

Draft Saving Clubs' Sustainability Study

Main findings and recommendations from the draft report

Honiara, 20 of August 2020

Background: the National Financial Inclusion Strategy

The Solomon Islands Government National Financial Inclusion Strategy II Key Objectives

Objective 3: Include women, youth and rural adults as fully engaged participants in the national financial sector

3.1 Promote a national drive for rural savings, including financial literacy, savings clubs and mobile money, focused on women, youth and families.

Objective 4: Build financial resilience in households and communities

4.4 Consolidate and expand a national model of semi-formal 'savings clubs' as a behavioural bridge from the pre-cash economy towards formal finance.

MWYCFA's National Gender Equality and Women's Development Policy 2016-2020

Policy Outcome 2: Improved Economic Status of Women – Key Strategies and Actions

2. Exploring and coordination of activities and projects to support women's economic advancement

- Explore successful models in the Solomon Islands that promote the national drive on savings including establishing savings clubs for women and young girls.

In 2018 CBSI had estimated the total number of SC members at 11,000, with 89% of members being women

Sustainability

There are two main aspects of sustainability

Financial Independence

- Saving clubs normally function thanks to the group's own resources, although an initial external support might be needed

Time horizon

- In the Solomon Islands, life expectancy of SCs appeared to be three to ten years.
- Some of the longest surviving SCs in the Solomon Islands are in fact the continuous model.
- VSLAs requires a longer maintenance period according to SEEP.



Main Saving Clubs Models

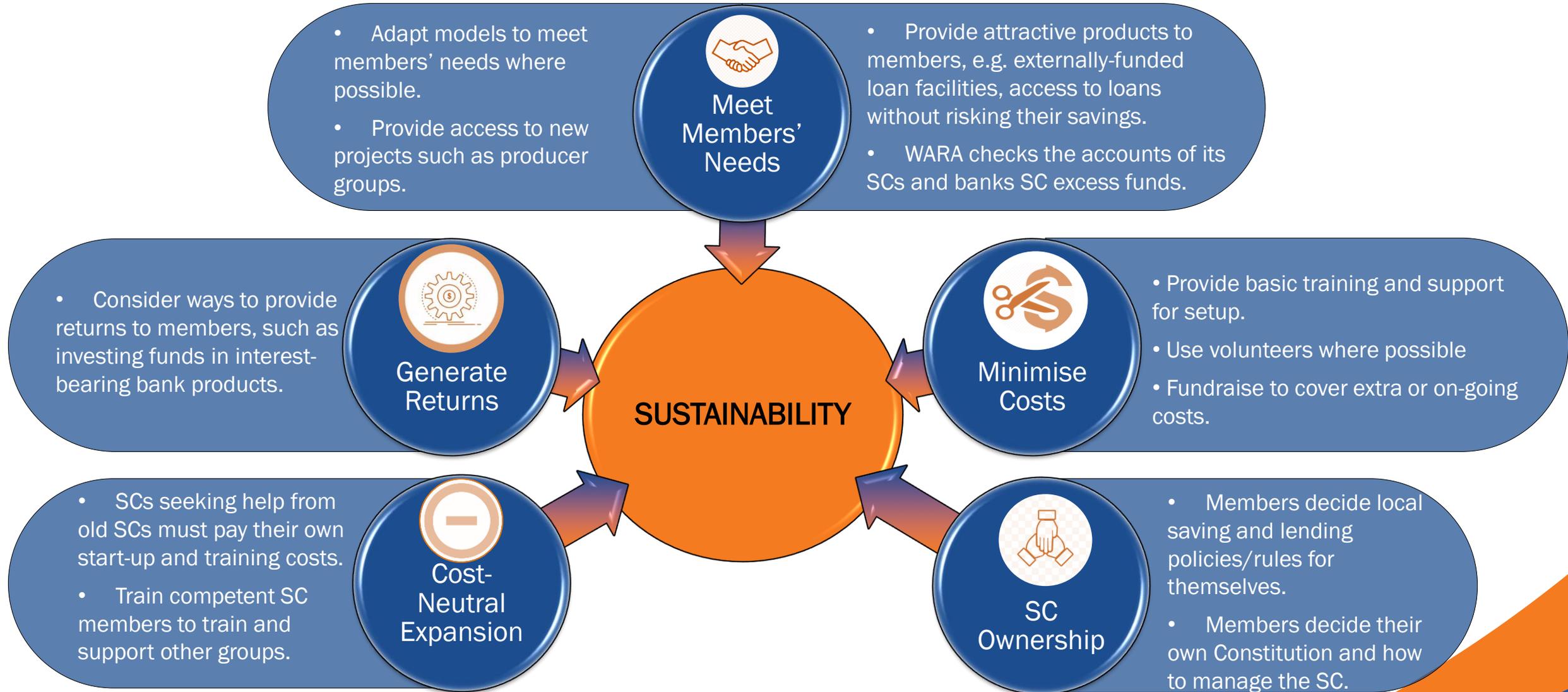
Business Model	Time	Product Range	# of Members	Initial Training/ Subsequent Support	Results
World Vision (WV) Solomon Islands	Time Limited (12-month cycle)	Less Flexible <ul style="list-style-type: none"> • Savings and loans • Savings plan • Social fund • Producer groups 	25 max.	<ul style="list-style-type: none"> • Structured training over 12 months • Field staff offer assistance and technical support • Training for experienced members to start new clubs 	• Cycles minimise accounting errors
					• Strong training and subsequent support, which is best practice
					• Club management is impacted more by financial literacy than range of products
ACOM	Time Limited (12-month cycle)	Less Flexible <ul style="list-style-type: none"> • Savings plan • Social fund • Official loans to be introduced 	25-35	<ul style="list-style-type: none"> • Two to three days of training • Written material • Limited follow up support 	• Cycles minimise accounting errors
					• Club management is impacted more by financial literacy than range of products
WARA	Continuing	More Flexible <ul style="list-style-type: none"> • Savings • Revolving Loan Fund • Insurance fund 	Over 100	<ul style="list-style-type: none"> • Two to three days of training • Written material • Limited follow up support 	• Lack of cycle may increase accounting errors and results in additional effort to periodically bank cash stores.
					• Regardless of flexibility, low financial literacy can challenge Club management.
					• More members may increase management challenges.

 = Beneficial

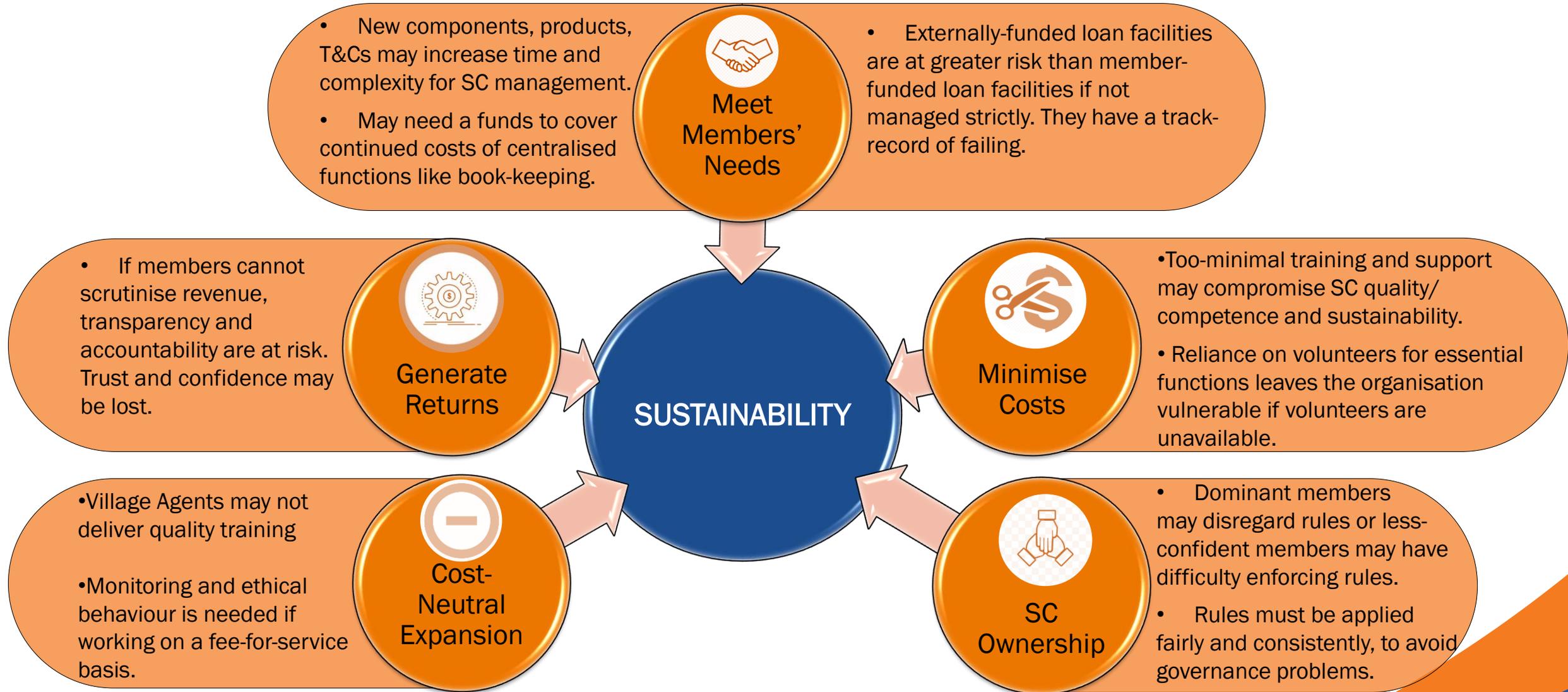
 = Neutral

 = Consider

Common Strategies for Sustainability in SI



Common Strategies for Sustainability in SI - Risks



Main findings

Analysis of global evidence, the Solomon Islands experience and primary research data does suggest that the main factors influencing the longer-term sustainability of the Solomon Islands SCs are likely to be:

Whether the model continues to suit the needs and preferences of both prospective and existing SC members;

Competent financial and administrative SC management; and

Good Saving Clubs governance.

Unrealistic expectations or ambitions by donors or facilitating organisations can also undermine SCs and result in unsustainability.

There is also a limit to what SCs can and should do because they operate on a voluntary basis



Recommendations for common actions - 1



Strengthening Savings Club Facilitation

- Create an informal SC Practitioners Network to share information, experiences and discuss best practice.



Improving SCs Financial Management and Governance

- Develop a set of good-practice commitments to ensure the SCs meet good financial management and governance standards.
- Explore opportunities to encourage fee-for-service audits and accounting services in rural areas.



Links to FSPs

- Use the available evidence-based guidance on facilitating linkages between SCs and FSPs



Changing Gendered Norms and Behaviours

- Encourage exchanges of experiences between SCs on use of community-wide gender awareness / transformative approaches

Recommendations for common actions - 2

Training and Access to Information and Support:

- CBSI may want to consider providing **financial support to ensure adequate initial training and periodic on-going support for SCs** in the immediate to medium-term.
- A **dedicated savings club information desk** should be created and tasked with providing information on SCs to the community. Possible locations for this SC information desk are within MWYCFAs or CBSI.
- SC facilitating organisations might establish a dedicated **telephone helpline for SC members**, with publicised hours of operation, to provide assistance and advice to SCs on operating procedures and governance issues.
- Simple **posters** explaining SC functions, roles and responsibilities funded by Solomon Islands Government, could be provided to SCs as a visible reminder for office-holders and ordinary members of SCs of good governance and accountability practices.
- Short **YouTube videos** may be a viable option for providing 'refresher' information on managing a SC, as mobile and internet technology is upgraded.



Q&A and Discussion