



Evaluation of UNDP COMPASIS Saving Groups as financial service providers



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By Abdoul Karim Coulibaly

Consultant

akcouli@gmail.com

Members of the research team

Jose Sylva, UNDP

Apolinario Guterres, UNDP

Driver: Gil Eanes Valadares, UNDP

Field officers in Ermera: Miguel Gomes Maia, Gil do Santos, UNDP

Field officers in Oecusse: Jose Cunha, Alfonso Taco Coa, UNDP

ACRONYMS

AA: Access Africa

BNCTL: Banco Nacional de Comercio Timor-Leste

COMPASIS: Community Mobilization for Poverty Alleviation and Social Inclusion in Service Delivery

DHS: Demographic and Health Survey

FAO: Food for Agriculture Organization

FAQ: Frequently Asked Questions

FGD: Focus Group Discussion

IGA: Income Generating Activities

INFUSE: Inclusive Finance for Under Served Economy

MIS: Management Information System

OCAP: Oecusse Community Activation Program

SAFI: Sustainable Access to Financial Services for Investment

SG: Saving Group

SHG: Self Help Group

SoL: Seed of Life

TL: Timor-Leste

UNDP: United Nations Development Program

UNFPA: United Nations Population Fund

WFP: World Food Program

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CONTENT

| | |
|--|----|
| INTRODUCTION | 4 |
| METHODOLOGY | 5 |
| Sampling | 5 |
| Description of the tools | 6 |
| Key Challenges and limitation of the study | 8 |
| COMPASIS APPROACH | 9 |
| Steps in group training..... | 9 |
| Analysis of the COMPASIS targeting system | 9 |
| WHO ARE THE SG MEMBERS? | 11 |
| OVERALL GROUPS' QUALITY..... | 12 |
| MIS data | 12 |
| SG alignment with key principles | 15 |
| Quality of the facilitation | 18 |
| SOCIO-ECONOMIC EMPOWERMENT OF SG MEMBERS..... | 19 |
| Impact of the financial literacy training..... | 19 |
| The linkage question | 20 |
| COMPASIS METHODOLOGY AS COMPARED WITH OTHERS | 21 |
| COMPASIS EFFICIENCY: COST ACQUISITION | 24 |
| CONCLUSION AND RECOMMENDATIONS..... | 28 |
| ANNEX..... | 32 |

LISTE OF TABLES

| | |
|--|----|
| Table 1: Sample size achieved in each district by type of interview..... | 8 |
| Table 2: Socio-demographic characteristics of SG members | 11 |
| Table 3: SG performance against key ratios in Ermera and Oecusse | 13 |
| Table 4: SG performance against key ratios in Ermera..... | 14 |
| Table 5: SG performance against key ratios in Oecusse..... | 15 |
| Table 6: SG alignment score | 16 |
| Table 7: Comparison of UNDP and Seed of Life groups' performance against MIS ratios and Principal Score | 21 |
| Table 8: Comparison of different SG methodologies..... | 23 |
| Table 9: Number of groups, VA and caseload during different period of the year in a 2-years VSLA program | 26 |
| Table 10: Cost estimation of SG implementation in TL based on different assumptions on a 2 year project | 27 |

INTRODUCTION

Saving Groups (SG) are formed by a group of people (about 15-30) self-selected who get together for regular saving and lending activities with no external funding. SGs are seen as an opportunity to provide access to financial services to poor and rural communities who are generally excluded from formal banking systems. In Timor Leste, a country which is just recovering from a decade of civil war, it is estimated that more than 87%¹ of the population are excluded from the formal banking system. To address the need of the rural population in Oecusse district, UNDP in Timor Leste initiated its first SG through the Oecusse Community Activation Program (OCAP 2005-2009). With the promising results of OCAP, UNDP decided to expand the SG methodology to Ermera district through the Community Mobilization for Poverty Alleviation and Social Inclusion in Service Delivery project (COMPASIS 2010-2013).

The COMPASIS project seeks to protect extremely poor households (with a major focus on women farmers, widows, unemployed youth, returning IDPs, children, and food insecure people) against threats of civil strife, poverty, hunger, poor health, illiteracy and social exclusion so that they are empowered to realize their fundamental rights and full human potential, in the districts of Ermera and Oecusse. COMPASIS uses proven approaches of community mobilisation and social inclusion to both *a) reduce extreme poverty and improve income generation and food security among vulnerable groups through community mobilization, agro-based micro-enterprises, skills training and post-training support; and b) promote social inclusion in the service delivery system through the education and participation of school children; community awareness of maternal and child health; and capacity of service providers in planning and executing community-based water, sanitation and primary health/hygiene schemes.*

While a global evaluation of COMPASIS was already conducted, this study is more specific to the SG component of COMPASIS. The objective of the study is to: **a) analyze the effectiveness of the SG intervention for the provision of financial services and ingraining basic financial competencies within its members with the support of financial literacy, and b) to conduct a scoping exercise providing recommendations to orient its implementation on a sustainable basis.** The evaluation activities were conducted from 14 November to 7 December in 2 of the COMPASIS program implementation districts: Ermera and Oecusse.

In the following pages we will be presenting the findings from the study. The document is structured as follows:

1. We will present the methodology of the study in the next section through which the reader will get familiarised with some of the concepts and tools used during the assessment;
2. Next, understanding the COMPASIS approach in implementing SG is critical in order to contextualise some of the findings;
3. SG quality which is a core element of this report will be covered just after;
4. Impact of SG, while not emphasised on the scope of work, will be covered as well as the impact of financial literacy and linkage of SG to the formal banking system;
5. UNDP approach as compared to other SG implementers in Timor Leste will be covered as the last topic of the assessment;
6. After a brief synthesis on the finding we will make some recommendations for the UNDP to shape the future of SG in Timor Leste.

¹ Chaia A, Dalal A, Goland T, Gonzalez MJ, Morduch J, Schiff R [2009]. **Half of the World is unbanked.** Financial Access Initiative Framing note, 17pp.

METHODOLOGY

The methodology is based on a combination of quantitative and qualitative approaches. The validity of qualitative data depends on the ability to triangulate the findings (confirming the finding by using multiple methods or interviewing different people). While the SG was the core for our interviews, we have also met with the project staff, the non-members, formal group members and the Banco Nacional de Comercio Timor-Leste (BNCTL) bank branch manager in Ermera. Different interview methods were used: Focus Group Discussions (FGD), Individual Interviews, Groups' Procedures Observation and Management Information System (MIS) data to capture group financial performance.

Sampling

The sample size was determined based on the time allocated for the evaluation. In total, the Terms of Reference gave 20 days to complete the entire evaluation exercise. Therefore a total of 10 days were allocated for the field visits, 5 days in each district. In each district, the first day was used as an orientation day for the Field Officers (FO) to assist with the research. In addition, in both districts the FO have been interviewed about their role in the program, the program operation and implementation approach, the challenges they faced and their recommendations for the next phases. Given the interest of UNDP for bank linkage, we have met the BNCTL Ermera branch manager to assess its interest and vision for the linkage with SGs.

In average we have been able to interview 3 SG per day, the time was just enough, particularly regarding the distance between groups as well as the rough road conditions in Ermera. In Oecusse, the distance was not a big challenge, and most groups we have met were in close proximity to each other. A total of 8 active groups have been successfully interviewed in both districts. The initial idea was to meet the groups during their regular saving days so as to observe the saving and loan procedures. Nevertheless, we have not been able to follow strictly this rule given the limited time; only 4 groups were observed throughout their procedures (2 in each district).

In addition to meeting the active groups, we have also interviewed 2 dissolved groups in each district. The interview with dissolved groups aimed at understanding the reason why these groups have stopped their activities, thus guiding sustainability of the UNDP SG methodology.

The non-members of SG can provide us with lots of information, particularly on reasons why they are not joining the groups and how they perceive the groups. This will provide different perspectives in triangulating the findings from the group interview. We have been able to talk with about 3 non-members in Oecusse.

Groups were selected purposively, based on their meeting date, and whether or not they have received financial literacy training. Distance and time factors were also considered during group selection. The selection was done by the COMPASIS program staff involving the FO.

In order to compare the performance of COMPASIS groups with that of other SG implementers in Timor Leste, we visited 2 groups of Seed of Life. The MIS and SG principle tools were used during the assessment. In addition we had a discussion with CARE and OXFAM staff in Dili regarding their SG approach.

Description of the tools²

SG MIS system

The SG implementers worldwide are using a common SG Portfolio Tracking System (MIS). The MIS is provided as a template, built on an Excel platform. The software was designed by Hugh Allen and Chuck Waterfield, with significant input from the SEEP network SG working group (including CARE, OXFAM, PLAN International, CRS, etc.). The MIS is an excel-based tool that allows programs to track and manage individual Field Officers (FO) Portfolios. It provides performance ratios for the FO and the overall program. This allows for it to be used as an efficient project management tool at the same time providing the information on programs for reporting. The MIS allows for the collection of snapshot data on SG which are computed to obtain key performance ratios:

- Members' satisfaction: % of members attending the group meeting, membership growth rate, drop-out rate
- Financial performance: saving per member to date, annualised saving per member, portfolio at risk, loan loss ratio, annualised return on saving
- Group operating efficiency: fund utilization rate, % of members with active loan
- Implementing organization operating efficiency: cost per member, case load: group per field agents

The MIS is a powerful tool in providing insight on groups' performance. The data target 24 field are easily collected during group regular meetings. We have been able to collect MIS data on a total of 15 groups (7 in Ermera and 8 in Oecusse) in addition with 2 groups from Seed of Life in Oecusse. Since data were not always collected during the group's regular meetings, we had to derive some of the information from the groups' records (passbooks and ledgers).

SG alignment with key SG principles

We have adapted the CARE Access Africa program³ SG principle in assessing UNDP SG against some key principles of transparency, loan practice, leadership and quality of record keeping system. For each of these principles, we looked at the following sub-components:

a. Transparency

- The Group held regular meetings as per their regulations
- The Group have a secure container to keep its cash (cashbox)
- The cash box is never open out of group meetings so that members can witness transactions
- Existence of bylaws: the group have internal rules
- Respect of bylaws: the group applies the rules strictly
- Knowledge of the bylaws by the members: members are able to give the content of the rules
- Regular share-out of group funds: group shares entire or part of the fund on periodic basis

² The tools used during the evaluation are available in the annex 2.

³ Access Africa is a CARE signature program to scale the SG to 30 million beneficiaries over the next decade in Africa. The program starts in 2008 and has reached so far more than 3 million beneficiaries for SG, which makes CARE a leader in the SG industries having the biggest outreach to date.

b. Saving and Loan practice:

- Not receive external funding: the group operates on its own fund without any external fund
- Fair access to loan by members: members of the group have the ability to fairly access the loan
- No lending to non-members
- Existence of social fund

c. Quality of Leadership

- Group leaders are elected democratically
- There is a provision in the bylaw of the group to renew leadership on a periodic basis
- Women in leadership position (for mixed groups): at least one leadership position is occupied by women
- Members are involved in decision making on deciding share value, bylaws, etc.

d. Quality of group record keeping system

- Existence of record keeping system
- Record keeping documents are updated
- Knowledge of the total group fund, saving and loan amount by the members

Each of these sub-components is rated between 0 and 1. A group will be scored as follows:

- Score 1 if it complies with the component;
- Score 0.5 if it complies partially with the component;
- Score 0 if it does not comply at all.

Thereafter for each key principle a percentage score is calculated. To summarise the information per district and for the total, the average score is calculated for each sub-component and key principle.

Focus Group discussion

The FGDs were essentially conducted with SG members to assess their satisfaction with the methodology, the change it has contributed to their life, perception on linkage, impact of financial literacy, satisfaction with the facilitation, the challenges they are facing and recommendations they have for the project. For the dissolved groups, the same topics were covered, with an emphasis on the reason for group breaking.

Individual interviews

Individual interviews have been conducted with:

- Group members who have abandoned the group, to get their perspective and experience on group functionality;
- Non-members of SG, to better understand the reason why they are not members and how they perceive the groups;
- Field Officers, to better investigate the process of group formation and operation, their knowledge of the methodology, the support provided to the groups from project management;
- BNCTL Bank branch manager in Ermera district to understand about potential for linking the groups with the bank, the conditions and the type of financial products they can offer to the group.

Initially we had planned to meet with local leaders in both districts to better understand their involvement on the process and triangulate the findings from the groups' perspective. This has not been possible for the following reasons: a) in Ermera the local leaders were already part of most groups we have met, b) in Oecusse, they were not always available during the visit time, c) time constraint.

Group members profiling

The group member profiling, is a simple tool to establish the groups' member socio-demographic characteristics. A simple table used during plenary meeting with the group will capture for each group member the following information: gender, age, marital status, literacy level, main occupation, if or not the member conducts an IGA, the access of members to loan.

Table 1: Sample size achieved in each district by type of interview

| Tools | District | | Total |
|----------------------|----------|---------|-------|
| | Ermera | Oecusse | |
| MIS | 7 | 8 | 15 |
| SG Principle | 7 | 6 | 13 |
| Member profiling | 7 | 8 | 15 |
| FGD active groups | 8 | 8 | 16 |
| FGD dissolved groups | 2 | 2 | 4 |
| BNCTL | 1 | 0 | 1 |
| Field Officers | 1 | 2 | 3 |
| Non-members | 0 | 3 | 3 |

Key Challenges and limitation of the study

During the study we faced the following challenges:

Translation: the interview was sometimes conducted in Tetum, sometimes in other local dialects in Ermera and Oecusse. The FO help with the translation from local dialect to Tetum, and the Tetum to English translations were done either by Jose Sylva or Apolinario Guterres. Such double translation added to the time of the study, with potential loss with each translation due to the translator/interpretation.

The non-random selection of groups: given the purposive selection of the groups we visited, the sample is not considered to be representative of the COMPASIS intervention. It is obvious that in Oecusse we visited essentially women groups (more than 99% of the members were female) while from COMPASIS records about 40% of members in Oecusse are male. In Ermera the background data of groups tends to be similar to the data in the project population records.

The presence of FO during field visits could influence the groups, particularly on the question regarding the support they have received from the FO. But given the challenge of translation and localisation of the group, alternative options were limited. Nevertheless, we do not expect this to be damaging to the study results given the different triangulation of methods we used (MIS, SG alignment and FGD).

Now that we are informed about the assessment methodology, in the following section we will learn more about the COMPASIS approach in forming SG.

COMPASIS APPROACH

COMPASIS was based on an integrated approach between different UN agencies to provide a set of services to the groups. While UNDP was overseeing the SG formation and training on the methodology, FAO provided agricultural support in the form of seeds for the kitchen garden and animal husbandry, ILO provided business training, UNICEF provided sensitization on hygiene and sanitation and supported the production of latrines as well as literacy classes, WFP provided food for work assistance and finally UNFPA focused on reproductive health. The set of interventions was aimed at providing the groups with basic services to satisfy their livelihood condition. Not all the groups benefited from these different interventions. While the methodology was new in Ermera, in Oecusse the program built on experience from OCAP. Indeed, the majority of the groups we met in Oecusse were formed during OCAP time.

Steps in group training

The project used the MYRADA approach⁴ in forming and training the SG. The following steps were used:

- Information of the local leaders (chief SUCO and Chief ALDEIA), the information is provided by the field officer, which allows them to understand the concept and be supportive of the process;
- The community leaders receive a 10-day training course on the MYRADA approach;
- The local leaders inform the population about the approach; at this stage the FO is not involved;
- Potential groups are formed based on minimum number of members (10 requested by COMPASIS)
- Socialisation process: the project lets the group operate in order to assess the viability and interest of the members before deciding to support the groups. All the 6 UN agency performed the socialization;
- Training of groups: once the project finds that groups have the potential to become an SG, the training can start. This is done by insuring that the group has leaders who meet regularly, etc. The training is essentially on: by-laws, book keeping, regulations, etc. Some leaders of the groups were selected before the training, but some were decided upon after the training. The training, which lasts for 3 days, is provided to all group members;
- Periodic monitoring by the FO essentially looking at group record keeping and how the group operates, but with no clear guidelines;
- After 6 months of implementation, the district manager will conduct an evaluation visit to assess group functionality. Refresher training is conducted for the group showing low performance to address key performance issues.

Analysis of the COMPASIS targeting system

In Ermera

The groups are targeted through the local leaders (chief SUCO chief ALDEIA), these local leaders are an interface between the project and the communities. While it is important to involve them in the

⁴ A detailed description of the MYRADA Self Help Group formation can be found at: myrada.org/myrada/rms22

process, their presence tends to be too intimidating for the groups. In most groups we have visited in Ermera, the leadership is held by the local leaders, either the chief SUCO or the chief Aldeia or the one who brings the group together. They are sometime referred to as “chief of group”, which again tends to emphasize a strong power of the leader. Leadership is weakened by the fact that the project gives, through the socialisation process, a time for the group to get organised. There is no strong emphasis on the quality of a leader and facilitation for the group to think and choose their leader on a democratic basis.

Apparently most groups are expecting to receive something from the project. They seem to have been created to satisfy the project’s needs and not the members’ needs. When what they are expecting to receive is not satisfied, they decide to break the group up. In one broken group we have visited a women said this: *“if you take the responsibility to reactivate our group you should support us...”*. In one other group, the members were expecting to receive latrines from UNICEF, since UNICEF’s promise was not kept, they then decided to stop meeting on a regular basis. We are therefore not sure if anything were promised to them at the initial stage.

Looking at the targeting process, the most vulnerable people seem to have been somehow excluded. This is supported by the average saving per members (\$75 in 2 years), which gives an average of 75 cents of saving on a weekly basis per member.

In Oecusse

The same approach to involve local leaders in the process is used in Oecusse. Nevertheless, the targeting seems to have been more effective. In Oecusse the approach appears more attractive to relatively poor and vulnerable people. When we asked the SG members in Oecusse about whom the non-members are and why they are not in SG; most replies were *“They are relatively richer than the SG members, the little amount that we save is not attractive to them”*. In addition looking at the average weekly saving per members in Oecusse, it tends to be relatively low compared to the one in Ermera (cf. MIS data). The majority of groups in Oecusse seems to have been already in place before COMPASIS. *“In Oecusse District after COMPASIS socialization campaign, 30 SHGs from previous OCAP project were identified as interested in continuing under COMPASIS project period. Other groups, many of them created from previous group members, started as new groups. It has been identified that those groups restructured after a period of internal crisis, are later more stable and committed since they have learnt from previous experience and even then they have decided to continue together”* (Oecusse SG brief note August 2012). Nevertheless, this leads us to the question regarding the efficiency of project intervention, since we are training the same members over and over again and limiting our potential to scale the approach to reach more people.

Are we deliberately targeting women, men, youth or vulnerable people? This is not very explicit in the project approach. In both cases there is no deliberate targeting mechanism from the project as long as the requested number of members is reached. Such lack of emphasis could have led to an elite capture in Ermera. In addition, the emphasis on reaching the minimum number of people, without deliberately sensitizing the group on cohesion and quality of a member, had already led some of the groups to collapse. In Oecusse, one group went from 15 members to 6 members. They have been obliged to dissolve the group because some members, when given the loan did not pay back. Some of these persons had already demonstrated such behaviour in the community, so group members knew about it, but nevertheless accepted to be in the same group in order to meet requested number of members set by the project.

In the next section we will have more details on who joined an SG as a result of the COMPASIS approach.

WHO ARE THE SG MEMBERS?

In this section we are trying to understand who the SG members are by providing some background information on members’ characteristics. This will help understand to what extent vulnerable members are targeted or not for SG. Through the member profiling tool we have collected some socio-demographic characteristics of the SG members in both Ermera and Oecusse. The data are presented in the following table.

Table 2: Socio-demographic characteristics of SG members

| | | Ermera | Oecusse | Total |
|----------------------------------|-----------------|--------|---------|-------|
| % of female | Survey | 50.0% | 96.2% | 66.7% |
| | Project records | 49.8% | 53.1% | 51.7% |
| % literate | Survey | 41.4% | 34.2% | 38.8% |
| | Project records | 32.0% | 25.8% | 28.5% |
| From the survey | | | | |
| Average age (year) | | 40.3 | 35.3 | 38.8 |
| % who have never accessed a loan | | 27.4% | 2.5% | 17.7% |
| Engaged in IGA | | 44.7% | 75.3% | 56.5% |

Source: SG Members profiling data & Project records

SG members in Oecusse are relatively younger than Ermera (35 years against 40 years). Overall, the majority of SG members are women (69%). In Oecusse, the quasi-totality of SG members from the groups we visited are women (99%) compared to Ermera where about less than half of the members are females (45%). Since the groups we visited were not selected on a random basis, this is not representative of the project real outreach in terms of gender. Majority of SG have accessed the loan at least once (only 18% of members have never accessed a loan).

Loan access is much better in Oecusse compared with Ermera. While in Ermera, more than one quarter (27%) of the members has never accessed a loan, the proportion is only 3% in Oecusse. This could be explained by the experience and age of SG in Oecusse, most of them were initiated under OCAP. In fact these groups went through more years of operation than the ones in Ermera to insure access of the majority of their members to a loan. But it could also be associated with the fact that members in Oecusse tend to be more business oriented than the ones in Ermera; since Oecusse members tend to be more engaged in Income Generating Activities compared with Ermera (75% against 45%).

Looking at literacy, the SG members are less literate compared with the average Timorese. In fact, slightly less than half of the SG members are literate (39%), while about 58% of the total population in Timor is literate (UNICEF 2007-2011). Members in Ermera are generally more literate (41%) compared to Oecusse (34%). Both members in Ermera and Oecusse are less literate compared to the average population of their respective districts (according to the DHS, on average 54% of the population in Oecusse and Ermera are literate). Through these data we can therefore support the following assumptions:

- Both SG members in Oecusse and Ermera are averagely poor compared with the average population of their district

- SG members in Oecusse tend to be relatively poor compared with the ones in Ermera

These assumptions are also supported by the TL Demographic and Health Survey (DHS) which demonstrates a strong correlation between literacy and wealth (cf. DHS 2009-2010). In addition, the weekly saving amount in each district could be an indication of relative vulnerability of members in Oecusse compared with Ermera. Most groups we met in Ermera save between \$1 -\$1.5 as their weekly saving, while in Oecusse, most groups' weekly saving varies from \$0.25 to \$0.75. The fact that groups in Ermera were essentially dominated by the local leaders (chief Aldeia, chief Suco) is an additional indication to support our assumption.

To the question who are the non-members, the SG members in Oecusse reply, *“they are either the richest people, because the amount we save is too small for them”*, some reply, that there are also people who do not have the possibility to save on a weekly basis. Therefore the SG would reach a group of people who are a middle class between the richest and the very poor who cannot provide any money at all for saving.

OVERALL GROUPS' QUALITY

During the field visit, the SG quality has been assessed using the MIS and SG principle too. In this section we will be presenting the finding from this survey. The reader is invited to refer to the methodological section to have an overview of these tools.

MIS data

The following table present the MIS data of SGs in Ermera and Oecusse.

On average the groups are 2 and a half years old, which fits with COMPASIS' period of intervention. Not surprisingly, groups in Oecusse are older than groups in Ermera (respectively 160 weeks against 97 weeks), in fact most of Oecusse groups have been formed since the OCAP project time.

The member satisfaction ratio is a proxy for members' satisfaction with the SG methodology. It is assumed that if members are not satisfied, the dropout rate would be higher and the membership growth rate would normally be reduced since no new members would be joining the group. We note a slightly better retention in Ermera (89%) compared to Oecusse (86%). In Ermera the 0% membership growth rate tells us that despite the fact that some members are leaving the groups, they are always replaced with newcomers. In Oecusse, the negative growth rate (-7%) tells us that groups are losing members and the loss of members is not compensated by new members coming to join the group.

The financial performance ratios give the financial history of the groups. Globally groups are on average making a profit, but the profit is almost 5 times higher in Oecusse compared with Ermera. The annualised profit per member tells us how much profit a member in an SG is more likely to make in one year. COMPASIS group members make an average of \$10 per year as profit. Group members in Oecusse make 4 times more profit than group members in Ermera (respectively \$16 and \$4). Over a period of one year a COMPASIS SG generates 16% of return on its saving. It is important to mention that the SG profit comes essentially from interest rate on loan to members. The return on saving is about 6 times higher in Oecusse compared with Ermera. Both groups are charging on average the same interest rate on loans (varying between 2.5% to 10% per month). Given such interest rate, the profit should be much higher than what we observe. This could imply that groups in Ermera are losing some funds.

Members in Ermera save in general more compared with members in Oecusse. During the field visit, we noticed that the SG apply a uniform saving approach. The same amount is saved by each member every week. Such approach could limit the extent to which a member can save. The group vary their saving amount depending on the season. The weekly saving amount was in general relatively higher in Ermera (ranging from \$1 to \$2) compared with Oecusse (ranging from \$0.25 to \$0.5).

Table 3: SG performance against key ratios in Ermera and Oecusse

| | TOTAL | Ermera | Oecusse |
|--------------------------------------|--------------|---------------|----------------|
| Background data | | | |
| Total members | 213 | 119 | 94 |
| % of women | 69% | 45% | 99% |
| Average age of groups in weeks | 131 | 97 | 160 |
| Member satisfaction ratios | | | |
| Retention rate | 88% | 89% | 86% |
| Membership growth rate | -3% | 0% | -7% |
| Financial performance | | | |
| Profit/Loss to date (per group) | \$356 | \$116 | \$567 |
| Annualised profit per member | \$10 | \$4 | \$16 |
| Annualised return on saving | 16% | 5% | 29% |
| Average saving per member to date | \$64 | \$72 | \$54 |
| Average annualised saving per member | \$26 | \$38 | \$18 |
| Average outstanding loan size | \$91 | \$80 | \$98 |
| % of portfolio at risk | 20% | 42% | 8% |
| Operating efficiency | | | |
| % of members with loan outstanding | 60% | 44% | 80% |
| Loan fund utilization rate | 63% | 48% | 77% |

Source: Field data collection

The portfolio at risk (PAR) gives us an indication of the quality of the group loan portfolio. In microfinance institutions, 5% is considered to be the standard to assess the quality of a PAR. If the PAR is more than 5% this could be a real issue regarding the quality of the portfolio. For SG there is flexibility in the repayment of the loan. Nevertheless this indicator gives us a certain indication regarding the quality of the group loan process. Among the groups visited, some told us that they do not have a specific term for the loan. If a member takes a loan out he/she is not bound to pay it back before a certain period. For such groups the PAR will always be 0%. About 20% of the active loans are delayed (cf. table). It is essentially in Ermera that there are more issues regarding loan delay compared with Oecusse. In Ermera about half (40%) of the active loan were delayed to be paid, compared with only 8% in Oecusse. It is important to mention that delaying loans has led many groups to dissolve. In addition, in Ermera the loan given to a member is generally always less than his/her total saving. Such approach, while reducing risk from a group perspective, could not be an incentive for the member since he/she would have expected to finance his/her loan based not only on his/her own potential, but on the support from a group.

The operating efficiency ratios tell us about groups' efficiency and fairness in disbursing loans to members. Two ratios are used for this purpose: *the % of members with active loans* and the *fund*

utilization rate. One way to assess the data is to compare the 2 indicators. When there are few members accessing loans and a high fund utilization rate, this could indicate either non-fairness in disbursing loans to members, since only few members access a loan. Another way at interpreting the data is to look at the fund utilization rate. The interest rate from loans to members is what constitutes the SG essential profit. On average COMPASIS SG are using slightly more than half of their fund (63%). There is a clear difference between Oecusse where groups are using more than 77% of their fund compared with Ermera groups using less than half of the available fund (48%). Globally, loans in Ermera seem to be essentially used for basic consumption needs while in Oecusse there is more productive use of loans in business activities (project records).

Looking at the detailed situation in each district (tables 4 and 5), it appears clear that in Ermera we have groups with a negative profit (Lorikidian and Mota Bandeira). These 2 groups are visibly losing some cash. The other groups even if they are making some profit are much below the level of profit a group with the same interest rate would have made. Ermera is also characterised by a low fund utilization rate. The background data seen previously have demonstrated that members in Ermera are less business oriented as compared to the members in Oecusse. In Ermera the amount of loan is also limited by the total saving of the member, which contributes to a low fund utilisation. In addition, members don't feel the need to take out a loan, since they will have to pay back with interest.

Table 4: SG performance against key ratios in Ermera

| | Ermera | Groups | | | | | | |
|--------------------------------------|--------|--------|---------|------------|---------------|------------|----------|----------|
| | | Diak | Merigua | Lorikidian | Mota Bandeira | Foimambamu | Sigalebo | Hoksolok |
| Background data | | | | | | | | |
| Total members | 119 | 21 | 15 | 15 | 19 | 23 | 14 | 12 |
| % of women | 45% | 67% | 0% | 60% | 0% | 70% | 21% | 92% |
| Average age of groups in week | 97 | 105 | 87 | 117 | 77 | 128 | 49 | 117 |
| Member satisfaction ratios | | | | | | | | |
| Retention rate | 89% | 88% | 100% | 75% | 100% | 100% | 100% | 67% |
| Membership growth rate | 0% | 0% | 0% | -25% | 0% | 92% | 0% | -33% |
| Financial performance | | | | | | | | |
| Profit/Loss | \$116 | \$145 | \$228 | -\$167 | -\$5 | \$460 | \$25 | \$124 |
| Annualised profit per member | \$4 | \$3 | \$9 | -\$5 | \$0 | \$8 | \$2 | \$5 |
| Annualised return on saving | 5% | 3% | 7% | -10% | -1% | 8% | 6% | 20% |
| Average saving per member to date | \$72 | \$108 | \$126 | \$48 | \$29 | \$102 | \$33 | \$23 |
| Average annualised saving per member | \$38 | \$53 | \$75 | \$21 | \$20 | \$42 | \$35 | \$10 |
| Average outstanding loan size | \$80 | \$61 | \$82 | \$100 | \$60 | \$110 | \$20 | \$125 |
| % of portfolio at risk | 42% | 14% | 0% | 100% | 67% | 100% | 100% | 0% |
| Operating efficiency | | | | | | | | |
| % of members with loan outstanding | 44% | 81% | 87% | 33% | 26% | 35% | 7% | 25% |
| Loan fund utilization rate | 48% | 45% | 51% | 91% | 55% | 36% | 5% | 93% |

(*) Diak group has a write off of \$X due to fund taken by a formal FO

In Oecusse, as seen previously groups appear to perform much better than in Ermera. The majority of groups are making a reasonable profit. We still have a few groups that are below the normal range of expected profit: Bifel Bitoma (4%), Tanesheb (3%) and Bitisi (0%). All these groups belong to the same field officer, at the opposite end of the scale the groups with the highest profit belong to a different FO. Could these be associated with the difference in communication, approach, support provided by each FO to the group? This is more likely.

Table 5: SG performance against key ratios in Oecusse

| | Oecusse | Bifel Bitoma | Tanesheb | Kiu Ana | Bileu | Buka Moris | Tmointabua | Biticia | Maes Ana |
|--------------------------------------|---------|--------------|----------|---------|--------|------------|------------|---------|---------------------|
| Background data | | | | | | | | | |
| Total members | 94 | 11 | 14 | 13 | 10 | 10 | 6 | 15 | 15 |
| % of women | 99% | 100% | 100% | 100% | 100% | 100% | 83% | 100% | 100% |
| Average age of groups in week | 160 | 434 | 142 | 25 | 144 | 61 | 48 | 276 | 148 |
| Member satisfaction ratios | | | | | | | | | |
| Retention rate | 86% | 73% | 93% | 100% | 67% | 67% | 100% | 100% | 100% |
| Membership growth rate | -7% | -27% | -7% | 0% | -33% | -33% | 0% | 25% | 50% |
| Financial performance | | | | | | | | | |
| Profit/Loss | \$567 | \$684 | \$41 | \$99 | \$1289 | \$334 | \$82 | \$18 | \$1988 |
| Annualised profit per member | \$16 | \$7 | \$1 | \$16 | \$47 | \$29 | \$15 | \$0 | \$47 |
| Annualised return on saving | 29% | 4% | 3% | 67% | 140% | 50% | 111% | 0% | 316% ^(*) |
| Average saving per member to date | \$54 | \$170 | \$36 | \$23 | \$33 | \$57 | \$14 | \$82 | \$15 |
| Average annualised saving per member | \$18 | \$20 | \$13 | \$48 | \$12 | \$49 | \$15 | \$16 | \$5 |
| Average outstanding loan size | \$98 | \$225 | \$46 | \$38 | \$161 | \$89 | \$27 | \$171 | \$60 |
| % of portfolio at risk | 8% | 11% | 0% | 0% | 0% | 0% | 0% | 33% | 0% |
| Operating efficiency | | | | | | | | | |
| % of members with loan outstanding | 80% | 73% | 79% | 69% | 100% | 100% | 100% | 47% | 93% |
| Loan fund utilization rate | 77% | 73% | 92% | 85% | 99% | 98% | 98% | 96% | 38% |

(*) This exceptionally high profit is not essentially derived from the interest rate on loan. Members engaged in other forms of group activities: e.g. social work, school feeding, which generates revenue for the group.

In the following section we shall look at SG alignment with key principles. This will help us have more insight on these findings and to better understand the factors that led groups in Oecusse to demonstrate a strong financial record as compared with those in Ermera.

SG alignment with key principles

In this section we are presenting the findings from the SG alignments with key principles. The following table capture the results of the survey in Ermera and Oecusse districts⁵.

⁵ Please refer to the methodological section to better understand how the scores were computed. The detailed score per group is presented in Annex 1.

Table 6: SG alignment score

| | Ermera | Oecusse |
|---|---------------|----------------|
| Transparency | 28% | 62% |
| Regular meeting | 0.3 | 0.9 |
| Cash box never open out of meetings | 0.0 | 0.7 |
| Existence of by-law | 1.0 | 1.0 |
| Respect of the by-law | 0.2 | 0.7 |
| Knowledge of the by-law | 0.4 | 0.6 |
| Secure Fund: use of secure container | 0.0 | 0.1 |
| Regular share out of group funds | 0.0 | 0.4 |
| Loan practice | 57% | 58% |
| Group has not received external funding | 1.0 | 1.0 |
| Members access to loan: fair | 0.7 | 1.0 |
| No lending to non-members | 0.6 | 0.3 |
| Existence of social fund | 0.0 | 0.0 |
| Quality of the leadership | 46% | 83% |
| Leaders elected democratically | 0.6 | 0.8 |
| Provision in the by-law to renew leadership | 0.0 | 0.5 |
| Women leadership | 0.3 | 1.0 |
| Member involved in decision: of share value, group rules, ... | 1.0 | 1.0 |
| Quality of the record keeping | 51% | 78% |
| Existence of record keeping system | 1.0 | 1.0 |
| Knowledge of the: total group fund, saving and loan amount by the members | 0.3 | 0.7 |
| Record keeping updated | 0.1 | 0.6 |

Source: Field data collection

The table confirms what we have highlighted in the previous section that Oecusse groups perform better when compared with Ermera ones. In Ermera, Transparency and Quality of the leadership remain the main challenges. We are looking more specifically at the situation in each district through the following lines.

In Ermera

On a positive note, most groups are implementing the saving activity on a regular basis, despite some disruption that we will explain later. They have lent the money of their members and money has been paid back with interest. They have defined rules and regulations to regulate group activity and fines in case people do not respect the rules. To date members have saved an average amount of \$72, which demonstrates a certain level of interest with group activity. 6 groups out of the 8 active groups we have visited said that they will continue their saving activity even if the project phased out. This again demonstrates a particular interest with the methodology. In one of the groups a women said: *“some of the community members are getting loans from Moris Rasik, but we think we are better than them since they have to pay on a weekly basis, while in our case we are a bit flexible”*. All the groups have a record keeping system ledger and passbook that should normally allow tracking financial records.

Nevertheless the documents are not always updated. The reconciliation between what is recorded in the passbook and in the ledger; essentially on the loan never match. Record keeping tends to be a real challenge for the groups. There are lot of books to keep and update, which can be a burden for the

secretary. In one of the groups visited the president said that he relied on his son for record keeping, most of the group transactions were not recorded because the son was not present. Illiteracy tends to be an issue for some members, nevertheless about 43% of group members are literate, which should normally not be a big issue since there were at least one literate person in each group visited. In addition, Members are not aware of the money they have saved in the group, they are not aware of the amount of the loan they have taken out: worse, they do not know the total amount they have in the cash box. This strongly exposes the group to be dependent on the treasurer and the group president. It is possible that members are not aware of the profit made by the group.

Transparency remains a critical issue for the groups. None of the groups visited have a secure container and are taking action to make sure their money is safe. In most cases the money remains with either the president or the secretary. The cash is generally not brought to the meeting and there is no mechanism for members to know how much cash is available in the group. This is a real threat to group cohesion. In one of the women groups visited, the president opened an account in the Moris Rasik financial institution with group money under her own name. She did it with good intentions, not being aware of the potential risks this could represent. While all groups have defined rules they are not always sticking to the rule. For instance, despite their rules not allowing to lend to non-members they are nevertheless cases of 2 groups who provided loans to non-members.

The quality of the leadership is also a challenge for groups in Ermera. Most of the groups are dominated by the local leaders (chief Suco, chief Aldeia). In addition, while about half of the groups declared to have elected their leaders, there is no provision in the groups' rules to renew leadership on a periodic basis. The chairperson therefore remains very powerful, sometime referred to as "*chief of the group*". In one case the group meeting was suspended for more than 2 months due to the absence of the chairperson: "*I was absent for 2 months in Dili, the reason why there was no group meeting during this period*" Chairperson of a group in Ermera.

Mixed groups are male dominated. In these groups even if most of the members are women, the entire leadership committee is led by a male: "*women are too busy caring for kids, they are not able to manage the fund*" A male group member.

In Oecusse

In Oecusse, despite some challenges the groups appear to be much more organised than the picture we experienced in Ermera. While the security of the cash remains the main concern, most groups are making a good return on their investment. With an average score of transparency of 62%, the main challenge remains on the use of a secure container to keep group funds. Some groups have taken steps to secure their fund: a) through rotation, b) through regularly counting the cash during meetings, c) one group even built their own cashbox. It is also important to mention that given the high fund utilization (average of 77%) little cash remains in the box, which again reduces the risk of cash loss by the money keeper. Only 2 groups out of the 7 visited have a clear plan to share out their fund. Share-out increases member confidence and represents an opportunity for groups to conduct an audit for the year. Most groups said that their rules are flexible. They do not always stick to what is mentioned in their constitution in the sense that members are not always fined, when they are supposed to be.

Most groups are lending money to non-members at higher interest rate. This could represent a real threat on the group fund, in the sense that it reduces the cash available to members and at the same time, there is no guarantee of paying back to the fund. While in their constitution, the rule does not allow to lend to non-members, groups nevertheless go against their rule. None of the groups interviewed had a social fund which could support the members in case of emergency.

In a majority of cases the leaders were elected democratically (6 groups out of 7). In about half of the cases there was no provision to renew the leadership and such change of leadership had not occurred since group formation.

All groups visited had a record keeping system: passbook and ledger. The record keeping system was updated only for one of the groups we visited. In the remaining groups, the passbook and the ledger information did not always support each other.

The groups in Oecusse have demonstrated their sustainability. In fact most groups have been in operation for more than 6 years, and are not necessarily operating due to the support of the program. In addition there are lot of cases where the groups have disbanded and decided to form again due to the interest of the members. The converging approach of COMPASIS seems to have been damaging for group dynamics. One of the groups dissolved because of 5 pigs provided by FAO. The group members did not agree on who should keep the pigs. And finally, 5 members who were taking care of the pig kept the pig, because they claimed they were the only ones taking care of the pig. This led other members of the group to claim their savings, and went to form another group. There is no doubt of the interest shown by members on the methodology.

Quality of the facilitation

The support received by the groups from the FO is also an important factor, which affects the groups' quality. In this section we will be talking about such support and the quality as perceived by the groups.

At the beginning of the project the FO were trained on the MYRADA concept to implement SGs. Nevertheless, apart from PowerPoint presentations at the training, the FO have no manual to guide them through the group training. This could lead to a deviation on the application of the methodology. In addition, COMPASIS FO has no clear standard/tools to assess groups' performance. During the monitoring visits the key element of observation remains the group record keeping books, to check if groups are able to report the transaction information correctly on the passbook and centralised ledger.

In both Ermera and Oecusse, the FO mentioned the distance and field conditions as one of the challenges in joining the group. While it is clear that every group has benefited from initial training and support, the importance of such assistance is not strongly supported by the groups. FO visit is important in the initial phase to insure that the group stick to their constitution and facilitate them through the procedures. Most groups said they have been visited about once a month by the FO. They have learnt on how to save and how to record their transactions. It is not clear if they received any feedback on the way they follow their regulations or on how to use their loan fund.

There was no emphasis on code of conduct of the FO. In fact one formal FO borrowed from at least 2 groups, and still the group has not been able to recover its fund. One group said that the FO generally met the local leader and they are not involved in such meetings. One group in Ermera said: *"we don't see any added value of the field officer, they just come to tell us how to manage our own cash, by the way it is our money... why do they have to care about it?"*. Many groups said that most projects leave something, but they don't see anything (material) that COMPASIS has left.

There is a question on COMPASIS efficiency. In fact, the support to groups has been going on until the end of the project, with an average of 20 groups supervised per FO. In addition, most of the groups in Oecusse were already trained by OCAP. COMPASIS in continuing to provide the same training to these groups is not making an efficient use of the FO time, which could have been dedicated to create more groups. The core of COMPASIS training was the 3 days initial training following which the FO will just do a monitoring visit to insure that the groups are following the methodology. A specific focus during these visits was on the record keeping system, which tends to be too heavy for the groups. With a

regular FO visit for the 3 years of implementation of the COMPASIS program, the group finally sees no value in the FO. Even if the majority of the group said they still need the support of the FO, one of the groups said they see no added value of the FO to just come and tell them how to manage their own cash. This led to 2 questions: after 3 years of support if the group still needs support for record keeping, we may need to think of a more simplified record keeping system, one year should normally be enough to insure a group master the entire saving and lending methodology, therefore the FO making his time more meaningful in supporting *the training of new groups*. There was a feeling that groups should always be dependent on the program, when the FO stop visiting the group, they stop their regular meetings, this is due to the fact that the group mindset was not set from the beginning to think about graduation.

SOCIO-ECONOMIC EMPOWERMENT OF SG MEMBERS

Both in Ermera and Oecusse, there is a feeling of real excitement about the SG by the group members. All the groups we met declared that their expectation with the group had been to some extent met. In general people decided to form the SG with the expectation of accessing loans, being able to pay the school fees for their kids, access cash in times of hardship. Through the SG, members have gained knowledge, they have been able to access loans, paid to some extent their children's school fees. The loans were used in some cases to develop an existing business or start a new business. Some members reported the acquisition of livestock (pork). Members also mentioned the social benefit they get from the SG: *"we are helping each other"*, *"we are involved in social work"*. Some members mentioned the knowledge and capacity they have gained through the SG: *"we've got a certificate from the BDC training"*, *"we have learnt how to sign documents"*, *"SG gives us power"*. Nevertheless, one of the groups met in Ermera declared that it is too early to talk about impact, even if they are accessing a loan to satisfy their basic needs.

While the majority of the groups' members are engaged in some form of business, the loans were not apparently entirely invested to support the business activity, but rather education or to smooth out the group members' household consumption.

Regarding women's empowerment, in Ermera women do not have a major role to play in mixed groups. Leadership is generally occupied by men, even if the majority of the members are women. When asked about the issues, group members said that they agree to have men leading the group because women are either not able or too busy with their kids. Women members did not want to say something different from this assertion and said that it was true. In Oecusse, the groups met were essentially female groups.

Impact of the financial literacy training

Two groups in Ermera among the ones we visited underwent Financial Literacy training: Mota Bandeira and Beluba Rema. It is evident that the members of the SG in Ermera, have learnt something from the Financial literacy training, nevertheless the application of the knowledge is not very perceptible. When the question was raised with the members of both groups, they were able to describe the content of the training and advice they received at the training: *"we have learnt how to manage the cash flow, plan for the future, stop wasting money, how to prioritise expenditure"*.

Nevertheless once we ask them how they apply the knowledge they were quite hesitant in responding. In addition, looking at the MIS data from the Mota Bandeira group, the impact of financial literacy is not

perceptible. The group does not appear to perform better in comparison with groups that did not receive FL training.

The FL was only given to female members of the group. The group requested to involve male members as well as other group members who did not benefit from the training in future training sessions. There is a request for additional training, which could demonstrate a real interest raised by groups on the FL training. The initial plan of the project was to have the few members who benefited from the training to do restitution once back into their respective group. Nevertheless such restitution seems not to always happen. It would have been good to use the training of trainers approach in selecting more skilled members and supporting them to train back their groups. One other approach would have been to train the FO so that FO would train the groups, insuring each group member benefit from the training.

The linkage question

COMPASIS has initially explored the possibility to link groups to BNCTL for the purpose of safeguarding the group's funds. Some discussions were initiated with BNCTL and field visits undertaken to the group with the Ermera branch managers. During our visit we met with BNCTL branch manager to better understand the interest and the process of the linkage. During our meeting with the groups we also assessed groups' perception regarding the linkage.

BNCTL is ready and excited to be linked with the groups, but essentially for saving purposes. It is important to mention that in Ermera the landscape is mountainous and the road conditions not always practical. The majority of the groups are located very far from the bank branch and accessibility could be a real issue. Nevertheless, BNCTL insured that they will be able to address the need of the groups and have agents to travel to meet the groups each time they need to withdraw some cash. We therefore question the applicability and the cost effectiveness of such an approach as well as its sustainability. While most groups visited prefer a loan linkage, BNCTL is not ready for such approach; they rather focus on savings account.

In general the groups in Ermera are more open to linkage with banks than in Oecusse. In Oecusse this is because of previous experiences with Mauris Rasik that did not go well. People no longer want to hear about linking to financial institutions. The concern they have is essentially related to the term of payment which is weekly from Mauris Rasik and the issue with collateral. They have had bad experiences of people losing their properties because of not being able to respect Mauris Rasik's payment conditions. In Ermera there is a totally different picture. Mauris Rasik is perceived very positively and some of the members from the groups visited are clients of Mauris Rasik. They seem to be so far, very happy with the institution. There were also requests from some groups to be linked with institution such as Mauris Rasik so that they could access a bigger loan. In general there is a greater interest for loan linkage rather than savings linkage.

Security of the fund was mentioned by 3 groups in Ermera as the advantage for linkage, but the majority mentioned the opportunity to get a loan: "*we want a bank that gives us loans with enough time for repayment*" SG members in Ermera. While there is some interest and excitement about linkage, there are also some concerns:

- The small amount of the group saving: "*our fund is still small*",
- The fund being currently used by the members,

- The low interest rate for saving with the bank⁶.

In Oecusse, 2 groups were clearly opposed to the linkage because of the distance from the bank branch, the time it will take to access cash. The groups who were open to a potential linkage with the bank raised some concerns: *“it will depend on the interest rate, if the interest rate is too small, we are not interested”*, the distance to access the bank, *“our saving is still low”*, bank procedures, *“most of us are illiterate”*, problem with weekly payment on loan.

In summary, there could be a real challenge with linking groups to the bank. The first challenge is regarding the need of the group to access their cash on a regular basis. Referring to the MIS data the groups in Oecusse were fully utilising their cash, with a fund utilization that can reach about 90% of the group funds. If it is so, saving the group fund in a bank could represent a real challenge, since the group will be constantly requesting its fund to disburse loans to members. Given the distance to reach the bank, the administrative procedures, the time it can take to access the cash, such linkage could represent a disturbing factor for regular group activity. Nevertheless, with their dynamic, groups in Oecusse, could be more suitable for a loan linkage in favourable conditions that will be negotiated with the bank or the promotion of individual savings. In Ermera while groups have cash available, there is a lot of work to be done to improve leadership and transparency in the way groups conduct their activities.

COMPASIS METHODOLOGY AS COMPARED WITH OTHERS

In this section we are trying to understand other SG approaches in TL, this will help learn from other implementers and get guidance on how we can improve the COMPASIS approach based on best practices. During the assessment we have been able to visit 2 groups from Seed of Life and met with CARE and OXFAM to understand their SG approach.

The following table provides a comparison of COMPASIS groups with groups from Seed of Life regarding principal scores as well as some MIS data.

Table 7: Comparison of UNDP and Seed of Life groups’ performance against MIS ratios and Principal Score

| | Seed of Life | | | UNDP | | |
|---------------------------------------|--------------|-----------------|--------------|--------|---------|-------------|
| | Itan Rastik | Moris Foubimene | Average | Ermera | Oecusse | Average |
| MIS RATIOS | | | | | | |
| Annualized return on savings | 75.6% | 83.9% | 79.8% | 5% | 29% | 16% |
| Fund utilization rate | 94% | 99% | 96.5% | 48% | 77% | 63% |
| Average annualised savings per member | \$45 | \$143 | \$94 | \$38 | \$18 | \$26 |
| Retention rate | 84% | 84% | 84% | 89% | 86% | 88% |
| PRINCIPAL SCORE | | | | | | |
| Transparency | 79% | 71% | 75% | 28% | 69% | 45% |
| Loan practice | 50% | 100% | 75% | 57% | 58% | 58% |
| Quality of leadership | 100% | 75% | 88% | 46% | 83% | 65% |
| Quality of record keeping | 67% | 100% | 81% | 51% | 78% | 65% |

⁶ In the linkage with BNCTL, BNCTL suggest a yearly interest rate of 0.5% with some fees that the groups will have to pay to maintain the account. In doing the balance, the groups feel this will not be to their advantage.

Source: Field data collection

Seed of Life groups tend to be better structured and financially stronger compared to COMPASIS groups. The groups have defined rules that hold the leadership committee accountable for fund management. At the beginning and end of every meeting, the money is counted and if any amount is missing, the leadership committee is to pay it back to the group. In addition, they realise much higher profit (80%) compared with the average groups in both Ermera (5%) and Oecusse(16%). Members belonging to SoL groups save four time more compared with COMPASIS groups.

One of the limitations with the Seed of Life approach remains the size of the groups (one of the groups had up to 120 members), which reduces the level of cohesion among members. This could explain its low member retention rate (84%) compared with COMPASIS groups (88%).

The following table summarizes the SG methodology according to some key criteria. In general when comparing the different approaches, there is no big difference between the SG implementers in Timor Leste. All the implementers visited do not have a clear plan for group maturity and graduation. Apart from CARE who provides a cash box to the groups none of the implementers have systematized the importance of having a secure container to keep group funds. Apart from OXFAM there is no emphasis on the quality of the leadership by other implementers.

Table 8: Comparison of different SG methodologies

| | UNDP | Seed of Life | CARE | OXFAM | Typical VSLA program in Africa |
|--------------------------------|--|---|--|---|--|
| Year starts | 2005 | | 2011 | 2006 | 1991 CARE Niger start the first VSLA |
| Existence of cash box | No | No | Yes – small box with lock code provided by CARE to the group. The box is kept by the treasurer. | No | Yes |
| Leadership | The project does not play a role in advising on leadership. Group decides on their leader before the training. | The project does not play a role in advising on leadership. | The project does not play a role in advising on leadership. Group decides on their leader before the training. | Support the group in defining the role of a leader and the characteristics of a leader. | FO support in electing the leadership committee in providing details on the quality of a leader. There should be at least 2 potential candidates for the chair position. |
| Manual for FO | No | Yes | No | No | Yes |
| Vision with SG | | | Cooperative: link the groups to the government | Cooperative | <ul style="list-style-type: none"> • Self-reliant groups • Linkage • Networking of Groups |
| Integrative approach | Kitchen garden Food for work Livestock Business Development Latrine | | Agriculture and livestock activities | Groups are trained to become advocacy groups | Generally not encourage during the first year |
| Min and maxi number of members | 8-20 | 15- no maximum limit | 20-50 members | 15- no maximum limit | 15-30 |
| Average number of group per FO | 20 | | 3 groups per FO | 2-3 groups per FO | 8-10 |
| Graduation | No clear graduation plan. FO continues to support the group until the end of the project. | No clear graduation plan. | No clear plan for graduation, support continues until the end of the project | No clear graduation plan | Yes – after one year group are assess at the end of every phase to make sure they are ready for graduation |
| Share out of fund | No in most cases. | Groups share the profit every year | Depend on group, no standard approach | Depend on the group | Yes – yearly |
| Lending to non-members | Yes | Yes | Yes | Yes | No |
| Democratic election of leaders | Depend on groups | Yes | Yes | Yes | Yes |
| Existence of social fund | No | Yes | Yes | | Yes |

Source: Interview with the different organization & literature review

COMPASIS EFFICIENCY: COST ACQUISITION

In this section we will assess the relative efficiency of COMPASIS as compared with a typical VSLA program in Africa. Ideally it would have been interesting to assess the cost per client, but we have not been able to access COMPASIS budget to conduct such analysis. We will therefore look at efficiency based on the number of groups formed by the project during its implementation.

A typical VSLA project uses the Village Agent approach to replicate the groups. VA are community based trainers identified among the group members based on criteria of literacy and leadership⁷. The FO starts identifying VA among group members starting from the first semester of project implementation. The VA in turn will start forming new groups under the supervision of the FO. The caseload per VA should be relatively low, it is recommended at the beginning no more than 3 groups per VA, but this can increase to up to five with the VA gaining progressively more experience. The figure 1 presents the VA replication model in a 2 year SG project. It is elaborated based on the following assumptions:

1. Groups are graduated after a maximum of one year: based on experiences from several countries in Africa, this assumption is true. The VSLA training manual is designed in such way that FO will have taken the group through all the three phases of a VSLA approach (intensive, development and maturity) in about one year time. After this time the group has almost nothing new to learn from the FO regarding the methodology. After graduations of a group, the FO will seldom visit it; he should be using his time in a more meaningful way to profit new groups.
2. An FO can handle a maximum of 15 groups during a particular time. The maximum recommended caseload of groups per FO is 15 active groups. More than this number could be too overwhelming for the FO and group quality can be affected.
3. During the intensive phase the group requires a more regular visit from the FO. The VSLA methodology recommend the FO to visit the group with the following frequency:
 - a. Weekly during the intensive phase
 - b. Every 2 weeks during the development phase
 - c. Monthly during the maturity phase

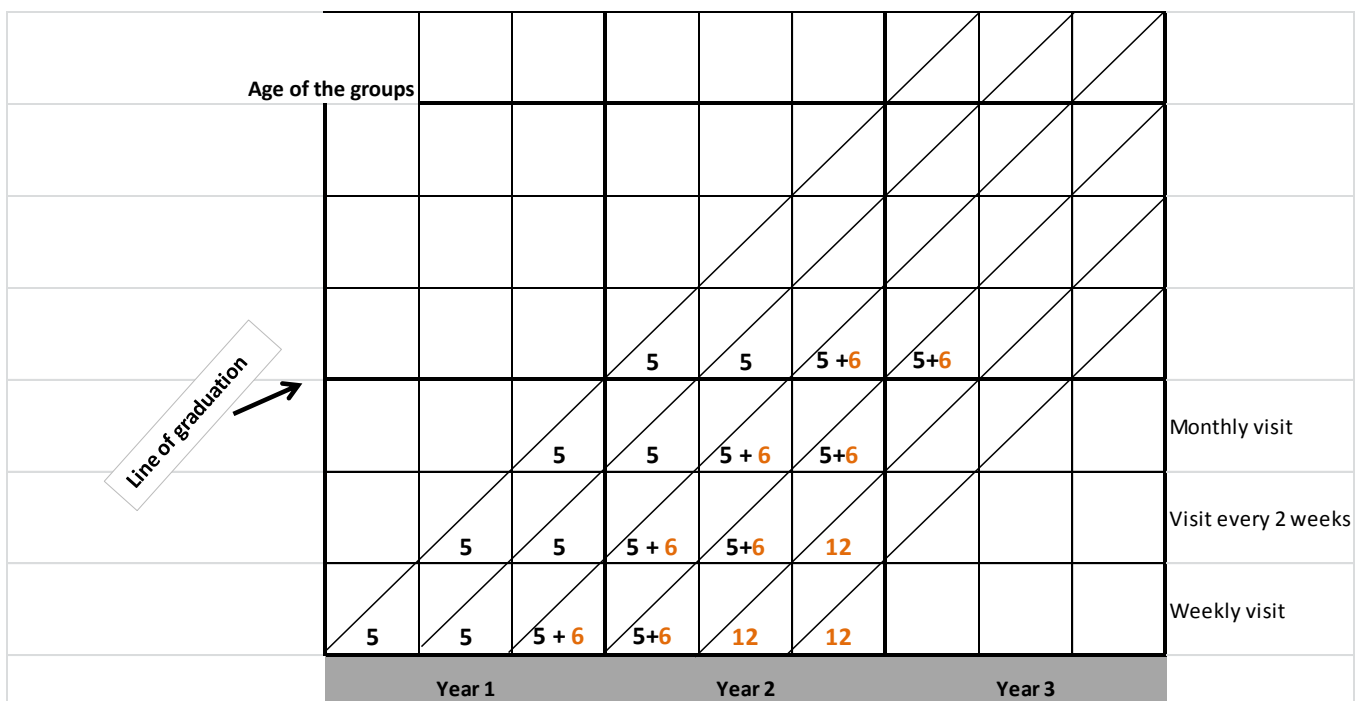
The figure 1 uses the Lexis diagram to represent VSLA group formation by FO and VA. The Lexis diagram has been used by demographers to represent population movement (natality, mortality, fertility, nuptiality) through a cohort approach. The horizontal line represents the calendar years and the vertical axis represents the age of the groups. The intersection between the horizontal line and the vertical axis give the age of the group at a particular time of the year. In the diagram, the year has been divided into 3 different periods, corresponding to the 3 phases of the VSLA group formation: intensive, development and maturity.

On the first horizontal line groups have just been created, so their age is 0. On the second horizontal line the groups are 4 months old, in the third, 8 months and in the fourth line which represents the line of graduation the groups are one year of age. For instance, the first cohort of groups (the five groups formed by the FO) is graduated at the beginning of year 2 (intersection between the cohort line and the year.

⁷ Please refer to Annex 4 for FAQ regarding VA selection criteria and motivation.

In the figure we can also assess the caseload an FO will have to bear. For instance in the first four months of year 1, the FO will only form 5 groups. During this period the groups should be visited more frequently (every week). In the second 4 months of the year, the FO will add to these 5 additional groups. The 5 groups initially formed will already have reached the development phase, therefore requesting less frequent visits (every 2 weeks) from the FO. During the same period FO identify potential VA, about 3 persons. These VA have already experience with groups since, they have been already part of a VSLA group, so do not need extensive training. The VA will start forming groups during the last 4 months of the year, and being monitored by the FO while they are training the groups. To start each of the 3 VA, will be starting with only 2 groups, which make a total of 6 groups (3 x2) newly formed by the FO (color orange in the diagram). The FO will continue to form new groups and at the same time provide support to the VA. It is estimated that FO will visit the VA groups on a monthly basis. During the first part of year 2, 3 additional VA will be identified and start forming groups during the second 4th month of the year. Toward the end of the project (last 8 months), the FO will stop forming groups and focus on supervision of VA.

Figure 1: Lexis Diagram, a schematic representation of groups' cohorts



The following table recapitulates the information from the Lexis diagram.

Table 9: Number of groups, VA and caseload during different periods of the year in a 2-year VSLA program

| | Year 1 | | | Year 2 | | |
|---|-------------------|-----------------|----------------------------|-------------------|-----------------|----------------------------|
| | January- April | May - August | September - December | January -April | May - August | September - December |
| Number of VA | 0 | 0 | 3 | 3 | 6 | 6 |
| Total number of active groups during the period | 5 | 10 | 21 | 27 | 34 | 35 |
| Formed by FO | 5 | 10 | 15 | 15 | 10 | 5 |
| Formed by VA | 0 | 0 | 6 | 12 | 24 | 30 |
| Caseload groups per VA | 0 | 0 | 2 | 4 | 4 | 5 |
| Number of newly graduated groups | 0 | 0 | 0 | 5 | 5 | 11 |
| Total cumulative graduate groups | 0 | 0 | 0 | 5 | 10 | 21 |
| Total number of groups formed | 5 | 10 | 21 | 32 | 44 | 56 |

Therefore under these very conservative assumptions, a typical FO-VA tandem in a VSLA program is able to create a minimum of 56 groups in a 2 years-time project. This means that If COMPASIS had used the VSLA approach the project would have created with its 4 FO, a total of about 224 groups, compared with only 81 groups formed by COMPASIS in more than 2 years of operation.

What would be the cost in such a setting? We are trying to respond to this question through the following table, by looking at different staffing option:

- Option 1: One full time project Manager, one full time Program officer and 4 FO;
- Option 2: One full time project Manager, 2 full time Program officer and 8 FO;
- Option 3: One full time project Manager, 3 full time Program officer and 12 FO
- Option 4: One full time project Manager, 4 full time Program officer and 16 FO

The cost of the staff is estimated based on salary figures provided by the UNDP. The detailed budget for each of these options can be accessed in annex 3.

Table 10: Cost estimate of SG implementation in TL based on different assumptions on a 2 year project

| | Option 1 | Option 2 | Option 3 | Option 4 |
|--|-----------|-----------|-----------|-----------|
| # of Program managers | 1 | 1 | 1 | 1 |
| # of Program Officers | 1 | 2 | 3 | 4 |
| # of Field Officers | 4 | 8 | 12 | 16 |
| # of program officers per program managers | 1 | 2 | 3 | 4 |
| # of FO per program officer | 4 | 4 | 4 | 4 |
| Total number of potential groups | 200 | 400 | 600 | 800 |
| Total number of members from the groups | 4,000 | 8,000 | 12,000 | 16,000 |
| Total budget ⁸ | \$489,786 | \$651,998 | \$800,202 | \$952,166 |
| Cost per client | \$122 | \$81 | \$67 | \$60 |

Option 3 and 4 appears to be the most cost effective structures in implementing an SG program in Timor Leste. In the case of Option 1 and 2, the time of the program manager is not used in an effective way, which is why the cost per client becomes much higher. If UNDP decide to use option 1 or 2, just part of the project manager time should be charged on the project.

These cost assumptions are based on a direct implementation approach. UNDP could become more efficient if it uses local NGO in implementing the SG. Therefore the organization will more strategically use its time in capacity building and monitoring of local NGOs. The current FO can be promoted to become supervisor/project officer in providing support to a range of local NGO.

An alternative model of implementation has been experienced by CARE Kenya, the Franchise model. This model is to date one of the most cost effective approaches, with a cost per client ranging around \$5 to \$10⁹. The franchises are business people paid per group formed. UNDP can also pilot similar approach in the context of Timor Leste and gather learning.

⁸ The budget is a tentative budget based on some information received from the UNDP team, particularly regarding the salary of the Field Officers, program Officer and Program manager. The budget template can be found in Annex 3. In Annex 3.5 we are providing a detailed description of the budget items.

⁹ The reader can access global SG data through the following site www.savingsgroups.com

CONCLUSION AND RECOMMENDATIONS

This study was to assess the SG as financial service provider to vulnerable people in 2 districts of Timor Leste, Oecusse and Ermera. The study used a combination of quantitative and qualitative approach to investigate COMPASIS SG approach efficiency. We looked at groups' perspective and those of project implementers as well as observation of groups' procedures and behaviours.

The study demonstrated a real excitement of the community with the SG approach. SG appears in both districts to satisfy the need of members to access loan and satisfy basic household needs. SG appears also as a strong social asset to members. By being members they benefit from each other's support and participate in community social work. In addition, members declared to have learned a lot through SG, including on how to record information on books, how to sign documents, how to conduct saving and loan activities, how to conduct business, etc.

Nevertheless, assessing group performance through the MIS and the SG principal tool, it appears clearly that there is a strong gap between the two districts in the study. Ermera appears to be challenged by transparency and leadership issues, while in Oecusse, the quality of the groups was quite good despite a few challenges. In Ermera the SG have been captured by elites; there is little room for vulnerable people to express themselves. Women leadership in group is also weak; leadership of the group is generally led by males even if the majority of members are women. In addition, at least 2 groups among the 8 visited in Ermera have lost some cash and the payment of the majority of the loans is delayed. In Ermera groups were formed on the basis of receiving some form of assistance from the project, most groups stop their activity at the end of the project or when they realise that the project philosophy is based on the self-help approach. At the opposite in Oecusse, groups are making a big profit and seem to have benefited from the long term experience of the OCAP project. Some groups went to restructure and start again which demonstrates a sign of interest and sustainability of the approach.

Comparing the COMPASIS approach to that of other implementers in Timor Leste, we found that there is no big difference in the approaches. COMPASIS can nevertheless learn from OXFAM on leadership and how to go about selecting leaders for the groups. From Seed of Life, COMPASIS can learn from their managerial organisation by instituting a principle to count the fund at the end and the beginning of every meeting and holding the leadership committee accountable for loss of funds.

We have also compared the COMPASIS approach to the standard VSLA approach in Africa. Our result highlighted the relative low efficiency of COMPASIS compared to a standard VSLA program in Africa. COMPASIS in more than 2 year has been able to form only 81 groups, while a typical VSLA program would have formed more than 224 groups with the same setting.

We think that COMPASIS can get inspired by the following elements of the VSLA approach:

- **The existence of a secure container** with three padlocks kept by three different members of the group. As a rule the cash box is never to be open outside the meetings. This is particularly important, since most groups have requested the support of the project with a cash box;
- **The simplified record keeping system:** the VSLA program uses a simplified record keeping system of passbook and a notebook. The passbook should be visual in recording the saving amount of the member through a symbol, which allows illiterate members to take ownership. The notebook simply records the total cash in the box at the end of every meeting. Such approach will greatly simplify the record keeping which currently remains a real challenge for the groups;

- **The gradual training approach:** in a VSLA program the training of groups is gradual as there are different phases: the development phase, the maturity phase,. The first meetings are facilitated by the FO and concepts introduced on a gradual basis. Progressively the FO will lend others to the leadership committee and keep monitoring the group. At the end of every phase there is a final phase assessment to make sure that the group can cope with the principle. Most VSLA groups are graduated after one year and the FO can make his time more meaningful by training new groups;
- **Emphasis on transparency and memorisation:** at the end of every meeting, the group count the cash available and ask the members to memorise. At the beginning of each meeting the chairperson will ask the members to recall the amount available at the previous meeting and then the box is open to confirm;
- **Variable share approach:** most groups we have visited have a uniform share approach. The experience has demonstrated that such approach tends to limit the amount of saving in the group. A VSLA program uses a share approach and each member can save up to 5 times the share value. Members will therefore be able to adjust their savings to their capacity of the day.
- **Annual share-out of group fund:** VSLA conduct an annual share out of the group fund. The annual share-out provides the opportunity for the group to audit the yearly exercise, which builds more confidence among members. Yearly share out also allows members to make plans to use the cash for some of their project. We have seen groups in Africa buying small livestock or other productive goods once they receive their cash after share-out.
- **A manual of operation for the FO:** COMPASIS FO had no guidelines on how to train the group. They went through training on the MYRADA approach and had only the PowerPoint presentation and the notes taken during the training as a guide when they form the groups. There is a very comprehensive and detailed VSLA guideline already available that UNDP can use for further SG training. The guideline can be downloaded from the VSL Associate website: www.vsla.net. It provides a step by step description of what the FO should do at each stage of SG formation.
- **The use of a performance management system the VSLA MIS system:** during periodic group visits, COMPASIS FO were essentially looking at group record keeping systems, there were no clear indicators to look at to assess group performance and take corrective action. The VSLA MIS we have used to conduct this evaluation can be used and promoted by UNDP to assess SG performance. The last version of the software is also available free of charge from the VSL Associate website.

UNDP should experience the VSLA approach for about one year before thinking of linking the group to financial institutions. While linkage could be an opportunity for the groups, most groups are more excited about the linkage for loans rather than linkage for saving only. Linkage represents also a big challenge given the distance to access the group and the cost it will represent for the group to withdraw their cash.

We recommend a training of the team on the VLSA approach by specialists. In addition, a field visit from the UNDP team to some Countries in Africa (e.g. Kenya, Rwanda, Uganda,) is strongly suggested.

The Timor Leste Government is promoting a cooperative approach. Most of the government initiative will be funded through the cooperative. SGs are seen by most implementers as a way to become financial cooperatives (e.g. of CARE, OXFAM). In addition during our field visit, most groups have expressed a strong need to be linked to the government. While moving towards a cooperative could offer recognition for their status and therefore support their sustainability, there is a need to carefully

weigh the advantages and limitations of such move. One potential risk could be related to the external lending if the SG has to become a financial cooperative. The second one could be the effect it could have on the internal rules set out by the group. For instance, a cooperative as defined by the TL government should not have less than 15 members and there is no limit to the maximum number of members that are to join. SG have demonstrated in another context their sustainability and strength (anecdotal evidences from CARE group demonstrate that the majority of groups continue their activity after project phase out), it will be more relevant in our opinion for UNDP to work with the TL government to have them in board with the approach. They can still be registered as a financial cooperative, as long as this does not alter their regular group activity. The example of the SAFI program in Rwanda, which led the government of Rwanda to consider the SG as part of its national strategy should inspire UNDP.

UNDP should develop a clear vision for its SG approach. Is the goal to create groups at scale, what is the type of implementation model we should use in the future, are we going to implement directly or work with local NGOs to strengthen their capacity? What should the role of village trainers be? Different approaches were tested among CARE and PLAN projects in Africa. These have come with the following findings:

- The Village Agent model which consists of selecting local trainers among groups who have been through a full cycle tend to be sustainable, but could not be used to scale the group formation process
- The implementation through local NGO partners, while challenging is more cost effective than direct implementation
- The franchisee approach used by Kenya, which consists of recruiting business people paid per group formed, tend to be the most cost effective approach, with average cost per clients around \$5

The study has demonstrated a clear difference in terms of group quality in Ermera compared with Oecusse. Therefore we are making specific recommendations below for each district.

In Ermera

- Retrain the existing groups;
- Review the loan process of groups to insure that the size of the loan is more than what members save, some projects apply a 3 times ratio to the member saving to decide on the amount of loan to be provided;
- Encourage groups to share out part or total of their fund on an annual basis;
- Include financial literacy as part of SG core training;
- Provide business training to groups to insure a more productive use of the loan;
- Review the targeting approach to insure that vulnerable people are included into SG
- Maturity: group should be prepared to be mature from day one
- Provide secure Cash Box to groups and define rules of transparency which will insure that the box will never be open outside meetings

In Oecusse

- Provide secure Cash Box to groups
- Promote Regular Share out practice
- Promote the use of visual Passbook to allow illiterate members to participate

- The fund utilisation rate is good in Oecusse and groups are actively engaged in business, it could be interesting to rate groups readiness for loan linkage and pilot a linkage for loans in condition negotiated by the group;

ANNEX

Annex 1: Principal Score per group in Ermera and Oecusse

1.1. Ermera

| PRINCIPLES | Diak | Merigui | Lorikolian | Mota Bandera | Falimanbamalu | Sigalebo | Hoksolok | Average |
|---|------------|------------|------------|-----------------|---------------|------------|------------|------------|
| Transparency | 36% | 29% | 21% | 43% | 21% | 21% | 21% | 28% |
| Regular meeting | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0.3 |
| Cash box open out of meetings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Existence of by-law | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Respect of the by-law | 0 | 1 | 0 | 0.5 | 0 | 0 | 0 | 0.2 |
| Knowledge of the by-law | 0.5 | 0 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 |
| Secure Fund: use of secure container | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Regular share out of group funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Loan practice | 50% | 75% | 63% | 75% | 38% | 63% | 38% | 57% |
| Group has not receive external funding | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Members access to loan: fair | 1 | 1 | 0.5 | 1 | 0.5 | 0.5 | 0.5 | 0.7 |
| No lending to non-members | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 0.6 |
| Existence of social fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Quality of the leadership | 50% | 25% | 50% | 50% | 75% | 25% | 50% | 46% |
| Leaders elected democratically | 1 | 0 | 1 | 1 | 1 | 0 | 0 | 0.6 |
| Provision in the by-law to renew leadership | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Women leadership | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0.3 |
| Member involved in decision: of share value, group rules, ... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Quality of the record keeping | 67% | 50% | 67% | 33% | 33% | 33% | 33% | 51% |
| Existence of record keeping system | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Knowledge of the: total group fund, saving and loan amount by the members | 0.5 | 0.5 | 1 | 0 | 0 | 0 | 0 | 0.3 |
| Record keeping updated | 0.5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.1 |

1.2. Oecusse

| PRINCIPLES | Maes Ana | Biticia | Tameseb | Baka Moris | Bileu | Bifel Bitoma | Average |
|---|------------|------------|------------|------------|------------|--------------|----------------|
| Transparency | 71% | 71% | 64% | 50% | 50% | 64% | 62% |
| Regular meeting | 0.5 | 1 | 1 | 1 | 1 | 1 | 0.9 |
| Cash box open out of meetings | 1 | 1 | 0.5 | 0.5 | 0.5 | 0.5 | 0.7 |
| Existence of by-law | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Respect of the by-law | 1 | 1 | 1 | 0 | 0.5 | 0.5 | 0.7 |
| Knowledge of the by-law | 0.5 | 0.5 | 1 | 0.5 | 0.5 | 0.5 | 0.6 |
| Secure Fund: use of secure container | 0 | 0.5 | 0 | 0 | 0 | 0 | 0.1 |
| Regular share out of group funds | 1 | 0 | 0 | 0.5 | 0 | 1 | 0.4 |
| Loan practice | 50% | 75% | 75% | 50% | 50% | 50% | 58% |
| Group has not receive external funding | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Members access to loan: fair | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| No lending to non-members | 0 | 1 | 1 | 0 | 0 | 0 | 0.3 |
| Existence of social fund | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Quality of the leadership | 75% | 75% | 88% | 88% | 75% | 100% | 83% |
| Leaders elected democratically | 1 | 1 | 1 | 1 | 0 | 1 | 0.8 |
| Provision in the by-law to renew leadership | 0 | 0 | 0.5 | 0.5 | 1 | 1 | 0.5 |
| Women leadership | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Member involved in decision: of share value, group rules, ... | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Quality of the record keeping | 75% | 50% | 83% | 83% | 83% | 83% | 78% |
| Existence of record keeping system | 1 | 1 | 1 | 1 | 1 | 1 | 1.0 |
| Knowledge of the: total group fund, saving and loan amount by the members | 0.75 | 0 | 1 | 1 | 0.5 | 1 | 0.7 |
| Record keeping updated | 0.5 | 0.5 | 0.5 | 0.5 | 1 | 0.5 | 0.6 |

Annex 2: Tools

2.1. Group members profiling

UNDP Timor Leste - COMPASIS PROJECT
SAVING GROUP MEMBERS PROFILING

District: _____ Sub-District: _____ Suco: _____ Aldea: _____

NAME OF THE GROUP: _____

Date of group Formation: _____

| 1. Number of the member | 2. Name of the member | 3. Age | 4. Sex | | 5. Marital Status | | | | 6. Literacy | | 7. Main occupation | 8. Engaged in IGA? | | 9. Has never taken out a loan | |
|-------------------------|-----------------------|--------|--------|---|-------------------|------|------|------|-------------|----|--------------------|--------------------|----|-------------------------------|----|
| | | | M | F | SING. | MAR. | DIV. | WID. | YES | NO | | YES | NO | YES | NO |
| 1 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 2 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 3 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 4 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 5 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 6 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 7 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 8 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 9 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |
| 10 | | | 1 | 2 | 1 | 2 | 3 | 4 | 1 | 2 | | 1 | 2 | 1 | 2 |

| |
|---|
| Code For 7. Main Occupation |
| 1. Agriculture, 2. Fishing, 3. Trade, 4. Employee, 5. Student, 6. Housework 7. None, 8. Other (Specify) |

2.2. SG Principle Tool

Adaptation of CARE, ACCESS AFRICA program principle tool to assess UNDP Timor Leste SG efficiency

DATE OF INTERVIEW _____

NAME OF THE GROUP _____

| Key questions | Rating | Comments/Observation |
|--|--------|----------------------|
| Standard 1: Transparency | | |
| People self select themselves to form a VS&L group. All transactions happen in front of the group with a seating arrangement that allows everyone to participate and follow what is happening. At the end of the meeting, member passbooks, loan and social funds plus any special contributions are locked up in a secure container with 3 locks kept by 3 different members until the next meeting. This prevents transactions outside meetings. | | |
| 1. How have you decided to come together to form a group? | 0 1 | |
| 2. What is the frequency of your meetings? • How many times did you meet during the last 3 months? | 0 1 | |
| 3. What happens if a member is in need of money before the meeting? • Since you started the current cycle, have you ever opened the cash-box outside the meeting? | 0 1 2 | |
| 4. Observe and rate the sitting arrangements of the group | 0 1 2 | |
| 5. Have you ever fined a member for the following reason: non-attendance to meetings, late to meeting, chatting during meeting? • Who are the members who have never been fined? • For what reason have they never been fined? | 0 1 2 | |
| 6. KNOWLEDGE OF THE BY-LAWS BY MEMBERS: Select 3 members randomly and ask them to cite one point of the by-law of the group | 0 1 2 | |
| 7. CHECK THE CASH BOX • Contain Passbooks, loan funds & social fund • The container is secure • The container is locked with 3 locks • 3 Different members keep the keys | 0 1 2 | |
| 8. Can you explain how the decision on the share value was reached? | 0 1 2 | |

| Key questions | Rating | Comments/Observation |
|--|--------|----------------------|
| Standard 2: Annual Share Out of group funds VS&L groups conduct annual share out of part or all funds accumulated within each year. Lack of share out leads to complications in calculating each member's worth owing to the fact that there is income earned on shares. Most group members have fairly low literacy and numeracy skills, which makes long term book keeping difficult. Annual share outs provide an opportunity for groups to conduct an audit, revise share values, allow new members to join and change leadership positions at the beginning of each cycle. Preparation for share out is done no later than one month before share-out date and every member knows how much they are going to receive before the share out date. It is possible for group members to decide to take a portion of their share out to recapitalize the new cycle. | | |
| 1. Does your by-law plan to share the fund at any time during the year? <ul style="list-style-type: none"> • Have you already shared out your fund? | 0 1 2 | |
| 2. Is there a provision in your constitution to change leadership periodically? <ul style="list-style-type: none"> • Has a leadership change occurred since group was formed? • Who has never been in the leadership committee? • Why they have never been in the leadership position? | 0 1 2 | |
| Standard 3: Loans, lending & limits VS&LA loan funds are primarily originated from members' individual savings. Donor grants, external loans plus any funds accumulated from previous group initiatives like merry-go-rounds are <i>never</i> injected into group funds in the first year. After group maturity (i.e. 12 months), interested groups can be linked to formal microfinance institutions and banks following identification of appropriate products and providers and sensitization on implications, conditions, dos and don'ts of formal linkages. A graduation criterion is used to assess which groups are ready whether it is MFI linkages or for marketing and value chains. Access Africa has samples of this criterion and rating process it can share. Loans are given out exclusively to members and never to non members. During the first year of group formation, each member borrows no more than 3 times what s/he has saved with the group and no more than 20-25% of the cumulative group savings. This prevents elite capture and few individuals from holding too much power in the group. Social funds cannot be used to supplement loan funds. They are only for emergencies and groups need to equally prioritize contributions to this pocket to avoid using the loan fund for emergencies. | | |
| 1. Have you ever received any external funding? <ul style="list-style-type: none"> • Where does this external funding come from? • What were the conditions to access these funds? • How old was the group when you received your first external funding? | 0 1 2 | |
| 2. What criteria do you use to disburse loans to members? <ul style="list-style-type: none"> • What happens if the loan fund is not enough to cover the request of the members? • How many persons in your group have never accessed a loan? • For what reason have they never accessed a loan? | 0 1 2 | |
| 3. Do you have any limit to the amount a member can borrow from the group? <ul style="list-style-type: none"> • How is this limit defined? | 0 1 2 | |

| | | |
|--|--------------|--|
| <p>4. Have you ever used the social fund to supplement the loan requested by the members?</p> <ul style="list-style-type: none"> • Have you ever used the loan fund for emergency purposes? | <p>0 1 2</p> | |
| <p>5. Does your by-law allow lending money to non-members?</p> <ul style="list-style-type: none"> • Have you ever issued loans to non-members of your group? | <p>0 1 2</p> | |
| <p>Standard 4: VS&L MIS</p> <p>All VS&L group data is consolidated and entered in the VS&L MIS every quarter and results of the MIS analysis are used by project managers, supervisors, program directors, country office management and partners to compare and address staff, partner and group performance issues in a preventive manner, and to recognize good performance in a way that demonstrates ownership and accountability.</p> | | |
| <p>7.1. Did the group either receive any feedback from the Village Agent / Field Officer on performance issue?</p> <ul style="list-style-type: none"> • What kind of feedback did you receive? • What improvement did the feedback help the group to implement • How would you judge the quality of the feedback you have received? | <p>0 1 2</p> | |
| <p>Best Practice 1: Group composition</p> <p>Each group comprises 15-30 members for ease of facilitation. If membership is below 15 members, the time and cost per member tends to be high and the group will not accumulate enough savings to make a useful some of money for borrowing. Above 30 it becomes difficult for the facilitator to manage and address challenges faced by each individual in a group. Separate sex (women and men) groups are encouraged for addressing specific gender (men and women) issues. In countries where mixed groups are facilitated, special care needs to be taken. Facilitators need to ensure that women hold at least 50% of the governance positions and that those positions hold real power and aren't just tokens with men dominating discussions. CARE has identified VS&L as one of the best women empowerment tools but if not facilitated properly, there is limited capacity to do so. Men's ambitions differ greatly with those of women and if combined in</p> | | |
| <p>1. How many people compose your group?</p> | <p>0 1</p> | |
| <p>2. [FOR GROUPS WITH MIX-SEX] Sex of the managerial committee member?</p> | <p>0 1</p> | |
| <p>3. [FOR GROUPS WITH MIX-SEX] have you faced any challenges with having both males and females as part of your group?</p> <ul style="list-style-type: none"> • What are these challenges? | <p>0 1 2</p> | |

Best practice 2: Record keeping system

Memory based passbook records are used with summaries only recorded in a separate notebook. Individual members and group secretaries keep back up records in case of emergency and theft of secure container. Where written records are used, many calculation errors are evident and members' participation becomes limited.

| | | |
|---|-------|--|
| 1. What is the type of record keeping system used by the group? | 0 1 2 | |
| 2. Do you have a backup system to record all your financial figures in case of loss of the documents? | 0 1 2 | |
| 3. RANDOMLY SELECT 3 MEMBERS AND ASK THE FOLLOWING QUESTION: how much have you saved into the group? | 0 1 2 | |
| 4. RANDOMLY SELECT 3 MEMBERS AND ASK THE FOLLOWING QUESTION: what is the amount of the loan that you currently owe to the group? | 0 1 2 | |
| 5. CHECK THE RECORD KEEPING SYSTEM OF THE GROUP: WAS THE LAST OPERATION REPORTED CORRECTLY? Share value was written on every page. Ending tables were completed. Cells were clearly stamped. Unused cells were cancelled. Passbooks were clean. The passbook entries mathematically correct. All the relevant cells were filled out. The member signed for every transaction. Loans were cancelled upon final repayment. Loans were signed by the Secretary on final repayment. | 0 1 2 | |

Best Practice 3: Loans and lending practices

Members are free to save without borrowing. Group facilitators should identify and address root causes of the fear of borrowing in members immediately after group formation. Low fund utilization rates are a performance issue and pose a major security risk for group funds. In specific contexts (e.g. Islamic communities) where groups may be obligated to lend without interest, only those who borrow and get income from IGA profits may benefit from VS&L participation. Every member should be supported to understand from the beginning that without borrowing, the benefit of participating in VS&L will be limited. In less strict Islamic societies, substituting the word “interest” with “service fee” helps groups to lend with a return as expected. This has been observed in Ethiopia and Egypt but can also be adopted by Islamic communities in Somaliland, Kenya, Ghana and other countries.

| | | |
|---|--------------|--|
| <p>1. CURRENT LOAN FUND UTILISATION RATE FROM THE MIS</p> <ul style="list-style-type: none"> • Have you received any advice from the group facilitator regarding access to loan and use of loan fund? • How useful was the advice received? • What changes these advice has brought to your group? | <p>0 1 2</p> | |
| Group procedures | | |
| <p>1. Saving procedure</p> <p><i>Members observed the stamping of their books. They came to the management committee/Money Counters to make their deposits. They did it one by one and completed the transaction before the next member made his/her deposit</i></p> | <p>0 1 2</p> | |
| <p>2. Chairperson handling of meeting</p> <p><i>The Chairperson ensured that the meeting followed proper procedure. The Chairperson introduced and concluded each segment of the meeting (i.e. Social Fund, Savings, Loan repayment, loan disbursement and closing the meeting). The Chairperson maintained order and levied fines appropriately.</i></p> | <p>0 1 2</p> | |
| <p>3. Lending procedure</p> <p><i>Members came to the management committee and observed their loan records being entered. When loans were requested, the members stated the amount, the purpose and the loan duration. The disbursement of the money was transparent and witnessed by all members.</i></p> | <p>0 1 2</p> | |

NB: The last section on Group procedures is taken from VSLA Associate Group Quality Assessment Tool

2.3. Focus Group Discussion with Active groups

Focus Group Saving Group – Active Groups

| | | | | | | |
|--------|------------|----------------|--------|---------|--------------------|-----------------------|
| Date : | District : | Sub-district : | SUCO : | ALDEA : | Name of the Group: | Quality of the Group: |
|--------|------------|----------------|--------|---------|--------------------|-----------------------|

| | |
|----------------|--------------|
| Time at start: | Time at end: |
|----------------|--------------|

| THEMES TO DISCUSS | RESPONSES |
|---|-----------|
| <p style="text-align: center;">Theme 1: Socio-economic Impact</p> <p>Question: What were your expectations in deciding to join a savings group?</p> <p>Question: Will you say that your expectations have been satisfied?</p> <p style="padding-left: 20px;">Probe: Why?</p> <p>Question: What did your participation in the group bring for you ?</p> <p style="padding-left: 20px;">Probe: What else ... ?</p> <p style="padding-left: 20px;">Probe: Can you give some concrete examples</p> <p style="text-align: center;">Theme 2: Financial literacy</p> <p>Question: Have you received any training on financial literacy?</p> <p>Question: What did you learn from this training?</p> <p>Question: How are you applying this knowledge in your day to day life?</p> <p>Question: What did you change in your financial habit since you have been through this training?</p> <p>Question: What are your suggestions to improve the FL training in the future?</p> <p style="text-align: center;">Theme 3: Income Generating Activities</p> <p>Question: How do members of your group use the funding they accessed from the group?</p> | |

| THEMES TO DISCUSS | RESPONSES |
|---|-----------|
| <p>Question: What type of Income generating activities do the members of your group conduct?</p> <p>Probe: What else?</p> <p>Question: Who in your group has never accessed a loan?</p> <p>Probe: Why have they never accessed a loan?</p> <p style="text-align: center;">Theme 4: Linkage</p> <p>Question: Do you know any MFI/Bank in the area?</p> <p>Probe: What are these MFI/Bank?</p> <p>Question: What do you like and dislike about MFI/Bank?</p> <p>Probe: What else?</p> <p>Question: Are you interested in being linked to MFI/Bank?</p> <p>Probe: Why?</p> <p>Probe: How would you like to be linked to MFI/Bank?</p> <p>Question: What are the benefits you see for your group to be linked to an MFI/Bank?</p> <p>Question: What are the challenges for your group to be linked to an MFI/Bank?</p> <p style="text-align: center;">Theme 5: Group cohesion and leadership</p> <p>Question: Have any members of your groups dropped out?</p> <p>Question: What were the reasons they abandoned the group?</p> <p style="text-align: center;">Theme 6: Quality of the facilitation</p> <p>Question: Since you have been a member of the group, what training have you received?</p> <p>Question: How do you judge the quality of the training you have received in the group?</p> <p>Question: What support have you received from the Field Officer?</p> <p>Question: What change has this support provided in the way your group operates?</p> <p style="text-align: center;">Theme 7: Recommendation</p> | |

| THEMES TO DISCUSS | RESPONSES |
|---|-----------|
| <p>Question: How do you see your group evolving after the end of the project?</p> <p>Question: What are the challenges you face with your participation in the SG?</p> <p style="padding-left: 40px;">Probe: What else ... ?</p> <p>Question: What are your recommendations to improve the SG methodology in order to insure a greater impact?</p> <p style="padding-left: 40px;">Probe: What else ... ?</p> | |

2.4. Focus group discussion with dissolved groups

Focus Group Saving Group – Dissolved Groups

| | | | | | | |
|--------|------------|----------------|--------|---------|--------------------|-----------------------|
| Date : | District : | Sub-district : | SUCO : | ALDEA : | Name of the Group: | Quality of the Group: |
|--------|------------|----------------|--------|---------|--------------------|-----------------------|

| | |
|----------------|--------------|
| Time at start: | Time at end: |
|----------------|--------------|

| THEMES TO DISCUSS | RESPONSES |
|---|-----------|
| <p style="text-align: center;">Theme 1: Socio-economic Impact</p> <p>Question: How did you come together to form a group?</p> <p>Question: What were your expectations in deciding to join a savings group?</p> <p>Question: Will you say that your expectations have been satisfied?</p> <p style="padding-left: 40px;">Probe: Why?</p> <p>Question: What did your participation in the group bring for you ?</p> <p style="padding-left: 40px;">Probe: What else ... ?</p> <p style="padding-left: 40px;">Probe: Can you give some concrete examples</p> <p style="text-align: center;">Theme 2: Reason of Group failure</p> <p>Question: When did your group stop operating?</p> <p>Question: Why have you decided to stop the group activity?</p> <p style="padding-left: 40px;">Probe: What else ... ?</p> | |

| THEMES TO DISCUSS | RESPONSES |
|---|-----------|
| <p style="text-align: center;">Theme 6: Quality of the facilitation</p> <p>Question: Since you have been a member of the group, what training have you received?</p> <p>Question: How do you judge the quality of the training you have received in the group?</p> <p>Question: What support have you received from the Field Officer?</p> <p>Question: How would you judge the quality of the support received?</p> <p style="text-align: center;">Theme 7: Recommendation</p> <p>Question: What are your recommendations to improve the SG methodology in order to insure a greater impact?</p> <p>Probe: What else ... ?</p> | |

2.5. Individual interview with members who have abandoned the group

Individual Interview – Members who have abandoned the group

| | | | | | | |
|--------|------------|----------------|--------|---------|--------------------|-----------------------|
| Date : | District : | Sub-district : | SUCO : | ALDEA : | Name of the Group: | Quality of the Group: |
|--------|------------|----------------|--------|---------|--------------------|-----------------------|

| | |
|----------------|--------------|
| Time at start: | Time at end: |
|----------------|--------------|

| THEMES TO DISCUSS | RESPONSES |
|--|-----------|
| <p align="center">Theme 1: Socio-economic Impact</p> <p>Question: What were your expectations in deciding to join a savings group?</p> <p>Question: Will you say that your expectations have been satisfied?</p> <p>Probe: Why?</p> <p>Question: What did your participation in the group bring for you ?</p> <p>Probe: What else ... ?</p> <p>Probe: Can you give some concrete examples</p> <p align="center">Theme 5: Group cohesion and leadership</p> <p>Question: What were the reasons why you abandoned the group?</p> <p>Question: What challenges did you face with your participation in the group?</p> <p>Question: If given the opportunity, will you join another group?</p> <p>Probe: in which conditions?</p> <p align="center">Theme 6: Quality of the facilitation</p> <p>Question: Since you have been a member of the group, what training have you received?</p> <p>Question: How do you judge the quality of the training you have received in the group?</p> <p>Question: What support have you received from the Field Officer?</p> <p>Question: What change has this support provided in the way your group operates?</p> <p>Question: How would you judge the quality of the support received?</p> | |

| THEMES TO DISCUSS | RESPONSES |
|---|-----------|
| <p style="text-align: center;">Theme 7: Recommendation</p> <p>Question: What are your recommendations to improve the SG methodology in order to insure a greater impact?</p> <p>Probe: What else ... ?</p> | |

2.6. Individual interview with non-members

Individual Interview – Non members

| | | | | | |
|--------|------------|----------------|--------|---------|----------------------------|
| Date : | District : | Sub-district : | SUCO : | ALDEA : | Gender of the respondent : |
|--------|------------|----------------|--------|---------|----------------------------|

| | |
|----------------|--------------|
| Time at start: | Time at end: |
|----------------|--------------|

| THEMES TO DISCUSS | RESPONSES |
|--|-----------|
| <p>Question: Have you heard about Saving Groups?</p> <p>Probe: What have you heard about Saving Groups?</p> <p>Probe: What Else...?</p> <p>Question: In your community who are generally the people who join Saving Groups?</p> <p>Probe: Are they Specifically different from the ones who do not join?</p> <p>Probe: How?</p> <p>Question: What do you think about Saving Group?</p> <p>Question: Why are you not a member of a saving group?</p> <p>Probe: What else?</p> <p>Question: What are your recommendations to improve the SG methodology in order to insure a greater impact?</p> <p>Probe: What else ... ?</p> | |

2.7. MIS

| Commentary | | |
|------------|----------------------------------|--|
| 1 | Name of group | |
| 2 | Group No. | |
| 3 | Linkage to external savings | |
| 4 | Linkage to external credit | |
| 5 | Date of first training meeting | |
| 6 | Date savings started this cycle | |
| 7 | Group formed by | |
| 8 | Members at start of cycle | |
| 9 | Date of data collection | |
| 10 | Active members at time of visit | |
| 11 | Active men at time of visit | |
| 12 | Active women at time of visit | |
| 13 | No. of members attending meeting | |
| 14 | Dropouts since start of cycle | |
| 15 | Value of savings this cycle | |
| 16 | No. of loans outstanding | |
| 17 | Value of loans outstanding | |
| 18 | Unpaid balance of late loans | |
| 19 | Write-off since start of cycle | |
| 20 | Loan fund cash in box & at bank | |
| 21 | Cash in other funds | |
| 22 | Property at start of cycle | |
| 23 | Property now | |
| 24 | Debts | |
| 25 | Amount of loan to non-members | |

| N° of the member | Total value of the saving | Value of loans outstanding | Unpaid balance of late loans |
|------------------|---------------------------|----------------------------|------------------------------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| Total | | | |

Annex 3: 24 months Budget

3.1. Option 1: 1 Project Manager, 1 Project Officer and 4 Field Officers

| Description | Unit (person) | Cost/Unit (USD) | Coverage Period (Month) | Total Cost (USD) |
|--|---------------|-----------------|-------------------------|-------------------|
| Personnel: | | | | |
| Project Manager | 1 | 7,600.00 | 24 | 182,400.00 |
| Project Officer | 1 | 1,800.00 | 24 | 43,200.00 |
| Field Officer | 4 | 600.00 | 24 | 57,600.00 |
| Sub Total | | | | 283,200.00 |
| Office & Equipment: | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Office Rental | 2 | 500.00 | 24 | 24,000.00 |
| Fuel for Generator for Oequse & Ermera Office | 2 | 20.00 | 24 | 960.00 |
| 1 desks for Ermera office & 1 for Oequse | 2 | 150.00 | 1 | 300.00 |
| 4 chairs for each district office | 8 | 15.00 | 1 | 120.00 |
| 4 laptop for field Officers in Ermera and Oequse | 4 | 1,500.00 | 1 | 6,000.00 |
| 1 laptop for project officer | 1 | 1,500.00 | 1 | 1,500.00 |
| 2 Printers for branch office | 2 | 150.00 | 1 | 300.00 |
| 2 Extension Cable for branches office | 2 | 30.00 | 1 | 60.00 |
| Stationary for branches office | 2 | 10.00 | 24 | 480.00 |
| SG kits (lock, boxes, passbook,...) | 200 | 50.00 | 1 | 10,000.00 |
| Bicycle for Village Agents | 24 | 100.00 | 1 | 2,400.00 |
| Sub Total | | | | 46,120.00 |
| Communication: | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Pre-Paid card- Project Manager | 1 | 50.00 | 24 | 1,200.00 |
| Pre-Paid card- Project Officer | 1 | 50.00 | 24 | 1,200.00 |
| Pre-Paid card- for 4 FOs | 4 | 20.00 | 24 | 1,920.00 |
| Internet for 2 branches office | 2 | 20.00 | 24 | 960.00 |
| 3G for branches office | 2 | 5.00 | 1 | 50.00 |
| Sub Total | | | | 5,330.00 |
| Travel and Transportation | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Fuel for 4 motor bikes Motorbikes (48 liter/motor bike per month) | 192 | 1.5 | 24 | 6,912.00 |
| Oil | 4 | 5.00 | 24 | 480.00 |
| Bike Maintenance | 4 | 1,500.00 | 1 | 6,000.00 |
| DSA trip to Ermera and Oequse Project Officer + driver (6 visits per year, 5 | 2 | 62.00 | 120 | 14,880.00 |
| DSA trip to Ermera and Oequse Project Manager (3 visits per year, 5 days | 1 | 62.00 | 30 | 1,860.00 |
| DSA trip Training/meeting in Dili (4 FO + 2 Drivers) | 6 | 39.00 | 6 | 5,004.00 |
| Sub Total | | | | 35,136.00 |
| Operational cost | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Program evaluation | 1 | 100,000 | 1 | 100,000 |
| Planning a training workshop/Technical assistance | 1 | 20,000 | 1 | 20,000 |
| Sub Total | | | | 120,000.00 |
| Grand Total | | | | 489,786.00 |

3.2. Option 2: 1 Project Manager, 2 Project Officers and 4 Field Officers

| Description | Unit (person) | Cost/Unit (USD) | Coverage Period (Month) | Total Cost (USD) |
|--|---------------|-----------------|-------------------------|-------------------|
| Personnel: | | | | |
| Project Manager | 1 | 7,600.00 | 24 | 182,400.00 |
| Project Officer | 2 | 1,800.00 | 24 | 86,400.00 |
| Field Officer | 8 | 600.00 | 24 | 115,200.00 |
| Sub Total | | | | 384,000.00 |
| Office & Equipments: | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Office Rental | 2 | 500.00 | 24 | 24,000.00 |
| Fuel for Generator for Oeque & Ermera Office | 2 | 20.00 | 24 | 960.00 |
| 1 desks for Ermera office & 1 for Oeque | 2 | 150.00 | 1 | 300.00 |
| 8 chairs for each district office | 16 | 15.00 | 1 | 240.00 |
| 8 laptops for field Officers in Ermera and Oeque | 8 | 1,500.00 | 1 | 12,000.00 |
| 2 laptop project officer | 2 | 1,500.00 | 1 | 3,000.00 |
| 2 Printers for branch office | 2 | 150.00 | 1 | 300.00 |
| 2 Extention Cable for branches office | 2 | 30.00 | 1 | 60.00 |
| Stationary for branches office | 2 | 10.00 | 24 | 480.00 |
| Motor bike for 8 FO & 2 Project Officers | 10 | 2,000.00 | 1 | 20,000.00 |
| SG kits (lock, boxes, passbook,...) | 400 | 50.00 | 1 | 20,000.00 |
| Bicycle for Village Agents | 48 | 100.00 | 1 | 4,800.00 |
| Sub Total | | | | 86,140.00 |
| Communication: | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Pre Paid card- Project Manager | 1 | 50.00 | 24 | 1,200.00 |
| Pre Paid card- Project Officer | 2 | 50.00 | 24 | 2,400.00 |
| Pre Paid card- for 8 Fos | 8 | 20.00 | 24 | 3,840.00 |
| Internet for 2 branches office | 2 | 20.00 | 24 | 960.00 |
| 3G for branches office | 2 | 25.00 | 1 | 50.00 |
| Sub Total | | | | 8,450.00 |
| Travel and Transportation | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Fuel for 10 motor bikes Motorbikes (48 liter/motor bike per month) | 480 | 1.50 | 24 | 17,280.00 |
| Oil | 10 | 5.00 | 24 | 1,200.00 |
| Bike Maintainance | 10 | 1,500.00 | 1 | 15,000.00 |
| DSA trip to Ermera and Oeque Project Officer + driver (6 visits per year, 5 days each) | 2 | 62.00 | 60 | 7,440.00 |
| DSA trip to Ermera and Oeque Project Manager (4 visits per year, 5 days each) | 1 | 62.00 | 40 | 2,480.00 |
| DSA trip Training/meeting in Dili (2 Program Officers + 8 FO + 2 Drivers) | 12 | 139.00 | 6 | 10,008.00 |
| Sub Total | | | | 53,408.00 |
| Operational cost | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Program evaluation | 1 | 100,000 | 1 | 100,000 |
| Planing an training workshop/Technical assistance | 1 | 20,000 | 1 | 20,000 |
| Sub Total | | | | 120,000.00 |
| Grand Total | | | | 651,998.00 |

3.3. Option 3: 1 Project Manager, 3 Project Officers and 12 Field Officers

| Description | Unit (person) | Cost/Unit (USD) | Coverage Period (Month) | Total Cost (USD) |
|---|---------------|-----------------|-------------------------|-------------------|
| Personnel: | | | | |
| Project Manager | 1 | 7,600.00 | 24 | 182,400.00 |
| Project Officer | 3 | 1,800.00 | 24 | 129,600.00 |
| Field Officer | 12 | 600.00 | 24 | 172,800.00 |
| Sub Total | | | | 484,800.00 |
| Office & Equipments: | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Office Rental | 2 | 500.00 | 24 | 24,000.00 |
| Fuel for Generator for Oequse & Ermera Office | 2 | 20.00 | 24 | 960.00 |
| 1 desks for Ermera office & 1 for Oequse | 2 | 150.00 | 1 | 300.00 |
| 8 chairs for each district office | 16 | 15.00 | 1 | 240.00 |
| 12 laptop for field Officers in Ermera and Oequse | 12 | 1,500.00 | 1 | 18,000.00 |
| 3 laptop program officers | 3 | 1,500.00 | 1 | 4,500.00 |
| 2 Printers for branch office | 2 | 150.00 | 1 | 300.00 |
| 2 Extention Cable for branches office | 2 | 30.00 | 1 | 60.00 |
| Stationary for branches office | 2 | 10.00 | 24 | 480.00 |
| Motor bike for 12 FO & 3 Project Officers | 15 | 2,000.00 | 1 | 30,000.00 |
| SG kits (lock, boxes, passbook,...) | 600 | 50.00 | 1 | 30,000.00 |
| Bicycle for Village Agents | 48 | 100.00 | 1 | 4,800.00 |
| Sub Total | | | | 113,640.00 |
| Communication: | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Pre Paid card- Project Manager | 1 | 50.00 | 24 | 1,200.00 |
| Pre Paid card- Project Officer | 3 | 50.00 | 24 | 3,600.00 |
| Pre Paid card- for 12 Fos | 12 | 20.00 | 24 | 5,760.00 |
| Internet for 2 branches office | 2 | 20.00 | 24 | 960.00 |
| 3G for branches office | 2 | 25.00 | 1 | 50.00 |
| Sub Total | | | | 11,570.00 |
| Travel and Transportation | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Fuel for 15 motor bikes Motorbikes (48 liter/motor bike per month) | 720 | 1.50 | 24 | 25,920.00 |
| Oil | 15 | 5.00 | 24 | 1,800.00 |
| Bike Maintainance | 15 | 1,500.00 | 1 | 22,500.00 |
| DSA trip to Ermera and Oequse Project Manager + driver (4 visits per year, 5 days each) | 2 | 62.00 | 40 | 4,960.00 |
| DSA trip from District to Dili (3 Program Officers + 12 FO + 3 Drivers) | 18 | 139.00 | 6 | 15,012.00 |
| Sub Total | | | | 70,192.00 |
| Operational cost | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Program evaluation | 1 | 100,000 | 1 | 100,000 |
| Planing an training workshop/Technical assistance | 1 | 20,000 | 1 | 20,000 |
| Sub Total | | | | 120,000.00 |
| Grand Total | | | | 800,202.00 |

3.4. Option 4: 1 Project Manager, 4 Project Officers and 16 Field Officers

| Description | Unit (person) | Cost/Unit (USD) | Coverage Period (Month) | Total Cost (USD) |
|---|---------------|-----------------|-------------------------|-------------------|
| Personnel: | | | | |
| Project Manager | 1 | 7,600.00 | 24 | 182,400.00 |
| Project Officer | 4 | 1,800.00 | 24 | 172,800.00 |
| Field Officer | 16 | 600.00 | 24 | 230,400.00 |
| Sub Total | | | | 585,600.00 |
| Office & Equipments: | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Office Rental | 2 | 500.00 | 24 | 24,000.00 |
| Fuel for Generator for Oequse & Ermera Office | 2 | 20.00 | 24 | 960.00 |
| 1 desks for Ermera office & 1 for Oequse | 2 | 150.00 | 1 | 300.00 |
| 8 chairs for each district office | 16 | 15.00 | 1 | 240.00 |
| 16 laptops for field Officers in Ermera and Oequse | 16 | 1,500.00 | 1 | 24,000.00 |
| 4 laptop program officers | 4 | 1,500.00 | 1 | 6,000.00 |
| 2 Printers for branch office | 2 | 150.00 | 1 | 300.00 |
| 2 Extention Cable for branches office | 2 | 30.00 | 1 | 60.00 |
| Stationary for branches office | 2 | 10.00 | 24 | 480.00 |
| Motor bike for 16 FO & 4 Project Officers | 20 | 2,000.00 | 1 | 40,000.00 |
| SG kits (lock, boxes, passbook,...) | 800 | 50.00 | 1 | 40,000.00 |
| Bicycle for Village Agents | 48 | 100.00 | 1 | 4,800.00 |
| Sub Total | | | | 141,140.00 |
| Communication: | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Pre Paid card- Project Manager | 1 | 50.00 | 24 | 1,200.00 |
| Pre Paid card- Project Officer | 3 | 50.00 | 24 | 3,600.00 |
| Pre Paid card- for 16 Fos | 16 | 20.00 | 24 | 7,680.00 |
| Internet for 2 branches office | 2 | 20.00 | 24 | 960.00 |
| 3G for branches office | 2 | 25.00 | 1 | 50.00 |
| Sub Total | | | | 13,490.00 |
| Travel and Transportation | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Fuel for 20 motor bikes Motorbikes (48 liter/motor bike per month) | 960 | 1.50 | 24 | 34,560.00 |
| Oil | 20 | 5.00 | 24 | 2,400.00 |
| Bike Maintainance | 20 | 1,500.00 | 1 | 30,000.00 |
| DSA trip to Ermera and Oequse Project Manager + driver (4 visits per year, 5 days each) | 2 | 62.00 | 40 | 4,960.00 |
| DSA trip from District to Dili (4 Program Officers + 16 FO + 4 Drivers) | 24 | 139.00 | 6 | 20,016.00 |
| Sub Total | | | | 91,936.00 |
| Operational cost | | | | |
| | Unit | Cost/unit | period | Total Cost |
| Program evaluation | 1 | 100,000 | 1 | 100,000 |
| Planing an training workshop/Technical assistance | 1 | 20,000 | 1 | 20,000 |
| Sub Total | | | | 120,000.00 |
| Grand Total | | | | 952,166.00 |

3.5. Description of the budget items: Frequently Asked Questions

What is included in the \$100 M&E budget?

This is a very conservative budget assuming a very rigorous M&E system. The M&E in such assumption would include: a socio-economic rolling baseline survey, an end-line survey, with a combination of quantitative and qualitative methods. The cost includes the professional fees of an external consultant and cost of enumerators with a sample size of around 500 SG members. Access Africa has developed a comprehensive impact measurement system for VSLA groups, through a rolling baseline member survey. Depending on if the approach is implemented internally or externally the cost can be reduced significantly.

Would the amount remain the same whatever the options considered?

You may decide to simplify the approach and focus on few indicators to monitor and combine a quantitative and qualitative approach. The aim being to be able to assess to what extent the program improves the life of the SG members.

What is included in the TA/workshop budget of \$20,000?

This budget can be reduced up to half of the amount. It includes the following items:

- 4 days of professional fees in contextualization of the VSLA manual and preparation for the training (this could include one day field visit to assess the current SG, a review of the current report and findings): $4 \times \$500 = \$2,000$
- 5 days of professional training on the VSLA approach in Timor Leste [\$5,973]
 - Professional fees: $\$500 \times 5 = \$2,500$
 - Perdiem and Hotel (DSA 7 days): $\$139 \times 7 = \973
 - Return Air fare: \$2,500
- Tea and Coffee break during the training [for 10 persons]: $10 \times \$8.9 \times 5 \text{ days} = \445
- Translation of the Manuals (VSLA Program Manual, Field Officer Manual, Village Agent Manual) in the local language: \$1,500
- Optional
 - Participation of 2 program staff members to international conferences on Saving Groups (e.g. SEEP Network in Washington)
 - Air-fare [return ticket for 2 persons]: $2 \times \$2500 = \$5,000$
 - DSA [for 7 days 2 persons]: $\$363 \times 2 \times 7 = \$5,082$

What requirements for a Village Agent (VA)?

A VA is a community trainer identified among VSLA group members. A VA is selected based on the following criteria:

- Being already part of a VSLA group;
- Discipline demonstrated by his/her regular presence at group meeting and respect of group rules;
- Leadership;
- Honesty;
- Interest with the methodology and interest to train more people;
- Literacy and numeracy.

Might be a bit challenging to find in Timor Leste?

It is not difficult to find. If the main concern is on literacy and numeracy, the COMPASIS data (cf. page 12), demonstrates a relatively good literacy level among SG members (39%). This is a very good rate compared with countries like Mali and Niger, with less than 15% literacy rate. These countries have been nevertheless able to successfully implement the VA approach.

What compensation for the VA?

Bicycles are kind of incentives to motivate the VA, but different approaches of motivation have been experienced. In most programs, VA are being paid by the groups for the training they receive at about \$1-\$2 per training. This is more sustainable, since the VA will continue to operate after the project to form more groups. Some have also motivated the VA by having the group to pay for the VSLA kit, which will be owned by the VA.