



SaveAct Resilience Study

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Jointly funded by:





About SaveAct Savings Groups

SaveAct empowers individuals and households to cultivate resilience through practical financial management, focusing on the twin pillars of household savings and lower indebtedness. These individuals and households are empowered through Savings Groups, which have gained recognition as a promising vehicle for enhancing financial resilience among their members.

SaveAct aims to break the cycle of poverty, empowering individuals and communities to play more active roles in economic and social development. Its approach aims at improving financial and food security and income generation in vulnerable communities to support resilience and sustainability amid crisis. This is done through working with communities to establish self-selected Savings Groups where members meet monthly to save and allocate loans from the capital fund of accumulated savings.

Savings Groups are community-driven financial associations that are instrumental in helping individuals and families improve their financial well-being, economic stability, and overall quality of life. They significantly improve livelihoods by providing access to financial services, promoting savings mobilisation, offering small loans for investment, building financial literacy, mitigating risks, fostering social capital, supporting asset accumulation, and diversifying income sources. Through these means, Savings Groups are transformative agents of positive change, helping individuals and communities thrive and achieve greater economic stability and well-being. Members of Savings Groups realise better health care as they can afford to pay for it, better education for their children, shelter and food security, and possibly invest in business ventures.

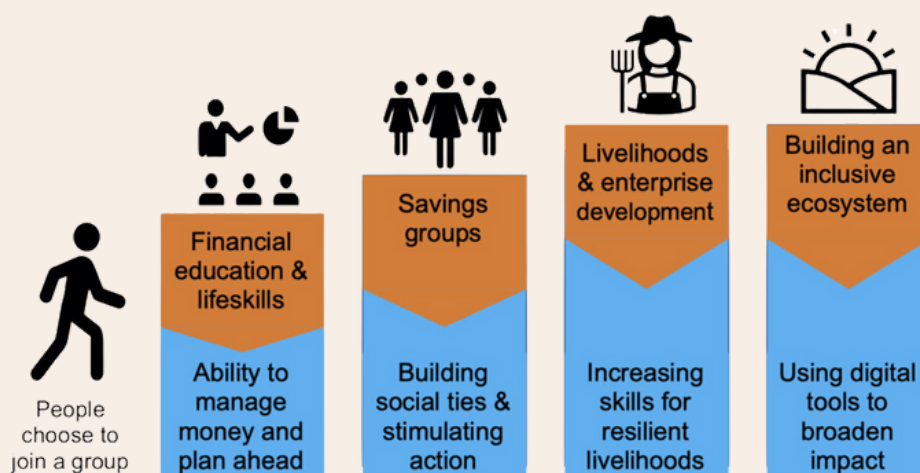


Image credit: SaveAct

Resilience Study

Savings Groups align closely with the principles of the just transition framework. This framework emphasises the need for equitable and inclusive economic transitions, particularly in the context of addressing climate change and shifting towards a more sustainable future. Savings Groups promote economic inclusivity by providing access to financial resources and knowledge for marginalised and vulnerable populations. By empowering individuals with tools to manage their finances and invest in income-generating activities, Savings Groups support a fairer transition that leaves no one behind.

Focus Group Discussions (FGDs) and interviews were held with members of three different types of Savings Groups in terms of success levels, including interviews with members of groups that have disbanded in Gauteng, KwaZulu Natal (KZN), and Eastern Cape (EC).

Success Level	Focus of the Focus Group Discussion
Successful	<ul style="list-style-type: none">Identifying key factors contributing to their success: Effective savings strategies, strong group dynamics, and the impact of financial literacy training, which contributed to their success.Their insights serve as best practices for other groups.
Less Successful	<ul style="list-style-type: none">Identifying factors that hindered their progress from success while highlighting areas where modest success had been achieved.This nuanced approach helps uncover both challenges and opportunities for improvement.
Groups with Challenges	<ul style="list-style-type: none">Challenges faced.By understanding these barriers, SaveAct can develop targeted interventions.

293 FGD participants in total of 33 FGDs (26 Rural Groups, 4 Urban Groups, 3 Peri-Urban Groups)

68 Individual Interviews (56 from Rural Groups, 9 from Urban Groups, 3 from Peri-Urban Groups)

Entrepreneurship & Income Generation

Successful and Less Successful **SaveAct** Savings Groups' members started a host of different businesses, including sewing, gardening, chicken rearing, daycares, beauticians, and tuck/spaza shops



Photo credit: Khulisa Management Services

Summary of Findings



Successful Groups

Success Factors	Learning Areas
More group members have their own business/money-generating ventures	Work towards independence
Followed SaveAct guidelines strictly	Diversify groups (include youth and elderly, urban and rural members etc.)
Adapted to COVID-19 by pivoting meeting and savings strategies	



Less Successful Groups

Success Factors	Learning Areas
Less group members have their own business/money-generating ventures	Work towards independence
Partially followed SaveAct guidelines	Find more income-generating activities
Adapted to COVID-19 by pivoting meeting and savings strategies	



Groups with Challenges

Challenge Factors	Learning Areas
No income-generating activities	Felt they needed more support
Failure to follow SaveAct guidelines, poor communication with SaveAct Field Officers, or over-dependence on SaveAct	Need a focus on income-generating activities and understand the importance of investments
Members struggling to pay back loans	

Summary of Findings

Key Resilience Elements



Recommendations for Savings Groups

Recommendations for the Savings Groups
Develop strategies to save money in a safe place and consider stokvel accounts.
Create loan screening procedures and stricter loan agreements. Implement more stringent loan conditions and affordability checks of members to negate defaults and non-repayments.
Improve communication between SaveAct field officers and members; members must ask for help, get guidance, and develop independence and resilience. SaveAct confirmed this is currently being done through WhatsApp groups.
Organise information-sharing sessions to share training information and learnings among the group members.
Assign peer monitoring and accountability partners within the group.
Improve record-keeping to track and manage loans and income.
Address barriers for youth to join and make the marketing approach more appealing. Include men in groups and discussions. This may require community sensitisation, awareness campaigns, and ensuring that the benefits and relevance of Savings Groups are communicated to men.
Connect to a broader network of organisations to increase market access for entrepreneurs within the group and to avoid overreliance on SaveAct.

The findings show that the Savings Groups have emerged as powerful forces contributing to resilience and the just transition framework. As the world faces many economic, environmental, and social sustainability challenges, Savings Groups offer some hope.

While this study provides evidence that the contribution of Savings Groups on resilience and just transition is strong, it is important to acknowledge the challenges they face. One such challenge is the limited participation of youth in these groups, and another is defaulting members who disappear with loans, as discussed by the groups. SaveAct confirms this is a rare occurrence and that 98% of loans are paid back, which is at a higher rate than formal credit repayments. It was however distinctly mentioned by several group members, hence emphasised in this research. Larger problems could stem from social cohesion and inter-personal issues within the group, as well as poorer training or lack of information retention. By encouraging greater diversity and inclusivity, the influence of these groups in driving positive change can be strengthened.