



# Challenges facing Savings and Internal Lending Communities in a long-term refugee settlement setting

IMPLEMENTING THE PSP MODEL AMONG EXTREMELY VULNERABLE POPULATIONS OF BIDIBIDI REFUGEE SETTLEMENT IN UGANDA: FINDINGS AND RECOMMENDATIONS

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Cover photo: Members of Idokubo Savings Group in Okubani village – the village hosting Bidibidi Refugee Settlement. Photo by Lanyero Flavia/CRS.

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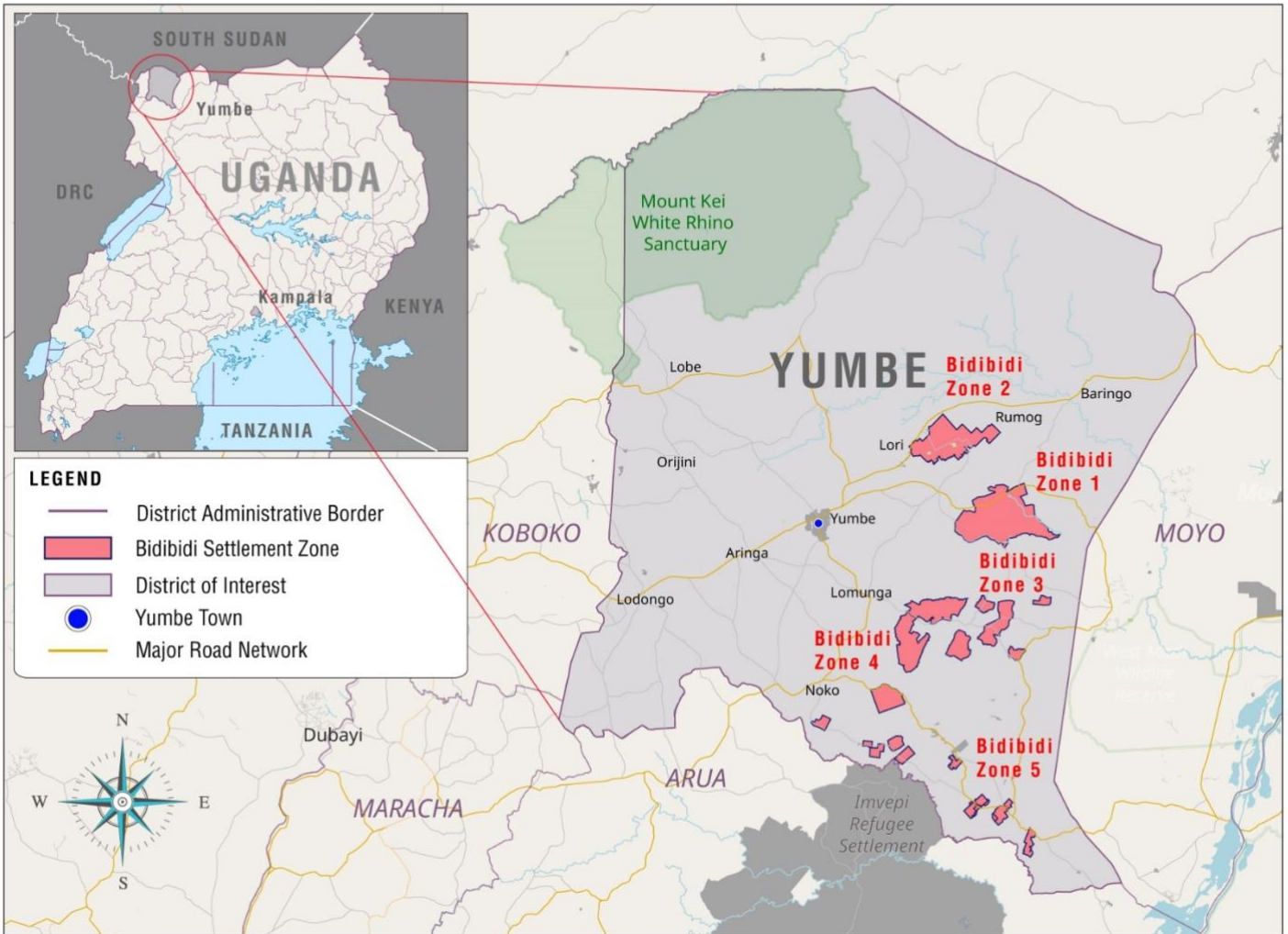
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# Abbreviations

<b>BiMAP</b>	Bol Icap Mobile Access Project
<b>CRS</b>	Catholic Relief Services
<b>EFI Africa</b>	Expanding Financial Inclusion in Africa
<b>EWLS</b>	Emergency WASH and Livelihood Support Project
<b>FA</b>	Field agent
<b>FDP</b>	Forcibly displaced people
<b>FGD</b>	Focus group discussion
<b>FSD</b>	Financial Sector Deepening
<b>FSP</b>	Financial service provider
<b>KII</b>	Key informant interview
<b>LDSC</b>	Latter Day Saints Church
<b>PSP</b>	Private Service Provider
<b>SAVIX</b>	Savings Information Exchange
<b>SG</b>	Savings Group
<b>SILC</b>	Savings and Internal Lending Community
<b>SOCY</b>	Sustainable Outcomes for Children and Youth
<b>UGX</b>	Uganda shilling
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>USAID</b>	United States Agency for International Development
<b>USBPRM</b>	United States Bureau of Population, Refugees, and Migration

# Bidibidi Settlement Zones

Yumbe District - Uganda



Map of Uganda showing Bidibidi Refugee Settlement.

# Executive summary

The CRS Private Service Provider (PSP) fee-for-service delivery model for Savings and Internal Lending Community (SILC) groups aims to put in motion a self-sustaining financial support system for unbanked and vulnerable communities. The model has proven to be successful in the ongoing activities of 200,270 SILC groups currently operating in 60 countries worldwide, with a total of more than 4.4 million members benefitting from programs that allow them to borrow up to three times a borrower's savings. The majority of successful PSP SILC groups are located in stable communities, but in the protracted refugee context of Bidibidi in Uganda, challenges with the operations and growth of SILC PSPs have arisen. This study was conducted to better understand the challenges and risks SILC members and PSPs have faced in the context of great vulnerability and poverty in the Bidibidi refugee settlement and adjacent host communities in northern Uganda.

'Data was collected from a sample of SILCs established in the Bidibidi Refugee Settlement Zones 1 and 5, as well as those in the host community villages of Legu, Kiri, and Okubani, where the *Emergency WASH and Livelihood Support project* and Latter-day Saint charities (LDSC)-supported projects were implemented. The research was conducted with members of the sampled SILCs and key informant interviews with 10 of the 13 PSPs. Of the 204 SILCs in Zones 1 and 5 of Bidibidi Refugee Settlement and adjacent host community villages, CRS randomly selected 24 to participate in the study focus group discussions – 11 of whose members belonged to the host community, and 13 of whose members were refugee community members. Of the 13 SILC PSPs associated with the projects, 10 were interviewed – five who worked with host community SILCs and five who worked with refugee community SILCs. Each PSP responded to questions about the challenges and risks they and their SILCs faced, their income from SILC work, whether and how they had linked their SILCs to formal financial service providers and their needs for further support.








The findings of the study indicate that SILC performance in Bidibidi is affected by five main challenges i.e.:

1. Difficulties with linkages to formal financial service providers;
2. Groups' inability to form more SILCs post-formation;
3. Non-payment by members to PSPs;
4. Members' tardiness and absenteeism; and
5. Loan default

In addition, the risks of theft and fire outbreaks further affected SILCs trying to operate in this context.

Recommendations based on these findings suggest that: PSPs need to be better equipped with the skills and knowledge to borrow externally from FSPs; PSPs would benefit from marketing training to be able to supply viable service provision post certification; clarity around the fee-for-service PSP model should be established with the community; appropriate savings targets specifically for low-income populations need to be set; policies to help poor populations avoid loan delinquency and default are needed. Finally, new strategies to mitigate theft and minimize the risk of fire outbreaks are important.

## Recommendations

- |   |   |   |
|---|---|---|
|    | 1 | Put in place the knowledge, skills, and practices for successful external borrowing from FSPs.  |
|    | 2 | Provide sufficient marketing training and support to PSPs to create a viable service provision opportunity post certification.                |
|    | 3 | Ensure a better, formal information campaign throughout each PSP's catchment area once certified on the fee-for-service nature of their work. |
|    | 4 | Ensure that FAs/PSPs have sufficient training to help SILCs determine appropriate target savings policies.                                    |
|    | 5 | Help PSPs to guide SILCs to set policies that help poor members thrive and avoid loan delinquency and default.                                |
|   | 6 | Guarantee that PSPs have the knowledge needed to provide SILC members with appropriate training to mitigate fire risks.                       |
|  | 7 | Implement strategies to mitigate theft that are known to work from Bidibidi and prior savings-group experience in vulnerable settings.        |

The study was limited by the rapid nature of the assessment. In order to better understand the specific reasons behind non-performing SILCs in a protracted refugee context, follow-up research to compare PSPs' performance, earnings, and livelihoods in each setting; minimize confounding national effects by being organized in Uganda; and facilitate small, open-ended focus group discussions to allow the PSPs in each setting to describe their experiences with SILCs would be required. In addition to a single, in-depth follow-up study, it would be useful to collect data regularly from the PSPs on their earnings from SILC work—including fees paid, cash expenses, and investments in other income-generating activities using their profits—and the number of SILCs trained and supported, balance of SILCs in PSPs' portfolios and complementary trainings.<sup>1</sup>

<sup>1</sup> See, for example, Allen and Tang, *op. cit.* and Sutherland et al., *op. cit.*

# Context

For individuals and families living in poor and vulnerable communities worldwide, savings groups (SG), including SILC, have proven successful in helping to build resilience and financial stability.<sup>2</sup> However, for individuals and families living in protracted crisis settings due to prolonged conflict, the potential for SGs faces unique challenges and risks. For example, people who have been physically uprooted from their homes and are forced to live elsewhere, are often living among strangers who may speak different languages, lack legal documentation, have limited opportunities to earn an income, and are highly mobile and rootless. As a result, the SG methodology faces the following challenges in protracted contexts:

- Threats to personal security as well as the security of group assets<sup>3</sup>
- Member absenteeism, loan delinquency and default<sup>4</sup>
- Suspicion among or between group members, and field agents (FA) or Private Service Providers (PSPs), leading to group dissolution and community distrust of SG interventions and promoters.

Given that many refugees and internally displaced persons end up as long-term residents of their camps or host communities, SGs may provide a useful financial service. This is because SG members are not required to have legal identification, collateral, or an investment in infrastructure. Also, the social networks needed to build savings-group trust can exist in communities where displaced persons have co-existed for long periods of time.

Yet, SGs must be responsive to the local realities and needs. For example, they must invest heavily in training and supervision, including adapting and scheduling trainings to the unique contexts. According to the SEEP Network and FSD Africa, the establishment of SGs with refugees may require more time than the usual 9-12 months because the potential members need time to get to know each other and adapt to new circumstances. Unforeseen events can further complicate group training and operation, including “closure of camps, repatriation, resettlement, disruptions in food distribution and the revocation of rights...again requiring time for facilitators to help groups stabilize.”<sup>5</sup>

Finally, security is paramount. SG promoters working with displaced populations and host communities must consider safety of the members and group assets. This should involve consultation of the target population to identify potential risks and risk mitigation responses.<sup>6</sup>

In non-refugee settings, the PSP delivery model has shown that PSPs earn sufficient money to continue establishing new SILCs and supporting mature SILCs after certification, once the PSPs no longer receive a project stipend;<sup>7</sup> after project closure, and once CRS and its

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<sup>2</sup> Gash, Megan. 2017. *Learning Brief: Understanding the Impact of Savings Groups*. The SEEP Network.

<sup>3</sup> bavois, marc, and Benjamin S. Allen. 2019. *Case Study: Savings Groups and Consumer Protection – How Savings Groups Responded to Insecurity and Theft in Madagascar*. The SEEP Network.

Wheaton, Ashley. 2018. *Learning Brief: An Empirical Risk Assessment of Savings Groups*. The SEEP Network.

<sup>4</sup> Allen, Benjamin S., and marc bavois. 2019. *Case Study: Savings Groups and Consumer Protection – Risk Mitigation through Community-Based Structures*. The SEEP Network.

<sup>5</sup> The SEEP Network and FSD Africa, *op. cit.*, p. 16.

<sup>6</sup> Allen, *op. cit.*, p. 51.

<sup>7</sup> Julie Lawson-McDowall, Samuel Beecher, Benjamin S. Allen, Ph.D., and marc bavois, 2019. *Making a Living from Teaching Communities to Save: Private Service Providers' motivations and income in the Expanding Financial Inclusion in Africa project*. Catholic Relief Services.



partners have ceased to provide support to the PSPs.<sup>8,9</sup> Yet, these studies were not conducted in protracted refugee settlement settings. In protracted refugee settlement settings, in contrast, the PSPs and SILC members can be expected to face challenges that may not be present in stable environments. Also, the constrained financial opportunities available to displaced persons can lead to members' resistance to paying fees to PSPs for their services.

## STUDY PURPOSE

This study was conducted to better understand the challenges and risks that member of Savings and Internal Lending Communities (SILC) and SILC Private Service Providers (PSP) have faced in a context of great vulnerability and poverty in the Bidibidi refugee settlement and adjacent host communities in northern Uganda.

## PROJECT OVERVIEW

Bidibidi refugee settlement in the Yumbe district of Uganda was established in August 2016 and is one of the largest refugee settlements in the world. It is currently home to more than 239,000<sup>10</sup> refugees, primarily from South Sudan. In December 2016, the settlement reached its maximum capacity and stopped accepting new arrivals (UNHCR 2018).<sup>11</sup> It has since transitioned from a "rapid emergency" to a "protracted refugee response" setting, with humanitarian support services offered by more than 30 civil society organizations in coordination with the United Nations High Commissioner for Refugees (UNHCR).

An effective refugee response in a protracted crisis setting such as Bidibidi is one that combines both emergency programming and sustainable development interventions.<sup>12</sup> This learning brief evaluates CRS Uganda's experience with the SILC Private Service Provider model in the protracted emergency context of Bidibidi refugee settlement, with the objective to share the findings on challenges, risks, and opportunities, as well as recommendations for the wider humanitarian community.

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*This learning brief evaluates CRS Uganda's experience with the SILC Private Service Provider model in the protracted emergency context of Bidibidi refugee settlement.*

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<sup>8</sup> Sutherland, Zoë, Megan Gash, and Daniel Joloba. 2019. *Ex-Post Evaluation: Expanding Financial Inclusion in Africa – Final Report*. Information Technology and Agricultural Development (Itad).

<sup>9</sup> Allen, Benjamin S., and Tatiana Christiane Tang. 2019. *Earning a Living from SILC: PSPs in Madagascar*. Catholic Relief Services.

<sup>10</sup> As of August 31, 2021: <https://data2.unhcr.org/en/country/uga>.

<sup>11</sup> UNHCR. 2018. "Uganda Refugee Response Monitoring." *Settlement Factsheet: Bidibidi*.

<sup>12</sup> Kraus, U. 2017. "Development-Oriented Refugee Assistance: Learning from the Past to Plan for the Future." *Global Policy and Development*. Friedrich-Ebert-Stiftung.

# CRS Private Service Provider model

The SILC Private Service Provider fee-for-service delivery model is CRS' proven approach to sustainably increase access to appropriate finance for unbanked vulnerable populations<sup>13,14</sup> including refugees, women, and youth. Once certified, Private Service Providers (PSPs) continue forming and supporting new SILC groups by charging groups a fee for their services. Typically, PSPs:

- Live and operate in their home community, within a larger catchment area, making their services readily available, accessible, and affordable.
- Are entrepreneurial community mobilizers who earn an income from supporting SILC groups.
- Are selected, trained, and incentivized to create well-trained SILCs.

SILC groups benefit from PSP technical support for activities such as share-outs (where saved funds are returned to participants), elections, SILC constitution changes and conflict resolution. Once SILC groups demonstrate their willingness to pay for these PSP services, PSPs start to grow their portfolio, improving their income. With time, PSPs form area-based peer networks that provide mutual support, and market their collective services.

The PSP networks provide an excellent platform to aggregate SILC groups for marketing socially responsible products such as solar lanterns and energy-saving stoves, as was seen in a pilot project in Kenya.<sup>15</sup> PSPs can provide training to SILC members in financial education, marketing basics, use of agricultural inputs – and may link members to appropriate financial service providers. These additional services make demand for PSP services sustainable.

In Uganda, CRS has supported more than 20% of the agency's outreach. Most PSPs were trained through a project funded by the Latter-day Saint charities (LDSC). Unlike their counterparts in other parts of the country, they are specifically serving refugees and their host communities.

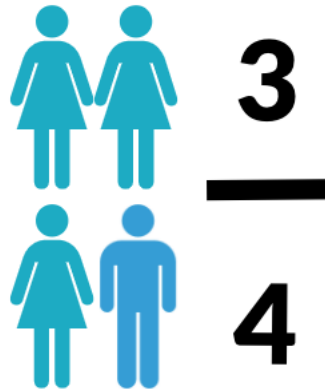
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<sup>13</sup> Ferguson, Michael. 2012. "An Evaluation of Household Impact Among Fee-for-Service Savings Groups." *SILC Innovations Research Brief 5*. Catholic Relief Services.

<sup>14</sup> Noggle, Eric. 2017. *The SILC Financial Diaries: Expanding Financial Inclusion in Africa Research Program*. Catholic Relief Services

<sup>15</sup> Catholic Relief Services. 2017. "Kenya PSP Project. Creating income generation opportunities in Kenya: A progress report for Jim Perry."

SILC highlights as of March 2021:



Three-fourths of  
SILC's 541,907  
first-cycle users are  
women



**530**

ACTIVE PSPs



**5,999**

ACTIVE PSPs,  
26.2% of whom are women

# CRS SILC experience in Bidibidi refugee settlement

CRS began implementing SILC in Bidibidi Zone 5 in 2017, within the *Emergency WASH and Livelihood Support project*, funded by the United States Bureau of Population, Refugees, and Migration. In 2018, the *Emergency WASH and Livelihood Support project* recruited 24 field agents in Zone 5, none of whom were certified as PSPs due to the short project period (the recommendation for a PSP project is 18-24 months).

In a follow-up LDSC-funded project, CRS conducted a baseline study to assess the status of EWLS field agents (FAs) and found that some had gone back to South Sudan while others had abandoned their SILC work. The 15 FAs that were still supporting SILCs were assessed to see if they met the conditions to take the PSP certification exam. Of the 15 FAs, 13 were invited to take the certification exam, with only five (three host community members and two refugee community FAs) passing to qualify as PSPs in Zone 5.

In a subsequent project, CRS recruited 12 FAs (four host community members, and eight members of the refugee community) in Zone 1. Of the 12 recruited, 11 entered the PSP certification process and eight were certified as PSPs (three host community members and five refugee community members).

Tables 1 and 2 show the number of SILC groups formed in Zones 1 and 5, as well as the number of FAs trained, and the number of PSPs certified as of February 2020. Due to COVID-19 restrictions, no new SILCs were formed after February 2020.

**Table 1: Refugee and host community SILC groups that were formed**

BIDIBIDI	REFUGEE	HOST COMMUNITY	MIXED	TOTAL
Zone 1	42	18	0	60
Zone 5	96	36	12	144
TOTAL				204

**Table 2: SILC FAs trained, and PSPs certified**

BIDIBIDI	REFUGEE COMMUNITY	HOST COMMUNITY	TOTAL	CERTIFIED AS PSPS
Zone 1	8	4	12	8
Zone 5	16	8	24	5
TOTAL				13

## METHODS OF SAMPLING

The goal of this study was to assess the current level of SILC activity among the 13 PSPs selected, and to determine whether the SILC PSP model is an effective delivery channel for long-term SILC support in a refugee settlement setting.

**Approach:** CRS sampled from the SILCs established in the Bidibidi Refugee Settlement Zones 1 and 5, as well as those in the host community villages of Legu, Kiri, and Okubani,

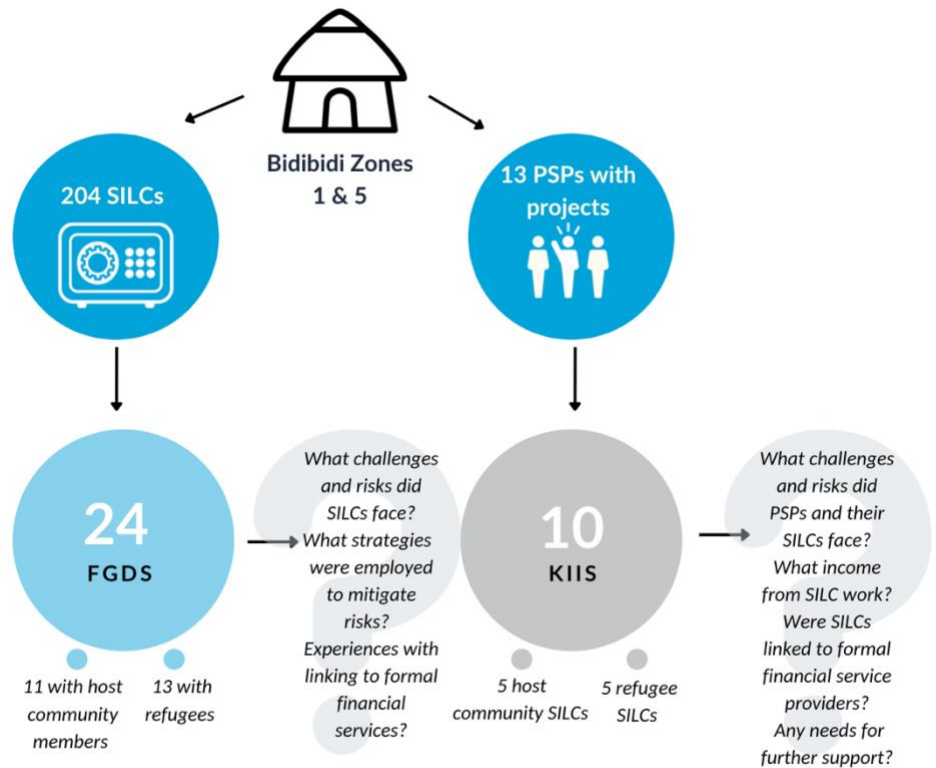
where the *Emergency WASH and Livelihood Support project* and LDSC-supported projects were implemented. The research was conducted with members of the sampled SILCs and key informant interviews with 10 of the 13 PSPs.

**1. 24 Focus Group Discussions (FGD) were conducted**

Of the 204 SILCs in Zones 1 and 5 of Bidibidi Refugee Settlement and adjacent host community villages, CRS randomly selected 24 to participate in the study focus group discussions – 11 whose members belonged to the host community, and 13 whose members were refugee community members. The focus group discussion participants responded to questions about the challenges and risks their SILCs faced, strategies their SILC employed to mitigate those risks and their experiences with linking to formal financial services.


**2. 10 Key Informant Interviews (KII) were conducted**


Of the 13 SILC PSPs<sup>16</sup> associated with the projects, 10 were interviewed – five who worked with host community SILCs and five who worked with refugee community SILCs. Each PSP responded to questions about the challenges and risks they and their SILCs faced, their income from SILC work, whether and how they had linked their SILCs to formal financial service providers and their needs for further support.



<sup>16</sup> Three of the 13 were unavailable to participate in the study as one was admitted in the hospital, a second had a short course learning opportunity in Arua, with the third absent as he had gone to visit family in Kampala.

## DATA LIMITATIONS

 CRS conducted the assessment rapidly, and only in the Bidibidi refugee settlement. The data therefore leaves some key questions unanswered and does not permit comparison of findings in Bidibidi to SILCs' and PSPs' experiences in non-refugee-hosting districts.

 To better understand whether, how and to what degree the SILC-PSP delivery model works in a long-term refugee settlement context compared to a non-refugee setting, more comprehensive follow-up research is needed. The authors suggest a joint collaborative effort involving the Uganda country program and the CRS senior microfinance team.<sup>17</sup>

Ideally a follow-up study will involve the following:

- Comparison of PSPs' performance, earnings, and livelihoods in each setting
- Minimize confounding national effects by being organized in Uganda, and should combine—as this study did—data collection from PSPs and their SILCs.
- Facilitation of small, open-ended focus groups to allow the PSPs in each setting to describe their experiences with SILCs.
- Group interviews with SILC members to ask their relationships with their PSP, fee schedules, savings, lending, share-out, group meeting operations and dynamics and security challenges and risks (such as theft, embezzlement and fire).



In addition to a single, in-depth follow-up study, it would be useful to collect data regularly from the PSPs on their earnings from SILC work—including fees paid, cash expenses, and investments in other income-generating activities using their profits—and the number of SILCs trained and supported, balance of SILCs in PSPs' portfolios and complementary trainings.<sup>18</sup> CRS Uganda would collect such data twice yearly at little cost to projects.
























The PIQA microfinance team could support tool development, and data collection and analysis to better inform CRS Uganda on PSP performance with both refugee and host-community SILCs. Furthermore, the Savings Groups information exchange records should be analyzed regularly to track the groups' performance, with findings used to compare group practices and member earnings between refugee and non-refugee contexts.

<sup>17</sup> The CRS senior microfinance team is composed of the three members of the PIQA microfinance team and the microfinance regional technical advisors in EARO, WARO and LACRO.

<sup>18</sup> See, for example, Allen and Tang, *op. cit.* and Sutherland et al., *op. cit.*

# Key Findings

## PSPS' AND SILC MEMBERS' INCOME AND FINANCE SOURCES

Various income sources for host community SILC members	Various income sources for refugee SILC members
 Farming	 Collecting & selling firewood
 Selling vegetables	 Making & selling brooms
 Livestock raising	 Tailoring
 Petty trade	 Cutting and selling grass
 Papyrus harvesting	 Fetching water
 Charcoal production	 Charcoal production
 Mechanics	 Hairdressing
 Carpentry	 Pancake-making
 Brick laying	 Boda boda transport
 Boda boda (motorcycle) transport	 Brewing & selling traditional beer,
 Fish mongering	 Daily casual labor.
 Daily casual labor	

\*\* In addition, some refugees reporting selling part of their food rations – a source of income to which host community members did not have access.

- Of the 10 PSPs interviewed, five supported host community SILCs and five refugee community SILCs. When asked about their experience prior to becoming PSPs, the respondents gave various answers. Three reported being involved in small businesses, while one reported having no prior work or business experience.
- In addition to their SILC work, two had been youth leaders, one each was a village agent or a parish chief; and one said they had been a community assistant.
- Both host community and refugee community SILCs had similar loan policies and interest rates. Loan policies on the amount a member could borrow ranged from 0.5 to 3 times a borrower's savings. Interest rates for all but one SILC were 10% monthly (every 4 weeks in practice). The remaining SILC, a refugee community group, charged UGX 2,000 (\$0.53)<sup>19</sup> per month interest on UGX 100,000 (\$26.67) loans with a fixed three-month term.

<sup>19</sup> The exchange rate used to calculate USD equivalents was UGX 3,750 per \$1, as this was the most prevalent exchange rate during the period of project activity and at the time of the data collection.

## SILC PERFORMANCE

- The host community and refugee community SILCs, both of which comprised vulnerable members and faced similar risks and challenges, performed about the same (Table 3). An analysis of the Savings Groups information exchange recorded share-out from the *Emergency WASH and Livelihood Support project* and LDSC projects found that 54 SILCs held share-outs, including four that held two share-outs each, during the 2018-2020 period. The refugee community SILCs in the LDSC project had an average membership of 22.2, while the host community SILCs in the *Emergency WASH and Livelihood Support project* had an average of 24.4. This is similar to the average SILC membership size for all SILC in non-refugee settings.

**Table 3.** *SILC performance at share-out by refugee and host community and by project*

PROJECT	SILC	NUMBER OF SILC WHOSE SHARE-OUT IS RECORDED	NUMBER OF SILC WITH TWO SHARE-OUTS RECORDED	AVG. NUMBER OF MEMBERS PER SILC	NUMBER OF LOANS ISSUED	AVERAGE CASH BALANCE AT SHARE-OUT IN UGX	USD EQUIVALENT
EWLS	Host community	15	0	24.4	0	3,541,457	\$ 944
	Refugee community	34	4	23.3	19	2,698,188	\$ 720
LDSC	Host community	2	0	23	10	801,050	\$ 214
	Refugee community	5	0	22.2	0	1,866,460	\$ 498

- While the host SILCs in the *Emergency WASH and Livelihood Support project* had issued no loans during the cycles preceding their recorded share-outs, the refugee SILCs had issued 19 loans. The situation is reversed in the LDSC data set: no refugee community SILCs with a recorded share-out had issued a loan during the preceding cycle, while the host community groups had issued 10 loans (one SILC had issued 9 loans, the other SILC had issued 1). In the LDSC project, neither host nor refugee community SILCs had to write off defaulted loans; in EWLS project, just one refugee community SILC had to write off a loss of UGX30,000 (\$8.00).<sup>20</sup>

<sup>20</sup> This occurred despite the SILC, apparently, not having issued any loans that cycle.



# Challenges and risks to the SILC-PSP delivery model



## CHALLENGE 1: HOW TO FACILITATE LINKAGES BETWEEN SILCS IN A REFUGEE SETTLEMENT COMMUNITY SETTING WITH FORMAL FINANCIAL SERVICE PROVIDERS

None of the members of the 24 SILCs interviewed in the host and refugee communities had accessed services (for example, a loan) from a financial service provider, such as a commercial bank, a microfinance institution or savings and credit cooperative society. The reasons given include a lack of understanding of the different financial service providers' terms and conditions, high transport costs to access service points, language barriers, a lack of formal identification for refugees as required by the financial service providers, and a lack of sufficient income to warrant frequent transactions. A study by the Financial Sector Deepening Uganda program found that only 13% of adult refugees in Bidibidi use formal financial systems, a much lower rate than the Ugandan average of 58% ([FSD Uganda, 2020](#)).<sup>21</sup>

Outside the refugee context, CRS Uganda has supported linkages to financial service providers among SILC groups through two projects:

- *Bol Icap* Mobile Access Project with Caritas Lira in partnership with Postbank Uganda, and
- Expanding Financial Inclusion project in collaboration with Centenary Bank Uganda

Both projects achieved limited success in linking SILC members to banks through an active role of PSPs, who supported awareness and training efforts among members on bank requirements and registration as a community-based organization with social services.

The main difference between these projects and those in refugee-hosting settings was that the Expanding Financial Inclusion and *Bol Icap* Mobile Access projects operated in contexts that had a formal, active link with bank branches and bank agent networks, thereby easing access to bank services. Given that the Bidibidi SILC groups operate in remote, rural areas where bank branches and their agents have little presence, it is not surprising that no linkages occurred between banks and SILC members. Besides, unlike the Expanding Financial Inclusion and *Bol Icap* Mobile Access projects, PSPs in Bidibidi were not sufficiently trained on the linkage of banking terms and conditions.



### Recommendation 1:

**Put in place the knowledge, skills and practices for successful external borrowing from financial service providers**

If the following elements are in place, PSPs have an opportunity to earn commissions from linking SILC groups and members to FSP loans, thus providing PSPs with additional income:

1. Ensure that SILC members, whether from the refugee or host communities, have viable and scalable income generating activities that need more capital than the

<sup>21</sup> FSD Uganda. 2020. "Empowering refugees and host communities through financial inclusion."

- SILC can provide. If not, identify training opportunities to help members create successful income generating activities.
2. Where there are viable and scalable income generating activities, ensure that the financial service providers offer relevant trainings on their loan terms and conditions so SILC members can make informed decisions for their business needs.
  3. Set up a program to address the lack of formal identification that complies with existing legislation and, where necessary,<sup>22</sup> work with the host national government to create a pathway to getting formal identification.
  4. Train SILC members on financial education to ensure that they are able to understand how to budget and manage their finances, calculate the loan amount that is appropriate to grow their income generating activities, and be sure they can repay on time as required under the financial service provider’s loan terms and conditions.

SILC members and PSPs were asked questions about current challenges they faced in their group operations, and what they perceived as potential risks. For each challenge they were asked what mitigation strategies they had employed, even if those strategies were not successful (Table 4). This publication will address each one of these challenges and risks to provide additional details on the current and proposed mitigation practices.

**TABLE 4.** FGD: strategies implemented by SILCs to mitigate risks

<b>CHALLENGE OR RISK</b>	<b>SPECIFIC STRATEGIES IMPLEMENTED (IN ADDITION TO NORMAL SILC PRACTICES)</b>	<b>HOST COMMUNITY SILC FGDS</b>	<b>REFUGEE COMMUNITY SILC FGDS</b>
<i>Absenteeism and tardiness</i>	Issue fines	6	2
<i>Meeting disruptions and failure to follow rules</i>	Dismiss or suspend members who are uncooperative	5	3
<i>Loan default</i>	Confiscate property, including rations to sell to recover loan principal	7	9
<i>Fire risk</i>	Use iron sheets on roofs and keep children from playing with the cooking fires	3	6
<i>Theft risk for cash box, cash, and documents</i>	<ul style="list-style-type: none"> <li>- Bury lockbox</li> <li>- Always have someone with box</li> <li>- Loan out all money at each meeting so no cash left in cash box</li> <li>- Keep meeting place, time, and member confidential</li> <li>- Increase security at treasurer’s home</li> <li>- Regularly change cash box location</li> </ul>	4	8

<sup>22</sup> Currently, Uganda FSPs accepts the use of an “Attestation” card in the absence of a refugee ID. This specific recommendation is not therefore a priority in Uganda but may be necessary in refugee situations in other countries.



## CHALLENGE 2: PSP SILC GROUP SUPPORT AND FORMATION POST-PROJECT

Three years after their certification, PSPs trained by CRS’ two Bidibidi projects still had extremely low productivity compared to their counterparts in non-refugee contexts in other parts of Uganda. The average number of groups per PSP in Bidibidi was 6.2, compared to 24 groups for PSPs in other parts of the country (CRS outreach for 3-year projects). Normally, SILC agents must form and train six groups by the end of their first year to qualify for certification as PSPs. That means that most PSPs in Bidibidi have not created new groups beyond what they had formed under active project support and prior to certification.

All but a few of the SILCs supported by the 10 PSPs interviewed were in their second cycle or higher. Indeed, just two PSPs who worked with host community SILCs were supporting groups in their first cycle: one was supporting two first-cycle groups (of that PSP’s 8 total groups), and the other six groups (of that PSP’s 12 total groups). Among the PSPs who supported refugee community SILCs, most groups were in their third cycle: just one PSP reported supporting one group in its second cycle (Table 5).

**TABLE 5.** *Distribution of PSPs’ SILCs by cycle*

PSP	TYPE	1 <sup>ST</sup> CYCLE	2 <sup>ND</sup> CYCLE	3 <sup>RD</sup> CYCLE	4 <sup>TH</sup> CYCLE	TOTAL
1	Host community	0	3	6	0	9
2	Host community	0	0	5	0	5
3	Host community	2	6 <sup>23</sup>			8
4	Host community	0	0	6	0	6
5	Host community	6	4	2	0	12
6	Refugee community	0	1	2	0	3
7	Refugee community	0	0	4	0	4
8	Refugee community	0	0	4	0	4
9	Refugee community	0	0	8	0	8

Not only had the PSPs engaged in little or no post-project SILC group formation, five of them reported supporting *fewer* groups than the minimum of six that are generally required for PSP certification. One supported five groups (host community), two supported four groups (refugee community), and two reported supporting just three groups (refugee community). The PSPs’ performance may have been hampered by the projects’ leniency regarding minimum groups established and trained, as some PSPs were certified with fewer than six SILCs formed due to the great distances between households in the project area. Starting in March 2020, the Government of Uganda introduced restrictions on movement and gatherings to manage the COVID-19 pandemic, which further affected PSP ability to form new groups and provide technical assistance to existing groups, further limiting their income from SILC work.

<sup>23</sup> This PSP said they have 2 groups in the first cycle, “and 6 are old.” As such, it was not possible to determine exactly in which cycle the other 6 SILCs were at the time of the interview.



### **Recommendation 2: Provide sufficient marketing training and support to PSPs to create a viable service provision opportunity post certification**

1. From the very beginning, ensure that the process and conditions for a field agent to become a PSP are understood and followed, including a formal commitment from CRS to complete the certification process from field agent recruitment to formation of PSP networks.
2. Support field agents to train and supervise a minimum of six SILC groups prior to qualifying for certification. There should be no exception to this rule, as the quality and capacity of a field agent will not be sufficient to meet the requirement for PSP certification—nor will he/she have the experience needed to market their services on a fee-for-service.
3. Ensure that the certification of the PSPs is known throughout their catchment area to confirm that the PSP is no longer receiving any payment or subsidies from the project. This must be clearly communicated to all.
4. Provide opportunities for extra practice to help PSP candidates and, once certified, support them to build the experience and confidence needed to effectively advertise their services, establish new groups, and negotiate reasonable fees and fee schedules with the SILC groups they support.



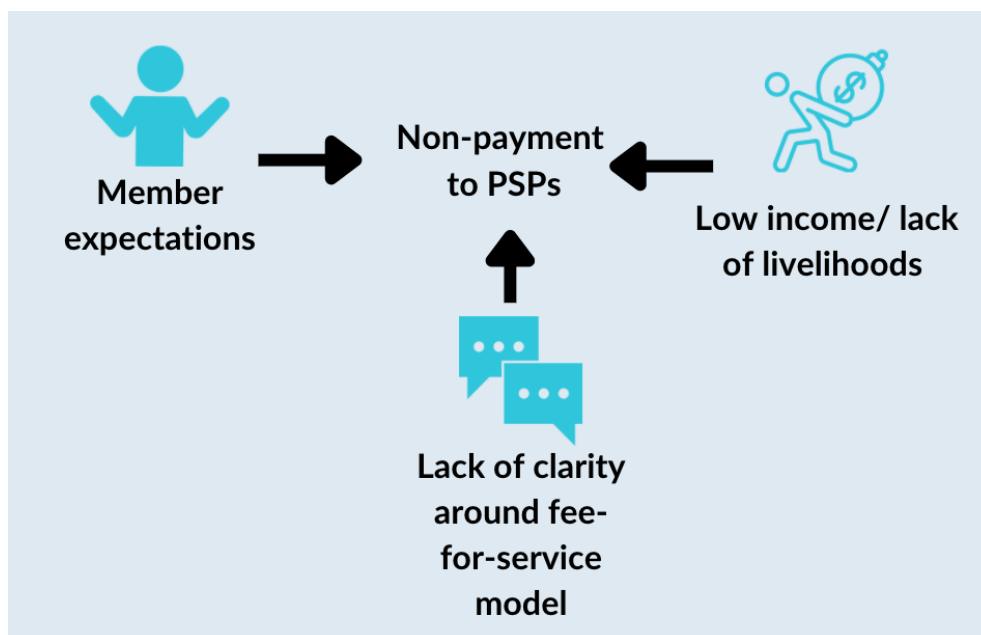
### **CHALLENGE 3: NON-PAYMENT OF PSPS FOR SERVICES**

PSPs in Bidibidi Refugee Settlement struggled to earn money from their support to SILCs per the agreements they had set up with their groups. Focus group discussions with SILC members revealed that their members' livelihoods options were limited, making their household incomes too low to both save regularly in SILC and pay PSP fees for their services. Additionally, some groups expected their PSPs to provide them with the SILC startup kit for free – apparently relating the PSP model to other, subsidized models implemented in their communities by other organizations, which provided everything free. PSPs further complained that their groups believed that PSPs still received a salary from CRS and thus were not supposed to be paid fees by their groups. Some of the PSPs used the opportunity during their interviews to request more CRS support. Clearly, the fee-for-service mindset has not gained traction among the Bidibidi refugee and host community SILCs.

#### **SILC startup kit**

- 1 lockable cash box
- 3 padlocks with keys
- 3 bowls for funds
- 1 ledger book
- 1 ruler
- 2 cloth bags for main fund and social fund Pens, etc.

Main challenges leading to non-payment to PSPs:



Overall, the 10 PSPs surveyed reported earnings from nothing to UGX 66,666 (\$17.78) per month, paid quarterly. When asked about SILC payments, common responses among PSPs serving host communities included “I get UGX 15,000 (\$4.00) during share-out”; “they pay, but with difficulty”; “I get UGX 200,000 (\$53.33) quarterly”; and “some pay, others do not.” Two PSPs serving host community SILCs said they did not receive any payment for their services. Among PSPs serving refugee communities in Bidibidi, responses included “One in three groups pays”; “they pay UGX 200 (\$0.05) per meeting”; and “they pay [a] little support during share-out.” Two said groups paid their PSPs but did not provide an amount, and one PSP said he did not receive any payments.

Of interest though, is that while PSPs for refugee community SILCs complained of low payments by their groups, it was the PSPs in the host communities who experienced the most frequent instances of non-payment by their groups. In comparison to PSPs operating in other parts of Uganda, income from SILC work among PSPs operating in or around Bidibidi is extremely low, not structured with regards to the PSP training on *pricing strategy* and difficult to earn.<sup>24</sup> PSPs from other parts of the country earn an average of UGX 160,000 (\$42.67) per month from 8 SILCs of average membership of 25, with each member paying UGX 800 (\$0.21) per month.

PSPs serving the refugee community SILC groups highlighted challenges including difficulty for groups to raise initial funds to purchase items for the SILC startup kit (lockable cash box, padlocks and bowls); high rates of illiteracy complicated the selection and election of secretaries to manage group records; and most SILC management committees struggled to ensure discipline among group members with regards to timely attendance and conducting orderly meetings.

<sup>24</sup> An EFI Africa project [study](#) on PSP incomes in four Sub-Saharan African countries revealed that the PSPs managed an average portfolio of 25 groups and earned approximately \$51 per month, which was 43% of their total monthly income. The study further revealed that 87% of EFI Africa PSPs said that PSP income was among the top three sources of their monthly income. In contrast, the PSPs working with host communities or refugee communities in the Bidibidi refugee settlement area supported a mean of just 6.2 SILCs.

The PSPs further explained that besides low or no fee-for-service payments, groups expected PSPs to supply them with the record book (SILC ledger) for free. These challenges are likely due to the fact that other NGOs working in these same communities subsidize<sup>25</sup> their SGs and training of agents throughout the duration of their project interventions, something that CRS does not do. By subsidizing expenses these SGs might fail later, once the subsidy ends and that project closes, since there will no longer be an agent to assist them. Evidence from the SILC Innovation and EFI Africa project demonstrates the CRS' PSP fee-for-service delivery model is effective in the short-, medium- and long-term by ensuring continuous access to SILC training and support long past the end of a project.<sup>26,27</sup>



**Recommendation 3:** Ensure a better, formal information campaign throughout each PSP's catchment area once certified on the fee-for-service nature of their work

The minimum actions that must be taken for PSPs to successfully negotiate fees from their SILC groups include the following:

1. Teach the PSPs during the field agent training period how to explain and market the value of their services, including the SILC training and their availability to provide ongoing support
2. Communicate a clear message to communities that the former field agent is now certified as a PSP and able to create and support SILCs independently. Each project should provide this message during the PSP graduation ceremonies.
3. Clarify that neither CRS, its implementing partner(s) nor the project pay the PSPs. As such, SILC groups must agree with their PSP regarding the type of support they want in the future, and the amount they will pay for those services. While it is CRS' expectation that payment would be made either monthly or as support is provided, we realize that some SILCs may want to wait to pay until their share-out so that they have sufficient funds to pay the PSPs.
4. Emphasize within the community that the nature of PSP support will not change once the project within which they were trained ends, as they are permanent in their communities and available to all who want SILC training and support.
5. Train the PSPs on complementary value-added services such as financial education and marketing and business skills.

Once CRS completes proper training and communicate appropriate messaging, they can educate all NGOs working in the same areas on the advantages of adopting a fee-for-service model. This will help to create a market for PSPs throughout the refugee and host communities. CRS should offer to train other NGOs so as to increase the likelihood of sustainable SG services long after individual project's end. CRS and its partners should share the evidence on the viability the PSP model and welcome other NGOs to ask questions to learn more about the delivery model.

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<sup>25</sup> The type of support NGOs provide to savings groups and their village agents include paying agent stipends, providing transport facilitation for the agent, acquiring a savings group kit for the groups, and other organizations provide a start-up capital for groups besides paying allowances to attend training meetings.

<sup>26</sup> Ferguson, *op cit*.

<sup>27</sup> Sutherland et al., *op cit*



## CHALLENGE 4: SILC MEETING TARDINESS/ABSENTEEISM

Other significant challenges identified by SILC group members in the focus group discussions included meeting absenteeism and tardiness, sometimes due to members' lack of money to save; poor time management during SILC meetings; lack of cooperation among group members resulting in disruptions and failure to follow the SILC constitution rules and loan defaults. Each of these issues threatens the ability for a SILC group to function and, if not addressed, could lead to group dissolution. (Table 6).

**TABLE 6.** Challenges identified during SILC focus group discussions

<b>GROUP CHALLENGE</b>	<b>HOST COMMUNITY SILC FGDS (N=11)</b>	<b>REFUGEE COMMUNITY SILC FGDS (N=13)</b>
<i>Meeting absenteeism and tardiness</i>	7	8
<i>Lack of money to save<sup>28</sup></i>	8	13
<i>Poor time management</i>	3	1
<i>Loan default: actual occurrences</i>	5	3
<i>Loan default: future expectations</i>	10	12
<i>Lack of cooperation among members</i>	6	4



### **Recommendation 4:** Ensure that field agents/PSPs have sufficient training to help SILCs determine appropriate target savings policies

1. The SILC group members should decide on a target amount each member should try to save at every meeting. The amount is set at a level that allows the poorest members to save regularly and reliably. Members who are able should be allowed to save more when they have the resources. This maximizes the amount they save over a cycle. At the start of a new cycle, and with unanimous consent of the members, the value of the target savings can be increased or decreased.
2. SILC group leadership should encourage all members to attend meetings on time and thank each member for coming and being part of the SILC during or after each meeting.
3. SILC group leadership should motivate each member to try and save at least the target savings amount. If, however, they can only bring a smaller amount (or nothing) for a given week, they should still attend the meeting.
4. SILC group members should be “thanked” each time they save, no matter the amount, and those who are not able to save that week should be encouraged to save at the following meeting.

<sup>28</sup> There was some overlap between lack of money to save and meeting absenteeism, as some absenteeism was because the member did not have any money to save.

The SILC Field Agent Guide 5.1 provides detailed instructions on how to implement a savings target approach rather than setting a fixed, weekly savings amount, which can discourage members from attending meetings when they do not have the minimum savings amount that week.



## CHALLENGE 5: LOAN DEFAULT

Eight SILC groups reported experiencing loan defaults – five from within the host community, and three within the refugee community. During the focus group discussions, members reported that one of their members had taken a loan and fled to South Sudan, while others reported that members had disappeared, sometimes with their families, without repaying their loans. Participants told the story of how a member’s husband had convinced her to borrow money from her SILC and then the husband refused to repay the loan. Another member borrowed money and disappeared, although he later repaid the loan – but without interest.



**Recommendation 5:** Ensure PSPs are trained to guide SILCs to set policies that help poor members thrive and avoid loan delinquency and default.

Administer to all SILC supervisors and PSPs the one-hour refresher training on “Inclusivity and SILC,” contained in Technical Guide 8. This training covers the characteristics of families living in poverty and the constraints they face. It requires participants to explore a hypothetical scenario in which they must reach the poorest members of a community and think through how they can participate successfully in a SILC group. This scenario exploration prompts SILC promoters to identify:

- Different ways that community members hear about SILC, with a discussion of why they might want to join a SILC
- Existing SILCs which a community member might join
- Drivers for staying in SILC over time
- Keys to SILC members’ success, including improving SILC promoters’ attitudes, beliefs, and communication, and avoiding negative signaling effects.

The training urges SILC promoters to commit to mobilize, train and encourage vulnerable family members in their area to join, participate, stay, and succeed in SILC groups. The promoters are equipped with strategies to do so. In addition, PSPs should be taught how to help SILC management committees successfully negotiate repayment of delinquent or defaulted loans, including the possibility of rolling over the outstanding delinquent loan balance to the subsequent cycle.





## SILC Risks

Both host and refugee community SILCs faced two important risks: fire outbreaks and theft (or embezzlement) See Table 7. Each of these could threaten the SILCs' ability to function and leads to group dissolution by reducing or destroying group assets, and/or eroding members' mutual trust.

**TABLE 7.** FGD: Risks SILCS face

RISK	HOST COMMUNITY SILC FGDS	REFUGEE COMMUNITY SILC FGDS
<i>Theft (or embezzlement)</i>	6	9
<i>Fire outbreak</i>	3	7



### RISK 1: FIRE OUTBREAKS

While both host and refugee community SILC members identified fire outbreaks as a risk, it was most frequently mentioned by the refugee community. Fires can quickly destroy grass thatch huts and the SILC's assets, including the cashbox, cash and group records. The frequent mention of fire by a SILC refugee community participant indicates that the refugees perceived a greater risk of fire than host community members, possibly due to the open-fire pit cooking in the Bidibidi settlement as well as the closeness of the housing in the area.

To prevent fire outbreaks, some groups mentioned roofing houses with iron sheets, and all refugee community SILC mentioned working to keep children from playing with the cooking fires, especially as the parents may be away in another part of the settlement, leaving the children unsupervised.



**Recommendation 6:** Ensure that PSPs have the knowledge needed to provide SILC members with appropriate training to mitigate fire risks.

CRS should encourage people to use iron sheets on their roofs and to put in place strategies to keep children from playing with the cooking fires, particularly by ensuring that the children are not left entirely on their own. If one or both parents or guardians must be absent, they should ensure that someone else in the community is actively supervising their children and the fire pit is not left burning during their absence.



### RISK 2: THEFT

As was true for the fire risk, twice as many refugees as host community SILC members in the focus group discussions mentioned taking security measures to protect the group's assets. Specific strategies included:

- Burying the cash box
- Ensuring that somebody was always with the box
- Managing meetings to be on time
- Keeping confidential the location and membership
- Improving security at the treasurer’s home, and
- Periodically changing the cash box’s location.

Finally, to reduce conflict within groups, five host and three refugee members mentioned dismissing or suspending uncooperative members.

The SILC groups surveyed adopted several strategies to protect their assets and ensure their groups functioned correctly (Table 7 above). Loan default risk was addressed by confiscating some property of defaulters and selling it to recover the loan principal. Several refugee respondents added that property confiscation can include the defaulter’s rations. To combat the challenge of member tardiness and absenteeism, as well as mitigate conflicts that posed a risk to group cohesion, the groups issued fines— though this strategy appears to have been more widely adopted among host than refugee SILC groups. Since fines are meant to be dissuasive rather than punitive, it is likely that host community SILCs were more comfortable imposing penalties if the event occurred than the refugee SILCs were.



**Recommendation 7:** Implement strategies to mitigate theft that are known to work from Bidibidi and prior savings-group experience in vulnerable settings.

As cited in the focus group discussions, a mix of mitigation strategies is necessary – and several have been tried in Bidibidi, as well as in other refugee contexts.<sup>29</sup> These include:

- Keep SILC meeting place, time, and membership confidential
- Never leave the cash box unattended such that there is always someone near it
- Loan out all money at each meeting, including from the social fund, so there is no money left in the cash box between meetings
- Increase security at treasurer’s home
- Regularly change the cash box location
- Bury the cash box between group meetings

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<sup>29</sup> For more details, see the discussion of forcibly displaced people in [Allen, Benjamin S. 2018. \*State of Practice: Savings Groups and the Dynamics of Inclusion\*. The SEEP Network, pp. 46-52.](#)

# Conclusion

## THE PSP MODEL

It is clear that implementing a *fee-for-service* model in a long-term refugee settlement context, where many NGOs subsidize similar SG models, is not an easy task. When CRS introduced SILC in Bidibidi in 2017, it did so much later than other organizations that promoted subsidized SG programs, including start-up kits and trainings, as part of their livelihoods and protection strategies. The CRS SILC-PSP model's competition with subsidized programs has likely led to market spoilage for PSPs, who charge fees for their services – making it more difficult to convince SILC members that they should pay for something that others were getting for free – even though PSPs continue to be available and provide support to SILCs long after the other organizations' subsidies and operational support have ended.

This alone, however, does not explain why both the refugee and host-community SILC PSPs exhibited low productivity after certification in the establishment of new SILC groups – or why five of the 10 PSPs interviewed supported fewer groups than the minimum six SILCs required for PSP certification. Perhaps training the PSPs properly to help their SILCs set policies to enable poor members to thrive could have helped to demonstrate the long-term value of PSP support, leading to better fee payment by the SILC groups.

The study found that both host and refugee community SILC members are poor and earn precarious incomes. It is likely that the incomes are significantly lower than in an average community where the SILC-PSP approach has been implemented in other parts of Uganda. This, too, may contribute to SILC members' reluctance to spend their limited incomes on fees for SILC services.

## RISKS








Both refugee and non-refugee SILCs faced myriad risks to their groups' operations. Both types confronted loan delinquency and default and had to manage members who did not follow the groups' bylaws. However, refugees faced a greater risk of fire than non-refugees. While both host and refugee SILCs employed strategies to mitigate risks – including confiscation of defaulters' property, member confidentiality and measures to protect groups' assets – the success of these measures may have been limited in both host and refugee communities SILCs.

## LINKING SILC MEMBERS TO FSPS

Even though efforts were made to link both host and refugee community SILCs to FSPs for access to additional loan capital, no group member, host, or refugee, had taken loans from an FSP at the time of the study. It is likely that more focused effort on the part of the financial service provider to train the PSPs on the advantages of, and terms and conditions for, external borrowing could provide them with a better opportunity to earn commissions from linking SILC groups and members to loans. If the financial service provider can successfully do this PSPs could earn additional income from linking the financial service provider to SILCs, and thus have greater motivation to continue establishing new SILCs.

Overall, the findings from this survey have led to the following recommendations:

## Recommendations

-  1 Put in place the knowledge, skills, and practices for successful external borrowing from FSPs.
-  2 Provide sufficient marketing training and support to PSPs to create a viable service provision opportunity post certification.
-  3 Ensure a better, formal information campaign throughout each PSP's catchment area once certified on the fee-for-service nature of their work.
-  4 Ensure that FAs/PSPs have sufficient training to help SILCs determine appropriate target savings policies.
-  5 Help PSPs to guide SILCs to set policies that help poor members thrive and avoid loan delinquency and default.
-  6 Guarantee that PSPs have the knowledge needed to provide SILC members with appropriate training to mitigate fire risks.
-  7 Implement strategies to mitigate theft that are known to work from Bidibidi and prior savings-group experience in vulnerable settings.

While the SILC PSP model has proven successful elsewhere in Uganda, applying the same model without considering the refugee context in Bidibidi – a concentrated operational area with many other players offering similar (subsidized) models – was bound to create market challenges for any fee-for-service model, not just the SILC PSPs.

Training PSPs to help SILCs manage their risks and resolve their conflicts, providing PSPs with connections to FSPs to enable them to link their SILCs to FSPs, training the PSPs on the SILC Pro-Poor Strategy for inclusive saturation, and tracking PSPs' income, expenses, and additional income-generating activities regularly; will be necessary to implement a fee-for-service delivery model that earns sufficient income for the PSPs and enables the PSPs to deliver other training or technical services (such as linkages to FSPs, financial education, and marketing and business skills) to SILC groups to improve members' earning, and yield more payments to PSPs.