

Expanding Financial Inclusion in Africa



SILC Meeting, Photo By Henry Tenenbaum, May 2016

Exploring the Success of EFI's Pro-Poor Package in Senegal and Uganda

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Summary of Research Objectives: Qualitative study of the Effectiveness of the Pro-Poor Package, Expanding Financial Inclusion Project, Catholic Relief Services

Background

Expanding Financial Inclusion in Africa (EFI) is a 4-year project whose core goal is to ensure that vulnerable households experience greater financial inclusion to improve their resilience. To this end, EFI is forming savings groups using Catholic Relief Services' Savings and Internal Lending Communities (SILC) and Private Service Provider (PSP) methodologies in Burkina Faso, Senegal, Uganda, and Zambia. The EFI project aims to create 19,200 new SILC groups with 502,320 members and has targeted its areas of operation using financial exclusion criteria; criteria which may well stand as a strong proxy for poverty. To try and bring in poorer households, EFI has made critical adjustments to the SILC methodology, known collectively as the 'Pro-Poor Package' (PPP) and contrasted with 'Normal' SILC programming. The PPP adjustments include, for example, training PSPs to identify and mobilize poor households, replacing a minimum savings with a 'target' savings, removing fines for failure to save and reducing the pressure to take loans.

The two questions that are central to the evaluation of the success of the EFI program and whether it has achieved deeper poverty outreach are:

1. What is the mean poverty level of SILC group members, relative to their communities at the start of the program and as groups are formed over time?
2. What are the effects of PSP delivery model variants in terms of poverty outreach?¹

The EFI project research agenda was designed to respond to these questions and assist CRS and the savings industry in refining the PSP model, deepening poverty outreach, and evaluating the effectiveness of the SILC program. EFI research includes a Financial Diaries study in Zambia, a series of Progress out of Poverty Index (PPI) surveys to assess whether the programme is reaching poorer households, the regular collection of group savings data through the SAVIX monitoring information system, and the testing of four different Pro-Poor Package delivery modalities.

The Progress out of Poverty Index (PPI) data has suggested some success in reaching progressively poorer households. Similarly, anecdotal evidence from NGO partners that the poverty outreach training of PSP and adjustments to the SILC model have been successful in

¹ See Annex 1 for the Framework of SILC/PSP Pro-Poor Package.

reaching and attracting poor and extremely poor members. What is lacking at present, is an examination of what works for poor and extremely poor households in terms of attracting them into and retaining them as SILC members.

Rationale

To develop CRS' understanding of the differentiation on poverty outreach between Normal package and Pro-Poor package villages, the EFI project intends to complement the PPI analysis with another form of research: an ethnographic study of the perspective from SILC and community level of the pro-poor package. This research will focus on the perspectives and experiences of SILC members and other community members to understand which mechanisms or elements have enabled poor and extreme poor households to join SILCs groups and maintain membership and which mechanisms or elements have inhibited membership by the poor and extreme poor.

The poor and extreme poor are understood by the EFI project to be those households which, according to the PPI data, fall into the bottom two quartiles of the relevant population (this population is both the community and the SILC group membership for the country programme). Poverty outreach in the EFI project is primarily defined through the PPI scoring process at community level. Successful poverty outreach is defined as achieving participant PPI scores where a) more than 50% of participants fall in the bottom 2 quartiles relative to the community scores and where b) over time, PSPs form groups with progressively lower mean PPI baseline scores.

Mechanisms or elements which include the poor and extreme poor may be a result of the EFI project adjustments or may be a function of context or of interaction of local actors with the project. The researchers will first seek an in-depth understanding of the nature and distribution of poverty within the selected communities. To do so, they will draw on existing poverty data gathered by the project, including the PPI data. A literature review of available documentation on the communities/districts/regions where research is to take place will be conducted prior to field research to build up a basic understanding of the situation and key trends. At community level, participatory rural appraisal techniques will be used to establish local conceptions and experiences of relative wealth and poverty. This poverty assessment will provide a context in which to map the extent and the rate at which the poor and extreme poor have been included and what mechanisms or elements have enabled membership and retention of these households in the SILC groups.

Once the researchers have understood to what extent the poor and extreme poor are included in SILCs and what elements have enabled membership, the researchers will assess the extent to which the changes in the SILC methodology have influenced membership and adherence by the poor. The researchers will also work with the members of poor households who have been

sensitized about SILC but have chosen not to join a savings group or who have dropped out of SILC groups to understand what some of the critical barriers to membership might be.

Methodology

The researchers will conduct a small-scale ethnographic exercise in two program countries, one Anglophone Uganda and the other Francophone Senegal. The preferred field sites for the ethnographic study are the two partners where the PPI data suggests that pro poor outreach has been most successful (Socadido in Uganda and Caritas Kolda in Senegal) and the aim will be to map and analyse the experience of this success from the perspective of group members and from community level. The research sites will be examples of successful poverty outreach selected through consultation with the local NGO partners and with PSPs and supervisors while building on the insights from PPI data and the classifications of poor and extreme poor at community level that the PPI exercises make available. Within the research communities will be several generations of SILC groups and these groups, and the relations within and between these groups will be an object of study.

It is anticipated that the ethnographic teams will immerse themselves in the local context, working and residing in 2-3 communities (TBD) in each country over a several week period to conduct fieldwork that will include a mixture of participatory research tools (such as wellbeing/wealth ranking, village mapping and institutional mapping); participant-observation methods; focus group discussions, key informant interviews, relational and discourse analysis, and other qualitative methodologies whilst drawing on a review of key SILC documentation. Wellbeing/wealth ranking will be a critical tool for establishing to what extent the poor and extreme poor (as defined by the local community) have been included or excluded from SILC group membership and how this has changed over the several iterations of group formation. As the content of the research is further developed, it is anticipated that the researchers will identify where they need to conduct participatory focus groups in neighboring communities or SILCs and undertake interview with a wider variety of stakeholder groups and key informants. The researcher(s) will need to ensure the representation of women's voice and of the poorest, most vulnerable members of society and will also strive to elicit views from different age groups.

Research questions

Once the broader background context has been established such as the overall socio-economic and living conditions in the community, livelihoods, shocks and seasonal timelines, relative wealth and poverty, local social protection systems and mechanisms (including those focused particularly on savings and resources exchanges such as tontines and merry-go-rounds), the

researchers will focus on the project-specific research questions. These project specific research questions are directly derived from the objectives of the EFI programme and are:

1. To what extent are those households that, relative to their communities are poor and extremely poor, included in SILC membership and has inclusion of poor household increased as SILC formation has progressed in the research sites?
 - i. Are there critical challenges to SILC poverty outreach at local or community level?
 - ii. What are the barriers (if any) for the poorest to SILC membership?
 - iii. What are the gender and age or lifecycle differences in group membership and have these changed over time, i.e. between the initial introduction of EFI SILC and the time of research?
 - iv. Have new relationships developed or existing relationships been strengthened or weakened by SILC group membership and does this have an impact on group coherence, and the retention of poor members?
 - v. Why do poor households that are aware of the SILC choose not to join and what are the reasons that poor households drop out of the SILCs?
 - vi. How is the social fund being used and does this contribute to reducing poverty or vulnerability?

2. What mechanisms or elements work for the poor and extreme poor in attracting them to, and retaining them in, SILC groups and how does what is found to work in the community compare to the adjustments made to the SILC and PSP methodologies (see Annex 1)? The adjustments would include:
 - i. How well have the mobilisation methods of the PSPs worked to convince poor households that they should join SILC groups?²
 - ii. Do flexible savings attract group members?
 - iii. How strong is the pressure to take loans and does a lack of pressure retain poorer members?
 - iv. Do pioneer groups leverage groups with members who are, on average, poor and extremely poor?
 - v. What is the role of institutional mapping?
 - vi. How does the pricing structure influence poverty outreach?

² The mobilization methods the PSP use to attract poor members can be found in Annex 1, Table 1 titled Framework of SILC/PSP Pro-Poor Package.