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Impact Evaluation of Fastenopfer's Solidarity Group Approaches in Madagascar and Senegal

Solidarity groups (SGs) use savings and lending as an entry point for creating a safety net and promoting community-led empowerment processes. In 2018, a team from the Institute of Development Studies evaluated the impacts of SG programmes supported by Fastenopfer in Senegal and Madagascar. The evaluation combined Contribution Scores, survey data, and in-depth qualitative research.

This Brief, written by Philip Mader (Institute of Development Studies), summarises the full evaluation report, which can be obtained from Benno Steffen (steffen@fastenopfer.ch).

Fastenopfer supports SGs in several countries, including in Senegal and Madagascar, by working with local partner organisations that deliver training and practical support to groups. The SG programmes seek to include the poorest and most marginal, who may be excluded from other schemes. SG approaches are a “defensive” rather than opportunity-focused form of assistance, and their strategy is sometimes explained with the analogy of a leaky bucket. Pouring more water into a bucket with holes – for instance giving asset transfers to households that are burdened with expensive debts or vulnerable to recurring disasters – will have no lasting effect until the leaks (losses and vulnerabilities) are fixed. SG approaches aim to fix the leaks.

In Solidarity Groups, the financial activities serve as a means to the end of building strong groups.

1. Fastenopfer's Solidarity Group approaches

SG approaches are distinct from other group-based schemes that use financial tools and target poor and marginalised people. In SGs, the financial activities serve as a means to the end of building strong groups, rather than groups being a means for enabling financial activities. The financial activities (savings and loans) facilitate change processes, but are not the group's *raison d'être*. Groups accumulate a group fund, which serves as a safety-net for the members; as the groups grow stronger, they can act as catalysts for community-building, empowerment and change processes.

Against the backdrop of disappointing results of many microfinance programmes, SGs represent a unique alternative. Members make contributions of cash or kind into a group fund (savings box, calabash, or grain bank), but there are no cycles after which the fund is repaid to members; it becomes the group's property. Loans are made from the fund, which carry zero interest (or, in Madagascar, sometimes low interest). These loans are intended for use by members to meet basic needs, such as food or schooling expenses, handle emergencies, avoid exploitative economic relationships, and escape debt. Some groups also organise collective economic activities such as shared farming and group commerce. SGs do not receive any capital or inputs beyond training and facilitation from Fastenopfer and its partners.

Solidarity Group approaches in Senegal and Madagascar: similar but different

Fastenopfer has supported SGs since the early 1990s, including in Madagascar since 1998 and in Senegal since 2005. SGs are the core of both country programmes. Both country programmes are based on common principles, share the same goals, and work in similar ways, but also have some important different features. In Senegal, groups are larger (45 members on average) and 86% of members are women, while in Madagascar groups on average have 14 members and 51% of members are women. In Madagascar, all members agree to save an equal amount (of money, sometimes grain) in the group fund at each meeting: an amount that the poorest member can afford. However, in Senegal, they contribute very differently: they cover a calabash (dried gourd) with a white cloth, and individual members each make a voluntary contribution of an unknown amount. Groups in Senegal also organise group commerce – collective purchases of food and household items, sold on to members at lower prices –, the profits of which go into the calabash. The programme in Madagascar more strongly promotes shared fieldwork, collective agriculture, and agroecological farming, to make members independent from expensive inputs such as fertilisers.

Beyond providing these services to the group members, SGs work towards building more cohesive and equitable communities, starting by establishing rules of fairness and equality within the group. They offer members a space to discuss and resolve problems and encourage reconnection with traditional communal values of solidarity. Organised into groups, members can also collectively act to create communal improvements, such as irrigation, either by themselves or by influencing local politics, and work together to claim or defend their rights. SGs are encouraged and supported to form larger networks and assist other SGs, and the majority of SGs are now integrated into networks.

SGs thus strive for transformative changes through three channels of impact, as shown in Figure 1. They aim to provide valuable services to members, above all access to fair loans when needs arise. They seek to build more cohesive communities and empower individual members. And they seek to drive “political” changes at the local level through advocacy and lobbying. These three channels may lead to a range of transformative impacts over time.

The largest impacts are on ability to access loans, savings, and mutual help, but the impacts vary between the countries.

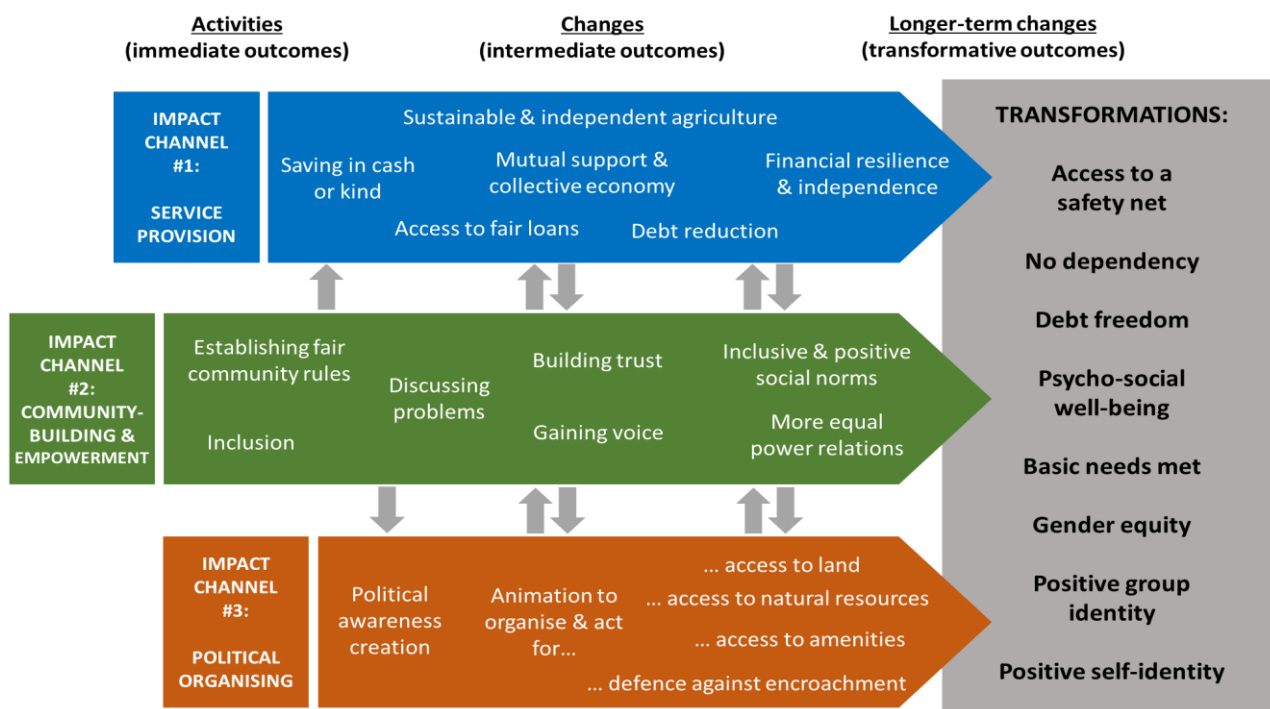


Figure 1: How solidarity group work in theory (simplified theory of change)

2. Methodology

To launch the evaluation, a participatory process clarified the programme's theory of change (depicted in Figure 1). To reflect the diversity of possible impacts and pathways that could lead from activities to impacts, the evaluation employed a mix of qualitative and quantitative methods, using data collected in October and November 2018.

On the qualitative side, 13 focus group discussions with SG members and 10 focus group discussions with group animators were held; in total, 50 members and 48 animators took part. In addition, 11 key informants (including local officials, teachers, midwives, mayors) were interviewed to give a well-informed outsider's perspective on the significance of the SGs.

On the quantitative side, 402 randomly-selected SG members and 110 control group members (neighbours) were surveyed. The survey asked 81 questions using a 5-grade Likert scale (from "completely agree" to "completely disagree") to enumerate 9 different impact areas: community resources, political consciousness, collective action, inclusion/exclusion, empowerment, gender relations, financial assistance, agricultural practices, security & resilience. The Progress out of Poverty Index (PPI) scorecard, consisting of 10 questions, was used to estimate respondents' relative poverty levels.

12 core questions were used to calculate Contribution Scores (CS). CS are a proxy indicator of impact that is calculated using participants' self-assessments. Participants are asked to indicate the extent to which they experienced change and how much the programme contributed to that change. A score is calculated and reported on a scale from 0 to 100 (change x contribution = CS%). CS are always positive when at least some respondents have indicated that there were changes to which the intervention contributed. In data analysis, CS of over 40% were interpreted as indicating "large" impacts, CS between 20 and 40% "medium", and less than 20% "small" impacts.

3. Main findings

The majority of SG members in both countries have only basic education or none at all, and the majority earn their living in agriculture or petty commerce (sometimes both). On average, SG members have been members for 3.6 years.

The data show that the SG programmes in both countries reach and include the most marginal people. The likelihood of a member household being extremely poor (under the US\$1.25/day poverty line at 2005 values) is 28% in Senegal, and 84% in Madagascar (a much poorer country). Almost all members in both countries live on less than US\$5.00/day. On average, the members are no better-off than non-members in their immediate neighbourhood, and probably are slightly poorer, indicating that the programmes attain the goal of including the very poor. Responses to the survey and in focus group discussions also show that SGs are generally open to everyone, including the very poor. However, in Senegal, men are less likely to join, and in Madagascar, women sometimes find it harder to join.

The CS vary, which indicates that SGs have differently sized impacts in different outcome areas, as can be expected (Figure 2). In Senegal, the largest impact attributable to SGs is loan accessibility, followed by mutual help given by neighbours to one another. In Madagascar, the largest impacts are access to a safe place to save money and loan accessibility. The comparatively small impact on savings in Senegal reflects the unique group fund-building mechanism (anonymous voluntary contributions into the calabash, see Box above).

The CS also show that members experience other important impacts, such as the ability to access help from peers, a growing belief among members of their community in being able to change their socio-economic conditions, finding a collective voice, and improving their household's financial situation. A closer examination (by regression analysis) shows that the impacts are quite evenly spread across members: on the whole, poorer and better-off members, women and men, and less- or more-educated members experience similar (rather than different) impacts.

*"The bottom line is that the solidarity group is more accessible and more discreet than other credit systems."
(an SG member in Senegal)*

The CS show, however, that SGs have only small impacts in some areas: influence on local politics (in both countries) as well as members' personal freedom and sustainable agriculture (in Senegal).

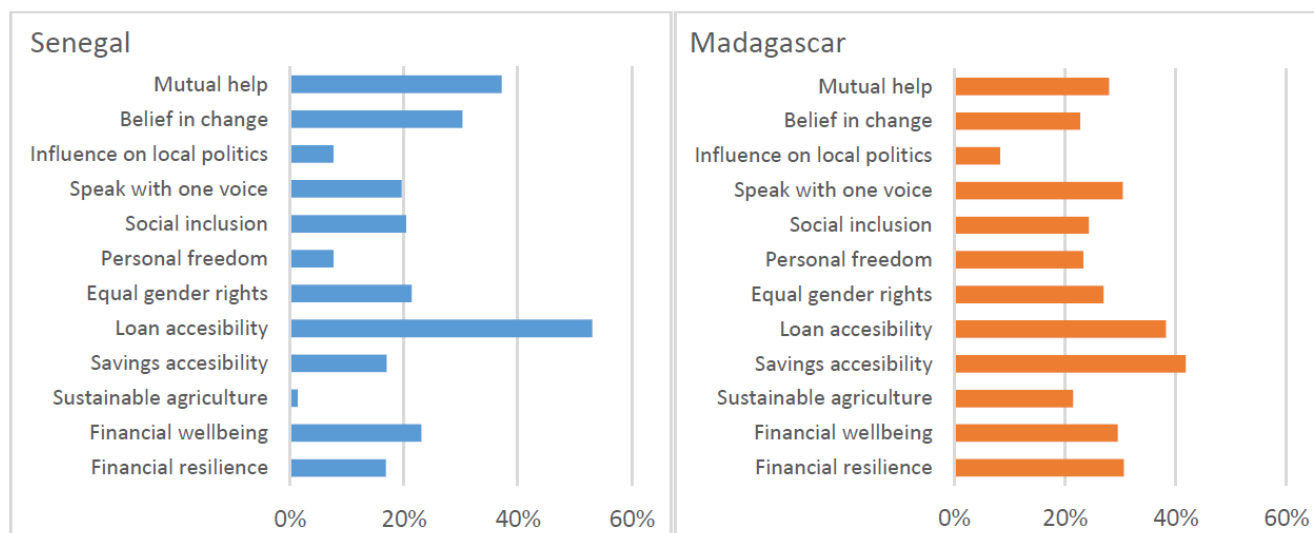


Figure 2: Average contribution scores

The bars represent the average CS across all members in that country. A larger CS indicates more impact.

The survey and qualitative data confirm these findings. In the survey, members were also asked to describe the largest positive or negative changes they had experienced thanks to the SGs. 38% of members' positive responses referred to improvements in their household economy (ability to borrow for emergencies, better household finances, debt reduction), 22% referred to community-building (solidarity, sharing, trust, mutual aid, discussing problems), and 16% referred specifically to meeting particular basic needs (food, supplies, schooling, health). Very few mentioned negative changes (2%). As one participant in a focus group discussion in Senegal said, the group is very important because: "The bottom line is that the solidarity group is more accessible and more discreet than other credit systems".

4. To what extent do SGs contribute to preventing hunger, reducing poverty, and improving members' access to resources?

The theory of change that was developed suggested that reducing debt and exploitation are crucial for individual members to be able to escape poverty. They must be able to defend their household's economy first before striving for economic opportunity.

SG members can avoid borrowing expensively and exploitatively, and can reduce lower their costs of living. The majority of members report not, or no longer, having any debts outside their family or their group.

Without a baseline survey, net poverty alleviation could not be precisely estimated. However, findings of large positive self-assessed impacts on members' ability to access loans for basic needs or emergencies and their ability to save money (in Madagascar) indicate that SGs give their members important tools for tackling key factors of their poverty. Members can avoid borrowing expensively and exploitatively, and can reduce their costs of living (in Senegal, also thanks to collective commerce). As participants in one focus group discussion in Madagascar said: "The lean season is a challenge in all

of our lives, but our group looks at the situation of each member and decides to help the worst-off. They are granted loans, with an obligation to repay as they can." The majority of members (between 61% and 88%) report not, or no longer, having any debts outside of their family or their group. In Madagascar, the majority of members report having money set aside for emergencies (but not in Senegal), which increases their resilience.

On average, the data show moderate positive impacts on the dimensions of household financial well-being and resilience. Group funds serve as safety nets for those who face sudden emergencies such as health crises, and thus reduce their vulnerability. However, these safety nets cannot meet all needs: the majority of members in Madagascar remain food-poor, as do a significant minority in Senegal, and a majority in both countries report being worried about their household's financial situation. Focus groups show that, although the help that SGs can provide is not always enough, they play an important role in helping members absorb shocks and mitigate the annual lean season. As one participant in Senegal said: "Before, we women went so far as to sell our jewels to have food during the lean season, but since the group is here, we have not had to." The SGs can also help members cope with natural disasters, but evidence for this impact is limited to individual cases.

Results are mixed regarding access to resources. Substantial shares of members in Senegal (46%) and Madagascar (22%) report that their community has obtained some improvements from the local authorities (water, schooling, transportation and electric power), but not always thanks to the SG. There are indications that groups often struggle in practice to gain access to natural resources, particularly those that are scarce, such as land. Results are also mixed in the domain of agriculture: the impacts (CS and survey data) are moderate in Madagascar and small in Senegal (where agricultural change promotion was a recent addition to the programme). Many households say they would like to have a better balance of income from farming and non-agricultural sources and would like more training. On the positive side, farmers in both countries usually grow diverse crops instead of mono-cropping, and SG members provide each other help in farming.

5. To what extent do SGs enable members to shape their own lives and trigger transformative changes?

The theory of change suggests that creating more cohesive and inclusive communities that can collectively resolve problems and make demands on authorities enables transformative changes, including the fulfilment of rights.

The data indicate moderate to high impacts of SGs on measures of mutual help, belief in the ability to change things, and having a collective voice. Overall, the data show SG members having very positive assessments of the mutual assistance, solidaric behaviour and community cohesion enabled by SGs. Although they do not necessarily perceive their wider communities as places of equality and solidarity, they find the SGs to be such places. As one participant in a focus group discussion in Madagascar said: “At the community level, we see a difference because members can tolerate the faults or defects of neighbours, unlike non-members.”

Believing in change and being better-organised to advocate for it, however, does not always translate into being able to effect change. There are cases of success, but the survey responses, focus groups and key informant interviews indicate only a fairly small impact overall on local politics. Group efforts often encounter structural constraints, because advocacy and lobbying activities require accessible, accountable and adequately resourced counterparts, yet local authorities are often remote, inaccessible or have too few resources themselves. SGs may, however, also help communities with alternative self-help solutions, and make them better-organised to seize opportunities for change when they occur.

In terms of gender equity and women’s empowerment, in both countries, the impact is moderate. The data do not show transformative changes, but suggest a variety of effects. In Madagascar, it appears to be easier for men than women to join SGs, and women are less likely to hold leadership positions in SGs. However, members in Madagascar overall report greater positive changes (CS) in terms of gender equity. In Senegal, 7 out of 8 members are women, and many groups are all-women’s groups; in Madagascar, women and men are near parity.

SG members in both countries face entrenched gender norms, which favour men. Particularly in Senegal, it appears that SGs offer women a feminine space, in which they can exercise greater agency.

SG programmes and their members in both countries face entrenched gender norms, which favour men, and which are hard to change. The data suggest that in Senegal, female members enjoy greater access to some modes of assistance and mutual aid than (the relatively few) men who join. Men may self-exclude (“SGs are a women’s thing”), but sometimes women also discourage their joining. Particularly in Senegal, it appears that SGs offer women a feminine space in which they can exercise greater agency and participate in activities that benefit their wider family, without challenging entrenched gender norms. However, such women’s groups lack men’s (financial and other) resources.

6. Which methodologies and tools are instrumental to achieving the impacts?

The country programmes have different gender compositions and group sizes. In Madagascar, groups are funded through equal savings amounts, in Senegal through an idiosyncratic (and possibly unique) system of anonymous voluntary contributions. Groups in Senegal often engage in collective commerce, while in Madagascar they more often organise mutual assistance in farming. In Senegal, the promotion of sustainable agriculture is a recent addition; in Madagascar, the programme has had an agricultural strategy since 2008. The Senegal and Madagascar SG programmes operate in similar but different ways, which explain some of the differences in impact, especially on the savings (larger in Madagascar), mutual aid (larger in Senegal), gender (mixed) and agriculture (very small in Senegal) dimensions.

7. Conclusions

SGs are a group-based, finance-using approach that works with very poor people. The financial activities serve as a means to the end of constructing a collective safety net and strengthening social cohesion and collective agency.

This evaluation finds that SGs contribute in meaningful ways to reducing members' losses and vulnerabilities. To return to the "bucket" analogy, SGs help members in important ways to plug some of the "leaks", by enabling mutual assistance and delivering valuable services. The evaluation also found evidence that SGs build more cohesive communities, which can have transformative effects for individual members. However, SGs are less effective where they face structural constraints, such as in lobbying and advocating for access to resources, or in challenging entrenched gender norms. Here, building stronger networks of SGs is likely to be essential (networks were not part of this evaluation).

SGs encourage significant practices of solidarity among poor people that help them to handle emergencies, make ends meet, solve problems collectively and help one another. As a "defensive" strategy – safety (net) first, opportunity second –, they can play an important role in facilitating poverty alleviation by increasing the financial, social, and cultural resources available to those who lack other forms of security and assistance.

About Fastenopfer: Fastenopfer (French: *Action de Carême*) is a Catholic Church-affiliated NGO based in Switzerland. Founded in 1961, it works in 14 countries, with a focus on empowering people as well as strengthening civil society and social movements. Fastenopfer began working with SG approaches more than 20 years ago. The organisation supports SGs in India, Madagascar and Senegal by working with local partner organisations. In total, 11 out of Fastenopfer's 14 Country Programmes have at least one project with group-based savings as a component, but the objectives, target groups, and approaches vary from country to country. SGs thus make up a sub-set of the group savings schemes that Fastenopfer supports.

About IDS: The Institute of Development Studies (IDS) is a global research and learning organisation headquartered in Brighton, UK. Founded in 1966, the Institute is home to over 200 staff and 300 students. IDS conducts academic and applied research on global development, often working in close collaboration with local civil society, governments, international NGOs, citizens, donors, researchers and many others. In partnership with the University of Sussex, IDS is ranked first in the world for Development Studies.

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