school after Class 11 due to money problems, one of her younger siblings is in college and another is in high school. Cleopatra's parents are farmers – she used to help out after school and sell the vegetables to help her buy clothes and pay for school.

Cleopatra's husband is a farmer and gardener as well. He currently grows maize, onions and tomatoes, and in the past he has also grown watermelon and cucumber. They both eat and sell their produce. They have about ten hectares of land, purchased a couple of years ago, but only use about six. They have cattle for ploughing and a few goats. While it is great to be dependent on oneself for maize, the cost of inputs, particularly fertiliser, is the key challenge for farming. Her husband recently took a loan from another NGO of 500 Zambian kwacha (around US$100) for six months to buy inputs.

Life was hard before joining the savings group. Their daugther was small and it was sometimes difficult to look after her, and the family faced food shortages in the January-March lean season.

Business activities and the savings group

Cleopatra used to have a small roadside grocery stall she stocked from Kabwe, the provincial town, but stopped due to problems with selling on credit.

Cleopatra learned about the savings group (called OSAWE by Plan Zambia: Own Savings and Asset Wealth groups) from a Youth Business Mentor – a young business person trained under another Plan programme to support their counterparts to build their business skills. She joined because she was finding it difficult to save money from her grocery shop business – "we were just using the money anywhere". Her savings and loans activity is described in the table below.

	At the start	Now
Weekly share	10 kwacha shares (about US$2/month). Her monthly savings fluctuated between 10-50 kwacha (US$2-10)	20 kwacha shares (about US$4/ month). Her last savings was 50 kwacha (US$10/month). [It is unusual for a group to allow half shares.]
Share out amount (shares + profit)	1320 kwacha	1500 kwacha
Share out uses	Bought cement, sheets, planks for poultry house	Bought 150 (+ 2 'bonus' chicks) (Sept 2013)
Loan amounts	3 loans of 50 kwacha each, for 3 months	
Interest paid on loans	50%	
Loan uses	Fertiliser, pesticide for farm	

She has recently started a broiler poultry business, using her OSAWE share-outs as capital and based on training from a Plan project called 'Girl Power'. At the time of the interview, she was planning to sell her first batch of chickens the following week – 147 chickens at 30 kwacha (about US$5-6) each, mostly to a boarding school where a friend is a teacher. She expects to be able to sell chickens up to ten times a year. The main challenge is feeding them. She buys feed on credit from the shop for 400 kwacha (about US$70-80), plus 30 kwacha interest that she will pay back after she sells the chickens.

She has been able to save and earn interest, and doesn't have to go to any bank. She now knows how to spend money – before she would spend on anything, but now she always saves some. On this basis she has found it possible to invest in poultry.

Cleopatra decided to become a Youth Village Agent to learn more about the OSAWE methodology and how to save, and to share this knowledge with other youth. She received five days of training which included stakeholder orientation, mobilising young women and men, saving and share out calculation, and OSAWE constitutions. She has now formed four groups. She said that mobilising groups was initially tough because it was hard for young people to appreciate what they'd not seen. But now that there are a few groups running, it has become easier, as she can use these groups to demonstrate approach and benefits to convince potential new participants. Her groups include youth aged between 14 and 28. Those who are younger and still in school often get money from their parents to save, and take loans on their behalf.

Future plans

When Cleopatra was in school she wanted to be a doctor. She'd like to go back to school. Night school would suit her better, so that she could take care of her chickens during the day, but there is none available in the area. She is depending on her chickens to raise money and now would like to be a teacher or a businesswoman.

She would like to restart her roadside grocery and make it bigger, perhaps next year. She is waiting to raise the capital. She wants to earn money for her child's schooling.

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