

Saving a Peace

How savings groups build peace

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Abstract – Framed as a development strategy based on asset accumulation and access to capital to combat liquidity constraints of the poor, savings groups may also provide important opportunities for the cultivation of peace in communities. The practices and procedures of savings groups foster highly social relationships. While some see the building of social capital as simply a positive externality of this financial intervention, this research suggests that it may be precisely these less quantifiable social outcomes that stand as the most highly valued impacts for the poor. This paper offers a point of departure for further systematic study into how the social outcomes of savings groups build peace in their surrounding communities.

i. Introduction

Near the end of an extremely important discourse
the great man of state stumbling
on a beautiful hollow phrase
falls over it
and undone with gaping mouth
shows his teeth
gasping
and the dental decay of his peaceful reasoning
exposes the nerve of war
the delicate question of money

–Jacques Prévert, *Discourse on Peace*, translated by Lawrence Ferlinghetti

Prévert's *Discourse on Peace* reminds us of a discouraging reality – that despite the bold speeches of men of power, money has a tendency to corrupt peace. Himself a proponent of peace and staunch opponent of war, Prévert had a keen sense of the harmful consequences of violence, particularly as they befall the poor. Here it is the quest for money, he explains, that decays a great man of state's peaceful reasoning, money – “the nerve of war.” But today we see more and more ways that money is used to combat the structural violence of poverty and perhaps even promote peace. Money sought and accumulated, not by heads of state, but by grassroots actors- the poor, the marginalized. Money, so often seen as wrecking peace, has become, of late, a symbol of hope in the field of international development. Talk of financial inclusion, microcredit, and microsavings promise to

bring greater prosperity and hope to the poor. But can a development strategy predicated on the accumulation and promise of monetary gains avoid stumbling on “hollow phrases” and work toward genuine peace? Can savings groups, one of the latest fads in financial inclusion programming, not only combat poverty, but sow seeds of peace in groups and communities?

This paper argues that savings groups do indeed contain the potential to foster peace in communities. Framed as a development strategy based on asset accumulation and access to lump sums to combat liquidity constraints of the poor, savings groups may also provide important venues for the cultivation of peace in communities. By compiling reports from development practitioners with personal interviews, I seek to answer the following broad research question: can savings groups, currently deployed as a part of a larger grass-roots economic development strategy, have implications for peace in their communities?

My argument takes the following form. Part I describes theoretical frameworks that link savings groups to peace. It begins with an overview of the history of savings groups as a development strategy, then reviews basic savings group methodology and its logic as a tool of development. Section I.2 describes major theories connecting economics to peace, providing a broad introduction to ways that development and peace may be linked. In Section I.3, I explore relevant theories from peacebuilding and peace studies literatures, introducing Intergroup Contact Theory, civil society, institution building, and a gendered approach to development, as helpful models against which to judge savings group performance. Part II presents preliminary findings based on program evaluations from leading NGOs in the field and interviews with savings group practitioners; Section II.1 discusses methodology in detail. Section II.2 reveals that at this point economic outcomes may prove too uncertain to provide evidence for the economic-based theories of peace we discussed in Part I, but goes on to discuss the potential positive implications for security that stem from savings group targeting and design. Section II.3 presents the most robust findings for peace outcomes of savings groups, categorizing findings based on the peace theory models outlined in Section I.3. Finally, Part III concludes the analysis, offering a word of caution in Section III.1 to temper the expectations of types of peace outcomes that savings groups can cultivate. Section III.2 concludes with a brief discussion of replication, sustainability, and thoughts on how savings groups compare with more traditional forms of peacebuilding. I offer a few words of recommendation for future study in Section III.3 and conclude in Section IV.

I. PART I: Setting the Theoretical Groundwork

I.1 Savings Groups

I.1.1 Institutionalizing Savings Groups: a brief history

Out of the burgeoning microfinance industry spun a set of development agencies that began to look more closely at strategies for improved household savings. Savings, and not credit, these proponents argued, would lead to more resilience in communities and reach poorer households than did credit-led microfinance schemes. Responding to criticisms of microfinance as depending too heavily on credit and debt, a new enthusiasm for development programs that foster savings has arisen. Households in poverty not only need access to capital, proponents suggest, but also need a way to safely save their own assets, bit by bit. A focus on amassing and growing an individual's own assets, they hoped, would offer an alternative to cycles of over-indebtedness and the pushing of ill-suited microcredit products that often arose from high saturation of microfinance institutions (MFIs) in developing countries. Without the need for collateral or proxy measures of credit-worthiness, standard requirements of microfinance institutions, proponents also hoped that savings groups could reach a poorer clientele than could more microcredit products, thus more significantly serving the poorest communities.

NGO-led savings programs modeled their savings initiatives on the many forms of indigenous saving schemes present in communities throughout the developing world. From the Japanese ROSCAs in the 13th Century,¹ to the *tontines* that pepper cities and villages throughout francophone West Africa, to savings and investment clubs in the United States, the idea of people coming together to pool assets in informal savings and credit groups existed long before savings became part of the development lexicon.

In 1991, Moira Eknes, who ran a CARE International program to support women's handicrafts developed the first NGO-facilitated savings groups. The experimental methodology drew its inspiration from Nigerien *tontines*, an indigenous Rotating Savings and Credit Association (ROSCA)

¹ Roberk Dekle & Koichi Hamada, "On the Development of Rotating Credit Associations in Japan," *Economic Development and Cultural Change*, Vol. 49, No. 1 (2000): 77-90.

that Nigerien women already knew and used.² What Eknes and her first groups together developed and added to this system, were intended security measures in the form of a locked box in which to store accumulated savings and a more complex system for accumulating and loaning out the savings on a yearly cycle.³ Instead of a weekly share-out in which one member received the entire “pot” of contributed funds, this model encouraged the women to meet and contribute weekly, but only to share-out the pot at the end of a 12-month cycle. As funds were accumulating, members would lend their savings to each other as informal loans with interest. The model would require more systematic recordkeeping but would ultimately deliver members a return on their savings at the end of a cycle. In this way the ROSCA became a modified ASCA (Accumulating Savings and Credit Associations).⁴ The Village Savings and Loan Association (VSLA), as CARE termed it, remains the basic savings group model that CARE and many international NGOs continue to promote. Since that first iteration nearly two decades ago, agency-promoted savings groups continue to model themselves after the indigenous ASCA.

Many credit the formalization and spread of a savings group methodology to Hugh Allen. After leaving his own position at CARE International to develop a microfinance model based less on credit and more on savings, he established VSL Associates and has honed the savings group model into a simple methodology transferable to very poor of communities across the globe. Developing best practices and a standardized methodology, Allen’s work influenced the uptake of savings groups programs by major development players like Catholic Relief Services (CRS), CARE, and PACT.

For the purposes of this analysis it is important to note three important ways in which savings-led financial inclusion programs differ credit-led microfinance programs. First, very simply, savings groups can offer a return on member savings. Many MFIs, because they are not banks cannot take deposits, let alone pay interest on modest accounts. Not only does this MFI weakness force members to continue to rely on often insecure, informal mechanisms by which to save, but it does little to encourage a savings culture. By offering a return on savings, saving groups incentivize

² Kristin Helmore, “Revisiting the Early Days of CARE’s Savings Groups: Interview with Moira Kristin Eknes, Village Savings and Loan Associations Program Originator,” in *Financial Promise for the Poor*, ed. Kim Wilson, Malcolm Harper, & Matthew Griffen, Kumarian Press: Streling, VA (2010) 59.

³ *Ibid*, 60.

⁴ David Roodman, “Conversation with Hugh Allen on Village Savings & Loan Associations,” *David Roodman’s Microfinance Open Book Blog*, 14 September 2009, blogs.cgdev.org/open_book/2009/09/conversation-with-hugh-allen-on-village-savings-loan-associations.php.

participation, as members gain a place in which to accumulate their assets that is not only safe, but potentially lucrative. This incentive to participate may prove important in discussing the viability of considering savings groups a sustainable model of fostering peace, discussed in Part III. Secondly, savings groups stand as independently functioning bodies. Unlike the process of taking out a microcredit loan, participation in a savings group gives members a voice and stake in generating binding bylaws and determining how to interpret those bylaws over the course of the savings cycle. Not beholden to outside rules and power structures, group members enjoy more autonomy and power over the form their group takes. Finally, when comparing groups formed to acquire a loan taken from an MFI to groups formed for the purposes of an internal savings and lending, we see different group dynamics at play. Because the former are constructed in order that the MFI has more leverage to pressure loan recipients to repay, the dynamics of MFI-organized groups may tend toward peer pressuring, shaming or blaming, in order to compel repayment and retain good standing with an MFI. Savings group groups, however, because they do not answer formally to any outside agency, have greater flexibility to grant short-term extensions on repayment or anticipate needs, thereby potentially lessening the need for group members to apply harsh peer pressuring tactics. The differences in peace implications between microcredit-led development and savings groups could prove very interesting; however, for the purposes of this analysis these basic distinctions will serve as a satisfactory introduction to distinctions between the two.

I.1.2 The Mechanics

The logic of savings-led development suggests that large lump sums accumulated by weekly contributions to the group may be used either to invest in productive assets or to cover major household expenses. Modern savings groups typically consist of 15 – 25 members who self select to meet regularly to save together. Meetings are frequent and the amounts contributed are dictated by the means available to group members. Member savings are pooled at meetings, saved in a secure lockbox, and made available via internal lending to members. Internal loans are granted at relatively high interest rates and do not last longer than the 12-month cycle. Interest payments are added to the central pool, augmenting accumulating savings. Groups typically conduct a share-out every twelve months. At share-out, the total pool of funds is divided among members, thus providing large lump sums to each participant.⁵ Development agency methodologies recommend that groups

⁵ Joanna Ledgerwood & Steve Rasmussen, “Savings Groups: A growing movement that is reaching the poor in significant numbers,” *CGAP Microfinance Blog*, 28 October 2011, <http://microfinance.cgap.org/2011/10/28/savings-groups-a-growing-movement-that-is-reaching-the-poor-in-significant-numbers/>.

share-out on a regular cycle and begin a new cycle immediately, carrying over some shared-out equity into a new savings cycle. Sharing-out regularly, practitioners argue, keeps record-keeping simple, provides ready and predictable access to lump sums, and increases transparency that might otherwise be lost in the carrying over of large sums of money from one cycle to another.⁶ In practice, groups vary in the lengths of their cycles, the frequency of share out, and their enthusiasm in re-forming. Indeed recent evidence suggests that many groups do not share out at the end of every cycle, preferring instead to amass larger and larger quantities to be lent and saved.⁷

NGO personnel enter the story in the initial phases of group formation. Typically NGO staff will provide simple instruction to groups and guide them through the process of bylaw creation and the mechanics of record keeping. The contact an NGO has with its savings groups varies by organization, and may be dictated by geography, competency, and available time of field agents. At an institutional level, donors and program officers may rightly call for frequent monitoring of groups. Still, one of the most touted features of savings groups is their autonomy post-formation. Not only are groups equipped with the knowledge to run a complete cycle and restart their own groups, but often group leaders are encouraged to help to spread the methodology to new groups of people wishing to join savings groups. This self-replication potential has caught the eye of development agents as a promising indicator of program sustainability. As the popularity of savings groups has grown, development practitioners have also begun to view savings groups as a vehicle for the disbursement of additional development services. The appeal of a small, well-organized group with potentially increased clout in the community has led NGOs to add supplemental curricula to groups. Topics of add-on initiatives range from health care and HIV/AIDS education to business training to lessons on peace and conflict resolution. Such hybrid programs hope to capitalize on the strength of the savings group model to act as a platform for the delivery of these alternate services.

Platform strategies are not without critics. Some practitioners worry that tacking on additional programs and interventions may muddy the honed, simple model of the VSLA and thus denigrate the benefits that arise out of “pure” savings groups in their own right. For purposes of analysis we

⁶ Hugh Allen & David Panetta, “Savings Groups: What are They?” *The SEEP Network Savings-Led Financial Services Working Group*, Washington DC: June 2010, 18.

⁷ *Ibid.*

will examine instances of both types of programming, so-called “pure” savings groups and those paired with alternate development initiatives.

A social component accompanies this simple financial model of shared assets and accumulation. I define social aspects as the non-financial or non-monetary components of the savings groups methodology. I see these social aspects as falling into two categories: the very tangible allocation of grants or no-interest loans in the form of a “social fund” and the less-formal aspect of social togetherness that group meetings foster. The social fund acts as a financial tool leveraged by savings groups, as a type of informal insurance for members. Members relegate a small lump sum of money from the central savings pool to the fund and reserve distribution strictly to members who face sudden, unexpected, or dire need. A member may petition the group for a payout from the social fund in cases of such emergency. Fellow members deliberate and decide how and if to distribute funds. Group bylaws contain rules governing these payouts. Rules range in specificity, from general guidelines to specific instructions delineating suggested pay-outs for specific types of emergencies. The VSLA model stresses that this informal insurance mechanism serves the community at large, through its connections to group members, thus casting a wider safety net than would the saved or lent cash from the lockbox.

The social cohesion and opportunity for exchange generated by weekly gatherings of members, does, in its own right, constitute an important element of the savings group development strategy. This second social functioning of savings groups rarely graces the strategic plans or evaluation metrics of NGO-led programs. Instead, talk of social cohesion often surfaces in anecdotal reports or interviews with practitioners and participants. Despite the fact that social exchange lies outside the VSLA’s explicit goal of “provid[ing] simple savings and loan facilities in a community that does not have easy access to formal financial services,”⁸ the compulsory group nature of these savings mechanisms warrants closer examination. Particularly when looking for non-financial impacts of savings groups, we ought to look carefully at the potential for good and harm that can stem from group dynamics. Regular meetings may instill closer bonds between group members and bring together members from different tribes, families, or religions. Pooling assets and depending on timely, full repayment from members may serve to build trust, but so too might breaches of this trust spark intra-group conflict. Questions also remain as to the extent to which bonds or divisions

⁸ “VSL Model,” *VSL Associates*, <http://vsla.net/aboutus/vslmodel>.

instilled within groups permeate into wider communities. Though challenges in measuring social cohesion abound, strong theoretical logics suggest that organizing communities into groups like those of VSLAs might have broader implications for the ways in which communities subsist, develop, and interact with neighbors. Implications for the building of peace in communities may have direct links to this social function of savings groups. Social functions may prove more important to peacebuilding than does the purported stability generated via economic, financial asset accumulation. Preliminary findings from interviews with practitioners support such theoretical frameworks.

I.1.3 Savings Groups as an Instrument of Development: improving livelihoods

We can see the development logic of savings groups as one aimed at improving livelihoods. A basic sustainable livelihood's framework, like DFID's (see Figure 1)⁹ sees at the center an asset pentagon, comprised of five types of assets: financial capital, physical capital, social capital, human capital, and natural capital.

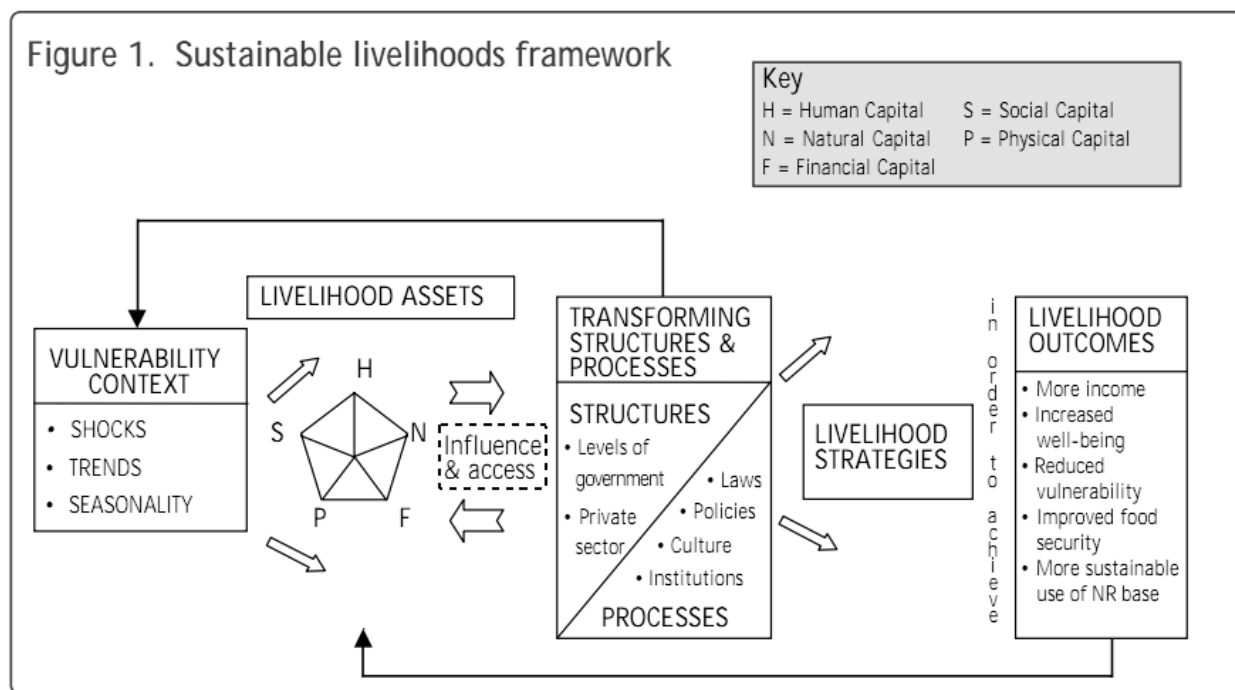


Figure 1: DFID Sustainable Livelihood Framework

Improving “asset status” or ability to access these assets can result in general improvements in well-being of an individual or a household.¹⁰ Most obviously, by encouraging fiscal/monetary savings,

⁹“Sustainable Livelihoods Guidance Sheets: Framework Introduction,” *DFID* (April 1999) <http://www.eldis.org/vfile/upload/1/document/0901/section2.pdf>.

¹⁰ “Sustainable Livelihoods Guidance Sheets: Reference Glossary,” *DFID* (October 2001) <http://www.smallstock.info/reference/DFID/SL/sect8glo.pdf>.

savings groups work to expand the amount and access to financial capital. In many cases it is hoped that an increase in financial assets will aid households in purchasing productive physical assets such as safe shelter, agricultural inputs, or physical capital to facilitate a small business. Access to credit by way of the group serves a similar purpose, allowing for safe, trustworthy access to a lump sum of financial capital, often facilitating the purchase of productive physical capital. In these ways the logic of savings groups closely resembles the driving motivations behind many contemporary microfinance products. Well-being improves through financial asset accumulation and potentially economic growth as funded through savings and loans. A more nuanced argument could outline the ways in which savings groups interact with all five asset categories. By enabling the accumulation of lump sums and putting these sums to productive use, savings group accumulations may increase physical capital through the purchase of materials or equipment purchased to improve shelter or invest in working capital to improve returns from an enterprise. As we will see in greater detail later in this analysis, savings groups enhance social and human capital through weekly meetings where members share knowledge about skills and practices and gain trust and informal insurances from other members resulting in greater social cohesion.

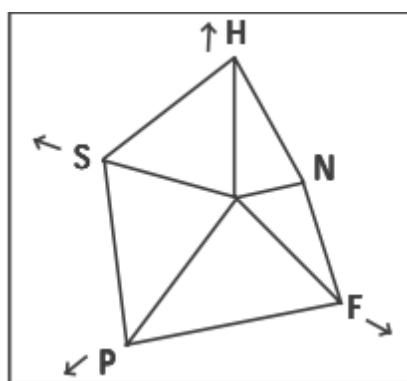


Figure 2: Asset Pentagon - Increasing Assets

Figure 2 shows how the Asset Pentagon grows and changes shape with increases in financial, physical, social, and human capital, indicated by outward pointing arrows to signify growth.¹¹

The outcome of enhanced social capital, serves as a conceptual bridge connecting savings groups to peace. DFID defines social capital as: “The formal and informal social relationships (or social resources) from which various opportunities and benefits can be drawn by people in their pursuit of livelihoods.”¹²

These assets, DFID continues, can be cultivated by way of investment in the following:

- Interactions (through work or shared interests) that increase people’s ability to work together;

¹¹“Sustainable Livelihoods Guidance Sheets: Framework Introduction,”6.

¹²“Sustainable Livelihoods Guidance Sheets: Reference Glossary,” 8.

- Membership of more formal groups in which relationships are governed by accepted rules and norms;
- Relationships of trust that facilitate co-operation, reduce transactions costs and sometimes help in the development of informal safety nets amongst the poor.

Critical benefits of social capital are access to information, to influence or power, and to claims or obligation for support from others.¹³

Certainly the trust necessitated by the savings group model may “increase people’s ability to work together.” Further, we can see the creation of organized savings groups as fitting neatly into the second indicated investment in “more formal groups...governed by rules and norms.” Importantly, within the livelihoods framework, social capital functions by reducing vulnerability to shocks. Later I will expand the idea of social capital by showing the way in which it may have broader peace implications when used to organize for a cause or empower certain at-risk groups.

1.2 Economics & Peace

In international aid work today, economic development and peacebuilding activities typically reside in separate universes of operation, pursued by distinct actors, and fed by separate budgets. A growing number of organizations have begun to look more closely at linkages between the two and pair more comprehensive development strategies with peacebuilding or conflict prevention goals in mind. A substantial history of thought links development and peace. Economic links between nations, theorists suggest, not only increase economic growth and strength, but also foster peace and a prevention of conflict. Poverty, others have shown, may serve as an underlying factor in perpetuating violence. Development then, becomes an antidote to poverty, and, by association, violence. A brief description of the relevant theories follows.

1.2.1 Economic Interdependence as Conflict Mitigation

In their 2001 article “Investing in Peace,” Gratzke et al., examine the well-known liberal hypothesis that interstate trade linkages result in reductions in militarized hostilities and wars.¹⁴ Susan McMillan provides a thorough literature review of this basic premise, tracing its roots to the Kantian idea of “perpetual peace,” which posits that republics would be more peaceful than other forms of

¹³ “Sustainable Livelihoods Guidance Sheets: Reference Glossary,” 8.

¹⁴ Erik Gratzke, Quan Li, & Charles Boehmer, “Investing in the Peace: Economic Interdependence and International Conflict,” *International Organization*, Vol. 55, No. 2 (2001): 391.

government. She goes on to discuss more modern debates, contrasting nuances of liberal versus realist framings of economics and peace.¹⁵ Gartzke, et al. tease out key findings from the literature as well. Summarizing the basic opportunity cost model, they cite Hirschman: “International commerce, being a transaction between nations, could conceivably also have a direct impact on the likelihood of peace and war... the [economic] interests might overcome...the passion for conquest.”¹⁶ Economic interdependencies, Hirschman’s supporters argue, can more conceivably lead to peace between nations than can the presence of democracy, economic growth itself, or diplomatic alliances. Gartzke continues, “interdependence may contribute to peace by making costly contests more costly than the stakes or by revealing private information for at least one of the actors.”¹⁷ Interdependence is seen to raise the stakes of conflict as economic interests may be more valuable than the potential gains and losses involved in going to war. Information shared in the process of forging and maintaining economic interdependencies may lead to better and more frequent communication, but it also enables nations to threaten their opponents. Nations may be leery of sparking hostilities when their opponent is armed with private information it could reveal on a world stage. It is this ability to threaten and communicate by way of economic transactions that allows interdependence to function as a nonviolent signaling device. It enables communication as an alternative to violence.¹⁸

Economic linkages might not necessarily deter disputes, but rather can serve as means of nonviolent signaling to prevent outright violent conflict. Signals might include imposing sanctions, threatening to end a contract, or failing to enforce agreed upon conditions. Such signaling may prove financially or politically costly, the authors concede, but it largely succeeds in avoiding reliance on violence to settle disputes.¹⁹

Whereas most prior thinking about economic linkages focused on bilateral trade relationships between nation-states, this paper urges us to think beyond trade relationships to include international capital flows and investments. Both Gartzke’s arguments and the literature he reviews focus on macro, state-level actors and high-level, official points of interdependence governed by law and treaty. Still we may ask if these findings have some practical application to the very micro-level

¹⁵ Susan McMillan, “Interdependence and Conflict” *Mershon International Studies Review*, Vol. 41, No. 1 (May 1997): 33-58.

¹⁶ Gartzke et al., 394 citing Hirschman (1977).

¹⁷ Gartzke et al., 399.

¹⁸ *Ibid.*, 400.

¹⁹ *Ibid.*, 392.

savings groups and peace question. At a community level, savings groups create financial interdependence between members. When a group member's savings have been lent out in the form of credit, an inter-dependence stems from the borrower's promise to repay her savings with interest. Both parties have an interest in the borrower's ability to repay. Informal rules and norms govern disbursement and repayment, helping to facilitate trust in monetary exchanges. These shared economic interests could conceivably deter violence between the parties and wider community, though questions about the propensity for conflict remain.

Gartzke points out that while dyads of nations linked by economic relationships experience fewer *militarized* (violent) conflicts, they may face more disputes,²⁰ in part arising from the increased frequency of contact between parties and the sensitive nature of financial contracts. We should be careful then, to look for the ways in which savings groups may increase the incidents of dispute within communities. While we might not expect violence to erupt frequently in a community and may thank saving group interdependencies for playing a stabilizing role in keeping violence at bay, a broad definition of peace, which I define concretely in Section I.3, forces us to look more closely at even nonviolent disputes that may arise from increased interdependence and ways in which such new linkages could inhibit chances for positive peace in a community.

I.2.2 Poverty as Breeding Violence, Development Bringing Peace?

A second important theoretical argument linking development and peace comes from economists who see poverty as a condition for increased violence. We examine this logic to think more critically about savings groups, poverty alleviation, and peace. We ask, might the poverty alleviation goal of community savings have a spillover effect of reducing the propensity for violence through increased economic prosperity?

Brainard and Chollet cover much ground in their edited collection of essays, *Too Poor for Peace?* The volume takes a more micro view of economic links to violence, though it does not address microfinance or savings groups explicitly. In Edward Miguel's chapter describing the current state of research on the topic, the author begins by articulating the general notion that modern research "finds a strong link leading from poverty to violence in less developed countries."²¹ He goes on to

²⁰ *Ibid*, 395.

²¹ Edward Miguel, "Poverty and Violence: a review of recent research," in *Too Poor for Peace* eds. Leal Brainard & Derek Chollet, Washington D.C.: Brookings Institution Press (2007).

cite Collier and Hoeffler who demonstrate that this “poverty-violence nexus” stands as the most strongly correlated cause of civil wars. A one percentage point decline in GDP, their research shows, results in a two percentage point increase in likelihood of civil conflict.²² Such grand claims prove less helpful for our micro-level analysis than do the specific causal elements that contribute to this general trend. Several causal elements explain how the poverty-violence nexus operates. First, Collier and Hoeffler explain, developing countries may lack the funding or will to repress uprisings, thus failing to disinsentivize the use of violence.²³ A lack of enforcement and rule of law may, they argue, encourage violence. Second, poverty may spark civil conflict due to competition for scarce resources. Individuals facing limited resources and options, they posit, become desperate and more ready to use violence to obtain these resources. Finally, Collier observes that individuals may be more inclined to join an armed group in contexts with fewer viable ‘legitimate’ income-generating options on offer.

The United Nations uses a similar logic to explain the link between poverty and violence in a report on achieving the Millennium Development Goals:

Poverty increases the risks of conflict through multiple paths. Poor countries are more likely to have weak governments, making it easier for would-be rebels to grab land and vital resources. Resource scarcity can provoke population migration and displacements that result in conflicts between social groups. Without productive alternatives, young people may turn to violence for material gain, or feel a sense of hopelessness, despair, and rage. Poor farmers who lack basic infrastructure and access to agricultural markets may turn in desperation to narcotics production and trade...Many slums are controlled by gangs of drug traffickers and traders, who create a vicious cycle of insecurity and poverty. The lack of economically viable options other than criminal activity creates the seedbed of instability – and increases the potential for violence.²⁴

Though Collier speaks to a more specific context of civil conflict on a mass scale, the intuitions about weak institutions and desperation suggested by he and the UN report remain relevant when looking at savings groups. Savings groups introduce informal institutions and monitoring and ways

²² *Ibid.*, 54.

²³ *Ibid.*, 55.

²⁴ Jane Nelson, “Operating in Insecure Environments,” in *Too Poor for Peace* eds. Leal Brainard & Derek Chollet, Washington D.C.: Brookings Institution Press (2007): 142. Citing United Nations, “Investing in Development: A Practical Plan to Achieve the Millennium Development Goals,” Millennium Project Report to the UN Secretary General, Earthscan: London (2005).

to accumulate assets, and in this way mitigate the instigating phenomenon outlined above. Empirical evidence would help to identify ways in which this actually plays out in practice.

Returning to a household level of analysis, Miguel ends his chapter with the argument that to mitigate conflict, governments and policy makers ought to work to limit sharp income fluctuations for people in developing countries.²⁵ He cites Sub-Saharan Africa as being “particularly notorious for highly volatile national incomes” and as an antidote, recommends insurance products.²⁶ Here we see a direct link to how savings groups might fit in to a poverty alleviation/violence prevention strategy. If, as we have suggested, savings groups help to amass lump sums and through access to capital and the social fund act as informal insurance products, then savings groups might be seen as a very local solution to the problems Miguel raises. Acting as a consumption smoothing tool, savings groups help ease the turbulence of fluctuating incomes and as such may insulate households from the desperation that can lead to the use of violence.

We ought to nuance this rosy picture, however, by noting that with accumulating sums of money mounting in lockboxes, communities ought to be aware of the ways in which “easily lootable resources” might become sources of temptation for neighbors in dire straits.²⁷ Broad community participation might mitigate inequalities and deter theft via threat of retribution. Still, it will be important to examine this potential for increased violence within the poor communities that savings groups serve.

I.2.3 Security through Development?

Large institutions and development players are beginning to refocus on the links between poverty and violence, development and peace. Policy makers have broadened their thinking to recognize that pro-poor economic growth may be a critical factor in attaining peace, security, and community resilience.²⁸ The US Institute for Peace defines a safe and secure environment as “one in which the population has the freedom to pursue daily activities without fear of politically motivated, persistent,

²⁵ Miguel, 56.

²⁶ *Ibid.*, 57.

²⁷ *Ibid.*, 56.

²⁸ Nelson, 143.

or large-scale violence.”²⁹ Generally defined as freedom from risk or threat of danger, *security* can be understood as a peace outcome.

Explaining the complimentary side of Miguel’s poverty-violence argument, Jane Nelson describes the relationship between development and security. In her chapter, Nelson outlines specific policy goals and guiding principles of international bodies and global actors that argue for the pursuit of stability and security via pro-poor development strategies. *In Larger Freedom*, a 2005 UN Report of the Secretary General, parses out the interconnected nature of peace and development:

The world must advance the causes of security, development and human rights together, otherwise none will succeed. Humanity will not enjoy security without development, it will not enjoy development without security, and it will not enjoy either without respect for human rights...The world needs strong and capable States, effective partnerships with civil society and the private sector, and agile and effective regional and global inter-governmental institutions to mobilize and coordinate collective action.³⁰

The World Bank echoes this argument. It also emphasizes the importance of community buy-in for development, here articulated in a statement about post-conflict reconstruction:

Community-driven reconstruction not only makes reconstruction more effective and demand-driven, but ... communities are far better at identifying and prioritizing their reconstruction needs and they do have the necessary capacity if given the resources and management support.³¹

In Section I.3.2 we will look more closely at savings groups in the context of civil society and demonstrate how they may function as instruments of community development, voice, and participation. Groups may provide venues for discussion reconstruction priorities and assets accumulated by the group may contribute to the available resources to put toward those goals.

²⁹United States Institute for Peace, United States Army Peacekeeping and Security operations Institute, *Guiding Principles for Stabilization and Reconstruction* (Washington DC, USIP Press: 2009): 6-38 & 11-230. Note that per out definitions of peace presented in Section I.3, This definition depicts a situation of negative peace, whereas more nuanced definitions of *human security*, which provide for freedom from threats of structural violence like hunger, disease, and repression, reflect positive peace outcomes.

³⁰ “In Larger Freedom: towards development, security and human rights for all,” *UN Report of the Secretary General*, 21 March 2005, <http://www.un.org/largerfreedom/contents.htm>.

³¹ Nelson, 144.

In her chapter, Nelson also notes the importance of targeting in development initiatives as particularly crucial in breeding “security and resilience:”

One such obvious way to do this is to target specific population groups that are either especially high-risk, in terms of being a likely cause of conflict and instability if they have grievances and no hope, or high potential, in terms of being likely problem solvers and bridge builders in helping to prevent or resolve insecurity and conflict.³²

We do indeed find evidence of savings groups as providing a venue for “high potential” charismatic individuals to build bridges within their communities. We also note the ways in which savings groups serve very poor populations that some may deem “no hope” individuals. Evidence of existing programs, presented in Section II will show how some especially vulnerable populations are being served by savings groups, not only being granted dignity and improved life chances, but becoming more fully integrated into communities. In these ways, the Nelson’s suggestions for enhanced security may align well with the bottom-up targeting priorities of savings group development programs.

I.3 Building Peace

Arguing that savings groups can impact peace outcomes and peacebuilding in a community requires a more thorough explanation of how I define the terms peace and peacebuilding.

Peacebuilding as a term has come to represent a very formalized approach to bringing peace and stability to communities. Such rigid, comprehensive definitions of peacebuilding are often put forth by government ministries and the UN Department of Peacekeeping Operations (UNDPKO). Most of these institutions, and the organizations that cue from their lead, see peacebuilding as tied explicitly to a post-conflict context. In former UN Secretary General Boutros Boutros-Ghali’s 1992 *An Agenda for Peace*, he defines the functions peacebuilding as, “to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into conflict.”³³ This includes both “rebuilding the institutions and infrastructures of nations torn by civil war and strife; and building bonds of peaceful mutual benefit among nations formerly at war.” Interestingly, he goes on to say that the aim of UN efforts must also address “the deepest causes of conflict:

³² *Ibid*, 144-5.

³³ Boutros Boutros-Ghali, *An Agenda for Peace*, United Nations: New York (1992): Art II.21, <http://www.un.org/Docs/SG/agpeace.html>.

economic despair, social injustice and political oppression,” though he does not include these goals as actionable items under the umbrella of peacebuilding activities.³⁴

Elizabeth Cousens adds the element of explicit intent to this formal definition.

“What are frequently conceived of as peacebuilding activities – demobilization, economic reconstruction, refugee repatriation, human rights monitoring, community reconciliation – are not inherently equivalent to peacebuilding unless they design themselves to be.”³⁵

According to Cousens, savings groups could only fall into the basket of peacebuilding activities if explicitly implemented with a goal of mitigating the return to violence. Fitting savings groups into this narrow definition proves more challenging. The closest example might be found in savings group programs that incorporate conflict resolution training as per the platform model discussed earlier. Pure savings group models deployed in post-conflict areas with the goal of improving economic reconstruction could also qualify.

Such exacting definitions of peacebuilding help to operationalize peace within the context of large international actors. Still, these definitions face limits in their ability to examine potential for peace generation at a personal, household, inter- or intra-communal level. To more closely examine the broad range of peace outcomes potentially supported by savings group programming, I instead define peace in the terms of Johan Galtung.

Galtung’s two-pronged definition of peace broadens the scope of what constitutes peace. He differentiates between negative peace and positive peace, where negative peace is the absence of active physical violence and positive peace is the absence of structural violence. Structural violence he defines as unintentional harm to done to human beings,³⁶ often through institutionalized practices. Structural violence can manifest in forms such as institutionalized racism or sexism, poverty, or poor access to health care. Positive peace also includes more actively positive attributes than the absence of violence, namely harmony, cooperation, and integration.³⁷

³⁴ *Ibid.*, Art I.15.

³⁵ Elizabeth Cousens, “Introduction,” in *Peacebuilding as Politics: Cultivating Peace in Fragile Societies*, ed. Elizabeth Cousens & Chetan Kumar, Boulder, CO: Lynne Rienner (2001): 13.

³⁶ Johan Galtung, “Twenty-Five Years of Peace Research: Ten Challenges and Some Responses,” *Journal of Peace Research*, Vol. 22 No.2 (1985): 145.

³⁷ *Ibid.*

Using this expanded definition of peace allows me to shift away from narrow operational definitions of peacebuilding. Galtung used the term “peace-making” to describe work which promoted both negative and positive peace.³⁸ Still I prefer the term peacebuilding as it quite literally conjures the active building of peace in communities. Elise Boulding’s work on Cultures of Peace proves helpful in guiding this thinking. She too stresses that peace is won actively through participatory mechanisms, which together promote “peaceable diversity” within a community.³⁹ A peace culture, Boulding defines:

...includes lifeways, patterns of belief, values, behavior, and accompanying institutional arrangements that promote mutual caring and well-being as well as an equality that includes appreciation of difference, stewardship, and equitable sharing of the earth’s resources among its members and with all living beings.⁴⁰

Combining Galtung and Boulding’s definitions of peace with the suffix -building, implying active construction, we get a more flexible definition of peacebuilding. This definition becomes the basis for the remaining analytical inquiry. We are not compelled to think only of savings groups as formal tools deployed in post-conflict reconstruction plans. Instead we can look for the ways in which savings groups may reduce physical and structural violence, and promote mutual well-being.

The following sections put forth simple theoretical models explaining how peace outcomes might manifest. They include Contact theory, civil society engagement, institution strengthening, and promoting women as participants in peace and development. It will be through these models, complemented by the economic implications discussed earlier, that we illustrate the peacebuilding potential of savings group activities.

I.3.1 Intergroup Contact Theory: implications for mixed groups

Bringing people together in groups has important implications for cross-cultural exchange and understanding in a community. In *The Nature of Prejudice*, Gordon Allport outlined the tenets of Intergroup Contact Theory. A premise which has guided much peacebuilding and conflict resolution work since the publication of this 1954 work, Contact Theory posits that prejudice (and the conflict it breeds) is primarily a function of lack of experience with the prejudiced group.

³⁸ *Ibid.*

³⁹ Elise Boulding, *Cultures of Peace: The Hidden Side of History*, Syracuse University Press (May 2000).

⁴⁰ *Ibid.*, 1.

Instead of seeing your neighbor as a neighbor, Allport explains, you see her as a member of a particular ethnic group X, and as such ascribe to her a set of categorical generalizations based on your prejudices towards ethnic group X.⁴¹ Allport's proposed solution to mitigating prejudices is to increase the frequency and quality of interaction between majority and minority groups. However, increased frequency of contact, he cautions, will only lead to lessened prejudices if it allows for the potential for true acquaintance, not merely superficial, casual interactions.⁴² Interactions that include intergroup education, in which majority group members learn about the minority culture, also significantly improve chances for contact to yield positive results. Interactions between majority and minority individuals of equal status will also assist in the process and deepen the positive benefits of increased contact. So too will a set of common goals and buy-in by surrounding structures of governance and norms. Allport is careful to suggest that contact alone will not yield a reduction in prejudice, and could indeed lead to upticks in prejudiced thinking. Still with the above conditions in place, his evidence pulled from racial prejudice experiments points toward the positive potential of intergroup contact for reducing prejudices.

This foundational hypothesis will shape our thinking about savings groups that include members from different tribes, religions, and classes. If mixed groups demonstrate reductions in prejudice across ethnic or religious lines, they will be actively building peace in their communities. The reduction of prejudice itself counts as a reduction in structural violence, and the potential reduction in violent byproducts of prejudice may also reduce direct violence. It will, however be imperative to consider the ways in which mixed groups are assembled. Will self-selecting groups have any motivation to include members from different ethnic or religious backgrounds, or will savings groups reify in- and out-group mentalities?

I.3.2 Civil Society: building voice and civic engagement

Peace studies scholars have long recognized civil society as an important factor in cultivating and advocating for peace. While savings groups are typically seen as a deliberately constructed development intervention, it may be important to examine the ways in which these groups, outside the realm of economic asset accumulation, exhibit important characteristics of civil society groups and may, through such behaviors, magnify the voices of members and encourage increased civic engagement. A more complicated mechanism, civil society implications warrant a lengthier

⁴¹ Gordon Allport, *The Nature of Prejudice*, Perseus Books Publishing (1979): 7.

⁴² *Ibid.*, 246.

discussion. A brief review of relevant definitions and an expanded description of a study on civil society and ethnic conflict will shape our analysis.

Defining civil society:

In *Ethnic Conflict and Civic Life*, Ashutosh Varshney defines civil society as:

the space in a given society that (a) exists between the family level and the state level, (b) makes inter-connections between individuals or family possible, and (c) is independent of the state.⁴³

Further, he states that this

...civic space be organized in *associations* that attend to the cultural, social, economic, and political needs of the citizens and that the associations be modern and voluntaristic, not *ascriptive*.⁴⁴

Hadenius and Ugglå build on a similar definition, here contrasting it to a society characterized by a lack of active civil society:

Civil society is further distinguished by the fact that the activities contained therein take an organized and collective form...Where, by contrast, such bonds of affinity and cooperation are lacking, we speak of mass society, in which people stand alone, atomized and unconnected to each other. In such a society, the patterns of established civil cooperation cannot be found.⁴⁵

Mary Kaldor and others do well to identify NGOs as a form of civil society in their own right. Her article on accountability of civil society agents centers on power and transparency in large NGO actors.⁴⁶ For purposes of this research, however, civil society will be used to describe relationships growing out of savings groups themselves, not the actions of the sponsoring NGO. Questions of moral accountability and the generation of expectations on behalf of a sponsoring NGO are important to understanding the development landscape as a whole and may have very important consequences for “beneficiaries” on the ground. Nonetheless, this argument lies beyond the scope

⁴³ Varshney, 39.

⁴⁴ *Ibid.*

⁴⁵ Alex Hadenius & Fredrick Ugglå, "Making Civil Society Work, Promoting Democratic Development: What Can States and Donors Do?" *World Development*, Vol. 24 No. 10 (1996): 1621.

⁴⁶ Mary Kaldor, "Civil Society and Accountability," *Journal of Human Development*. Vol. 4 No. 1(2003): 5-27.

of this paper. For purposes of this analysis, we distinguish the civil society engagement of local persons and communities at a grassroots level and the groups they form, as distinct from the international organizations that promote savings-led development work.

The ways in which savings groups could be considered associational civil society organizations may seem obvious. Savings group members chose to join groups; groups generate from and remain within a grassroots scope – though they may compel interaction with governments, groups themselves remain squarely outside the scope of government. Civil society actors engage actively with their communities and savings groups have the power to spur such engagement. Groups have the power to build connections between potentially diverse members, compel them to meet regularly, and may ultimately increase their participation in the public space.

How civil society enables peace:

We may see civic engagement as a positive peace outcome even without considering mixed group activities. To the extent to which groups meet frequently, they may voice concerns about various community issues and, finding strength in numbers, may enjoy enhanced power to address these concerns with the wider community. Organized civil society groups may demonstrate superior ability to interface with government bureaucracies than individual actors due to more organized messaging and demonstrated support of many members.

Varshney's work on civil society in India offers empirical evidence that orients our analysis of civil society more squarely within the peacebuilding framework. *Ethnic Conflict and Civil Life* investigates the ways in which associational civil society ties may impact a community's ability to withstand an exogenous violent shock. He takes as empirical data, information from rural and urban communities in India in times of ethnic rioting which spread throughout the country. His findings suggest that more than any other proximate cause, the presence of pre-existing bonds of civic engagement between ethnically different communities, render a community far less likely to erupt in violent ethnic rioting and instead confront shocks nonviolently.⁴⁷ Varshney differentiates between two types of civic engagement, associational and quotidian. Quotidian civic engagement results from interactions between individuals in the course of daily relations- conversations with the local spice seller, negotiating prices in the hair salon. Quotidian engagement increases contact with a

⁴⁷ Varshney, 9.

person from another ethnic group, but although this increases *frequency* of interaction (to use Allport's framework) it fails to generate deep, interdependent relationships. Associational civic engagement, by contrast, forms via organizational settings- members elect to participate through a more formal process and more formal rules, norms, and relationships govern group interactions.⁴⁸

“Both forms of engagement, if robust, promote peace,” he explains, and, “their absence or weakness opens up a space for communal violence.”⁴⁹ He continues, arguing that both forms, if intercommunal, promote peace, but that “the capacity of the associational forms to withstand national-level ‘exogenous’ shocks ... is substantially higher.”

Civic engagement fosters peace through distinct mechanisms. The first is increased communication. “Routine engagement” in times of peace (negative peace) enables the formation of short term associations in times of need or conflict. The formation of local Indian peace committees in various communities at the news of ethnic rioting illustrated the ways in which “sustained prior interaction or cordiality allowed appropriate crisis-managing organizations to emerge.”⁵⁰ Associational engagement strengthens these capacities by adding expertise that serves specific needs and interests that everyday interactions cannot. Business associations are noted for promoting exceptionally strong ties if formed across communal/ethnic lines. Their ability to access resources and to communicate with the government made them particularly effective in maintaining the peace in many instances within Varshney's observed case study. Interestingly Varshney pointed to associational civil society engagement as holding particular value in urban geographies where individuals lack the village-like intimacy that small communities engender. We might wonder if associational engagement within small villages- already replete with frequent quotidian engagement- exhibits any compounding effect of the two when we add the component of associational savings groups.

As with our prior models, it may be important to note the ways in which civil society may reify tendencies toward ethnic prejudice or violence. Varshney helpfully draws the distinction between inter- and intra-communal engagement. While inter-communal associations and interactions promote the positive benefits outlined above, intra-communal engagement proves less helpful and

⁴⁸ *Ibid.*, 9.

⁴⁹ *Ibid.*, 3.

⁵⁰ *Ibid.*, 10.

may lead to what Paul Brass calls ‘institutionalized riot systems.’⁵¹ When the only engagement is between members of a homogenous community, then associations tend to reinforce existing bonds without broadening the scope of understanding, trust, or dependency to include those from other communities. Thus when an exogenous shock like the threat of ethnic violence hits a geographic area, communities may be more likely to act independently of one another or even turn against each other. Without cross-cutting ties, civil society may be no more likely to promote peace than would atomized individuals. So just as we may look for way in which mixed (inter-communal) savings groups can act as peace-promoting civil society actors, so too must we look carefully at the ways in which savings groups might formalize community divisions along ethnic, religious, or socio-economic lines.

I.3.3 Institutions: two types of institutional strengthening?

In examining savings groups, it is important to distinguish between two types of institutions implicated by the model: formal and informal. Formal institutional links manifest as connections to formal banks, governments, or other existing institutions. Still, it is important to also view savings groups as informal institutions in their own right. This latter distinction relates closely to the categorization of savings groups as “associational” civil society organizations; as such Varshney’s framework will suffice to describe the mechanics and benefits of savings groups as informal institutions. We have already seen in the above description, ways by which informal institutions may breed peace at a local level and encourage stability through dependability and routine.

The literature on the connections between strong formal institutions and stable, peaceful societies is extensive. The UN, World Bank, governments, and key development players worldwide consider the strength of formal institutions an indicator of stability and propensity for peace in a society. Theoretically, then, we may state that any ways in which grassroots savings groups serve to strengthen formal institutions could contribute to more macro peacebuilding (and frankly *state-building*) goals. Potential linkages between savings groups and banks could constitute one such example. To the extent that such linkages function well, new institutional bonds could foster increased trust on the part of formerly un-banked members in formal banking institutions and could strengthen the bank’s reach and relevance to a wider constituency. New trust in banks might have the added benefit of dispelling myths about formal institutions like government and result in a

⁵¹ *Ibid.*, 46. Citing Paul Brass, *Theft of an Idol* (1997).

positive spillover effect of members more actively trusting government agencies. If, as we suggested in Section I.3.2, savings groups members become more actively engaged in their communities via political action or lobbying, that too might contribute to a strengthening of local government institutions. This may enhance government transparency if citizens demand accountability and might render government more representative, thereby better serving the needs of its constituents.

Unfortunately, few examples of such positive linkages exist. In the case of failed bank-savings group links, we must consider the ways in which breaches of trust may lead to the further breakdown of formal institutional functioning in a community and question its impacts on daily peace for affected communities. We return to this inquiry in Section II.3.4.

I.3.4 Women in Peace and Development

Women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power, are fundamental for the achievement of equality, development, and peace.⁵²

- Beijing Declaration of the UN Fourth World Conference on Women, September 15, 1995

Peace studies, particularly those parts concerned with conflict resolution have long touted women as particularly important actors in the promotion of peace. The logics and debates are long and far-reaching, too far-reaching to adequately address within the limited scope of this analysis. With that said, because savings groups and microfinance as an industry have historically targeted women as the primary beneficiaries and participants in programming, it makes sense to look briefly at the underlying logics to both of these strategies. It is worth exploring whether the savings group's focus on women, though derived from a different set of logics, has important peace implications. Research from the conflict resolution fields will assist in evaluating these claims.

It will be important throughout this analysis to recognize the danger in treating "women" as a homogenous group. Women may share certain fundamental biological traits, but beyond chromosomes, their socialization, relative access to power, and knowledge vary widely by geographic, socio-economic, and ethnic identities. The value in examining the question of "women"

⁵² "Report of the Fourth World Conference on Women," United Nations: New York (1996): 3, <http://www.un.org/womenwatch/daw/beijing/pdf/BeijingfullreportE.pdf>.

at all then, lies in the ways in which the role of women can stand in as a proxy for how marginalized groups negotiate power dynamics.

Women have long been the targeted beneficiaries of microfinance programs.⁵³ From Muhammad Yunus' initial insistence on distributing microloans solely to poor women, to today's savings group models like Oxfam's which began with special emphasis on establishing groups of all-women members, microfinance tools have been targeted toward women for a range of reasons. These reasons run the gamut from the very practical (women demonstrate better repayment rates than men) to the socially inspired (increasing women's economic potential will lead to empowerment and gender equality). Still as the microfinance industry has evolved, critics have put pressure on these highly gendered assumptions.

In *Poverty Capital: Microfinance and the Making of Development*, Ananya Roy summarizes key critiques of the microfinance industry's claims to be actively empowering women.⁵⁴ Citing Goetz and Gupta she first questions microfinance institutions' (MFIs) "preoccupation with credit performance" as standing in as proxy for empowerment. Merely acting as disciplined reimbursers constitutes something very different than becoming empowered in self-actualization and choice. She next cites Naila Kabeer to more critically examine intra-household indicators of women's control of newly granted new funds.⁵⁵ Kabeer and others suspect that only years of changing patterns of socialization will undo a status-quo of male-dominated household finance decisions. Without this reverse socialization, men are likely to retain control over funds despite whose name dons official records with an MFI. More broadly, Roy questions how women may be increasingly burdened by their roles as loan recipients, forced to attend weekly meetings, forced to answer sometimes hostile field agents who push loans, and expected to repay according to an MFI's assumptions about women's reliability. In such ways women become tools or instruments of development and may lose their agency.⁵⁶ It will be important to examine how a savings-led model might challenge these phenomena. It is also important to apply this lens of burden to the peace-building sphere- to question whether and how the peacebuilding community may conflate women's skills at peacebuilding with the question of a woman's sole responsibility to bring peace to her respective communities.

⁵³ Kristin Helmore, "Microfinance in Africa: State-of-the-Sector Report," *CARE* (April 2009): 2.

⁵⁴ Ananya Roy, *Poverty Capital: Microfinance and the Making of Development*, Routledge (2010).

⁵⁵ *Ibid.*, 108.

⁵⁶ *Ibid.*

Arguments for the inclusion of women in peace processes derive their legitimacy from claims ranging from biological determinism (women as naturally predisposed to peace), to socialization (women have been socialized to nurture, listen well and prioritize the needs of others, thus making them better peacebuilders), to newer more nuanced arguments about equity in decision-making processes (women deserve a proportional share of decision-making power by nature of the mixed constituencies peace agreements and processes serve).⁵⁷

Building on the work of Cheryl Bernard who has written extensively on the topic, as US Institute of Peace report capably captures the logics behind focusing on women in peace.⁵⁸ The inclusion of this delineated section serves, not to elevate the status of women's groups as the primary implementers or builders of peace, but as the USIP report clearly states,⁵⁹ to shine a light on the very important fact that peace building must be an inclusive process to achieve success. To the extent to which savings groups encourage participation of women whose roles in peacebuilding may have, at one time been overlooked, then the savings group's prioritization of women participants may be beneficial to encouraging more representative participation in such processes. So too, mixed groups (of men and women) and groups which include an explicit educational component addressing power dynamics between genders, may even more deeply engage with the question of equal participation. Such programs could foster peace on two levels, first, by mitigating structural power asymmetries between genders, it would foster positive peace. If, several steps down the line, increased women's participation in decision making does indeed, as theorists suggest, have a pacifying effect on propensity to enter or sustain violent conflict, then perhaps, in this indirect way, a focus on women as beneficiaries may ultimately lead to a reduction in direct violence within a community.

If, however, the main barrier to elevating women to decision-making roles is that their good grassroots work is going unnoticed,⁶⁰ then the emphasis on women in savings groups, an implicitly grassroots intervention, cannot itself claim to increase or elevate the profile of women, as peacebuilders or otherwise. We will see in examples from Part II that certain female savings groups

⁵⁷ Sanam Naraghi Anderlini, *Women Building Peace: What They Do, Why it Matters*, (Boulder, CO: Lynne Rienner Publishers): 2007.

⁵⁸ Donna Ramsey Marshall, "Women in War and Peace: grassroots Peacebuilding," United States Institute of Peace (August 2000): 7.

⁵⁹ *Ibid.*, 27.

⁶⁰ Anderlini, 86.

members enjoy increased power when negotiating decisions with male family members and husbands, a dynamic that could translate into greater decision-making power beyond the home. As Section I.3.2 suggests, a woman could perhaps, using newfound connections and strength of her groups, work to lobby higher level power-brokers, speaking to the strength of solidarity and civil society activism that groups may foster. Still such a path is not a foregone conclusion, so we cannot claim that a solidly grassroots intervention will necessarily propel women into upper echelons of decision making within a government or institutional context.

II. Part II: Preliminary Findings

II.1 Methodology: The Evidence – What Constitutes a Finding?

As with any innovation in the development arena, measurement and evaluation of savings groups' impacts trail behind implementation. Twenty years since CARE launched its pilot program, CARE and Oxfam have in the past few years more firmly committed to rigorous evaluations, partnering with outside evaluators and investigators to gain insight into the impacts of saving groups on the ground. Several of these studies are ongoing; a few have been published. Published evaluations attempt to paint a truer picture of how programs do or do not achieve objectives. In most cases these objectives include improved access to capital, increased resilience to shocks, and improved livelihoods outcomes including better nutrition, health care, and ability to send children to school. Most large-scale quantitative evaluations, like the ongoing randomized control trials (RCTs) run by Innovations for Poverty Action (IPA), focus on pure savings groups. No doubt such comprehensive evaluations will soon look more closely at the new add-on platform model trend in savings group programming. Until then, program evaluations conducted by local staff and qualitative case studies stand in as the primary source of evidence of potential impacts spawned by these initiatives.⁶¹

For the purposes of this analysis I draw my “findings” from two types of sources. Program evaluations, draft learning papers, and internal organizational briefs written by NGOs make up the first type. The second stem from qualitative interviews that I conducted with savings group practitioners. Some of these occurred by phone to officers based in the United States, but most

⁶¹ The Aga Khan Foundation's recent report on the topic provides a good start in this regard. See Paul Rippey & Ben Fowler, “Beyond Financial Services: A synthesis of studies on the integration of savings groups and other developmental activities,” *Aga Khan Foundation*, (April 2011).

came out of a week of intensive interviewing at the Arusha Savings Group Summit, held in October 2011 in Arusha, Tanzania. A gathering of field agents, program officers, and thought leaders in the field, the Summit offered an interactive forum in which to interview participants about their experiences working with savings groups and their thoughts on the peace implications of their work. Interviews were conducted between 3 October and 7 October, with follow up and fact-checking conducted via email in weeks following.

I have organized findings thematically, following from the theoretical themes outlined in Part I. I discuss the validity of economic peace theories first, and then discuss peacebuilding theories in turn. In general, I find evidence to support the claim that savings groups can and do lead to peace outcomes, particularly through their ability to forge social cohesion. Evidence to support theories that economic growth and interdependencies lead to enhanced security remains lacking at this point, but I will outline preliminary findings and discuss the merits of retaining economic models.

II.2 The Economics

Our theoretical analysis suggested that poverty reduction by way of economic growth and development might lead to a reduction in violent conflict and a promotion of peace. At the macro level, we also surmised that economic interdependencies could act as a means of non-violent signaling, also reducing the risk of violent conflict. So the first step in asking if the economic impacts of savings groups lead to peace is to ask if in fact savings groups are contributing to poverty reduction and economic growth. If we do see growth, do we see it as reducing insecurity and violence? Next we look for evidence of economic interdependence and question the reliability of macro models in predicting behavior at the grassroots level of savings groups. Finally we use Nelson's proposition to examine how targeted development interventions may enhance security.

II.2.1 How do Savings Groups Affect Economic Growth?

Without more systematic program evaluations, it will be very difficult to claim that savings groups foster economic growth. Several important evaluations are forthcoming. CARE has teamed with Innovations for Poverty Action (IPA) to administer randomized control trial evaluations of their VSLA programs in Malawi, Ghana, and Uganda. These studies aim to “assess the impact of VSLA trainings and group membership on access to credit, savings and assets, income, food security,

consumption education, and empowerment.”⁶² Oxfam has also teamed with researchers at IPA and are currently evaluating the Saving for Change (SfC) model in Mali.⁶³ Professionals in the field anxiously await the results of these studies, hoping that the results of such rigorous research may supplement or supplant anecdotal evidence with systematically captured economic data about levels of income and security.

Unfortunately for purposes of this analysis, existing evaluations do not systematically examine changes in income or measure the growth implications of member choices to enter new business sectors. Thus it seems too early to tell if savings groups are contributing to poverty reduction in any significant way. Thus we are unable to test our hypothesis that savings-led poverty reduction may reduce propensity for violence and contribute to peace. What we can observe anecdotally, however, are the ways in which savings groups may have positive implications for the financial stability of individual households.

The research presented in *Portfolios of the Poor*, in many ways changed the way the development field thought about bringing financial services to the poor.⁶⁴ The financial diaries collected by Daryl Collins’ teams in Bangladesh, India, and South Africa shed light on the ways in which the poor use a wide range of formal and informal tools available to them in order to better smooth consumption and insulate themselves from shocks. What seems clear, conceptually, is how savings groups fit into this model of financial stability and economic security.

The Bureau of Applied Research Anthropology (BARA) at the University of Arizona and Innovations for Poverty Action (IPA) teamed up to evaluate Oxfam’s SfC Groups in Mali.⁶⁵ The study is ongoing, but preliminary evidence from the commissioned report offers some of the most robust findings surrounding household-level economic outcomes. Results show that savings groups lead to peace outcomes, not through economic growth and the elimination of poverty, but through altering financial decisions and power dynamics at a household level.

⁶² Results forthcoming, for details see Innovation for Poverty Action study homepages, i.e. Uganda at: <http://www.poverty-action.org/project/0110>.

⁶³ Innovations for Poverty Action, Saving for Change study homepage, available online at <http://www.poverty-action.org/project/0054>.

⁶⁴ Daryl Collins, Jonathan Morduch, et al., *Portfolios of the Poor: How the World’s Poor Live on \$2 a Day*, Princeton University Press (2009).

⁶⁵ Bureau of Applied Research in Anthropology (BARA) & Innovations for Poverty Action (IPA), “Baseline Study of Saving for Change in Mali: Results from the Segou Expansion Zone and Existing SfC Sites,” 25 March 2010.

The BARA report flatly contends that members of SfC groups rarely enjoy economic growth in their income-generating activities.⁶⁶ For the most part, they find, members direct any new profits from income-generating activities toward household “consumption demands, rather than reinvesting in ...expansion.”⁶⁷ That said, by accessing capital through group-provided loans, members were “able to expand their economic activities, and in some cases have even transitioned away from less profitable livelihoods strategies toward petty commerce.”⁶⁸ Interestingly, the study noted that participation in a savings groups alone was typically not enough to expand economic activities for women, but that in the saving for change case in Mali, members relied on assistance from other NGO programs in order to enter markets for petty commerce.⁶⁹ In other words, access to capital and accumulating savings proved insufficient to spur economic advancement. Instead, women relied upon nonprofit groups like TONUS, which supplied soap and dyeing projects to women in order to facilitate their entry into the commercial trading space.⁷⁰ Without such complimentary initiatives, members most frequently cited social cohesion benefits as ranking above economic rationales compelling their SfC membership.⁷¹

Additional limits to the translation of savings groups activities into economic growth cited include a lack of outside sources of credit, the limitations of relatively high-interest loans, limits of very short-term loans (both dictated by the bylaws of groups themselves), and a lack of training for members in the areas of marketing and/or the formation of cooperatives. An evaluation of a MercyCorps VSLA program in the Central African Republic (CAR) reported similar challenges, citing the short loan cycles as an impediment to profitable investments in agricultural and animal husbandry activities, effectively forcing members to instead invest in less-profitable petty commerce.⁷²

The most notable and consistent economic benefit derived from SfC members appears to be an improved ability to smooth consumption patterns and cope with the burdens of big-ticket expenses

⁶⁶ *Ibid.*, 14. Further, “The few women [the researchers] observed who [had] been able to realize transformative economic growth through SfC enjoyed relative wealth and stability before the program arrived.” *Ibid.*, 89.

⁶⁷ *Ibid.*, 17, 98.

⁶⁸ *Ibid.*, 15.

⁶⁹ *Ibid.*, 16, 69.

⁷⁰ *Ibid.*, 69.

⁷¹ *Ibid.*, 12.

⁷² Elie Lafortune, “Programme d’Appui aux Associations Villageoises d’Epagne et de Crédit: Evaluation Final,” MercyCorps, (5 August 2011): 19, 20.

like school fees and healthcare expenses (medicines and emergency needs).⁷³ Importantly for this analysis, access to capital also allowed women to financially support the education of their children, rendered them more able to contribute to household food supplies, and enabled them to access material goods for festivals and important household ceremonies.⁷⁴ The MercyCorps evaluation arrived at a similar assessment of the impacts in CAR: members found that with improved access to savings and credit, they were better able to manage household expenses.⁷⁵

This study suggests that the economic outcomes felt by savings group members may be more closely tied to direct peace outcomes like empowerment, women's control of finances and decision making, than to economic growth. Even if women are failing to reinvest in businesses to promote widespread economic growth, there exist "strong indicators that these economic shifts translate to greater empowerment for SfC women in their household sub-units, larger households, and in their communities."⁷⁶ Again, the CAR report echoes similar sentiments; a significant number of women reported that being a member of the group improved their self-confidence and the increased their husbands' respect for them. Share-outs and access to loans from the group allowed women to strengthen their businesses, try new business ventures, and lessen their financial dependence on partners.⁷⁷ The administrative roles and organizational requirements demanded of members to run their savings groups seem to have enabled women to build transferable business and negotiation skills. Self-management of savings groups, both reports suggest, prepares women to be in autonomous control of their ventures going forward and equips them with confidence to manage household decision making within the household.

If we take a more long-term perspective, we could imagine that these empowerment outcomes could ultimately lead to economic growth in a community. This line of reasoning, summarized in the BARA report, frames investment in women and education as increasing long-term prospects of poverty alleviation. In this way investing in women as agents of development and growth may ultimately lead to economic prosperity.⁷⁸ This prosperity then could be seen as a long-term benefit

⁷³ BARA, 95.

⁷⁴ *Ibid.*, 16, 85. Common purchases reported included: "improving their diets and those of their children, buying roofing, cooking utensils, bridal trousseaux for daughters, and decorations for their homes."

⁷⁵ Lafortune, 11.

⁷⁶ BARA, 15.

⁷⁷ Lafortune, 9. Note that the groups sampled by MercyCorps included both all-female groups and mixed-gender groups, whereas the SfC groups were all 100% female.

⁷⁸ BARA, 98.

of savings groups and a condition which could theoretically lead to greater peace in a community. However, evaluations to date have not measured such longitudinal results, so this remains a largely theoretical argument.

II.2.2 What of Economic Interdependence?

I discussed briefly in Part I the ways in which savings groups promote economic interdependencies. Still, although we see interdependencies formed in all examples of savings groups, we have no evidence to suggest that those links themselves serve to diffuse violent tendencies. I see Gartzke's argument as unsuccessful when applied to this context based on two key sets of factors: the short duration of savings group obligations, and the geographic proximity of its members as the economically linked parties.

Group bylaws only oblige savings group members to a brief commitment. According to most bylaws, even those modified to allow for the rolling over of the total asset pool, members only commit to belonging for a 12-month period. Penalties for quitting groups may range, but ultimately prove far less costly than penalties for shirking national economic trade obligations. The sheer brevity of the 12-month connection, compared to international trade deals and investments which typically govern years of relations, serves to make the economic interdependencies at the savings group level less binding and thereby less viable as guarantees on a path to peace.

Neighbor-like proximity of members may further dispel our reliance on the economic interdependence model for evaluating peace outcomes. At the grassroots level, there may be many avenues for nonviolent signaling- sending word through a neighbor, snubbing someone in the market, refusing to share food or labor. Thus with such close geographic proximity, the signals sent through economic interdependencies may prove less relevant in this instance than they are at a state level.

Indeed the possibility for economic interdependencies to increase the frequency of disputes seems to resonate more soundly with this savings group context. Though incentivized to reach a peaceful, productive settlement, exchanges of money, interest, and time between members can and do

manifest in conflicts within group members.⁷⁹ There are fewer examples of theft, perhaps because it seems rare for a savings group to exist in the absence of several such groups. Still, it warrants closer examination. Stolen cashboxes have the potential to seriously damage trust in the methodology and more immediately and importantly could have grave implications for the livelihood chances of affected members.

Even if economic links between members may incentivize the resolution of disputes peacefully within the group, we have no evidence that this translates directly to bringing better chances for negative peace to an entire surrounding community. It may be true that an economic interdependence binds the fates of several households, but only much more extensive research could test the ways in which macro-level theories of economic interdependence play out on the savings group scale.

II.2.3 Can Savings Group Targeting Lead to Improved Security?

Jane Nelson, describing development as a strategy for improved security, spelled out the importance of development initiatives targeting both high-risk and high-potential individuals. Based on its structural design to engage the very poorest in a community and its commitment to internal leadership and innovation, savings group methodology seems particularly well-positioned to enhance security both by offering services to high-risk groups and by offering high-potential leaders in a community the opportunity to lead groups toward valuable pro-peace projects.

Assisting at-risk populations: reaching beyond the poor

By design, savings groups improve financial security by offering a safe place to save and lend for those endowed with few financial assets. The livelihoods framework explained in Part I summarized this logic. Still, savings groups methodology has shown promise to enhance human security to an even greater degree by assisting particularly vulnerable populations. Assistance to these individuals not only results in their own improved security, but in some cases may improve relations and integration of at-risk populations within their communities, thereby enhancing positive peace outcomes and community security by reducing alienation and divisions which could potentially enflame desperation and violence.

⁷⁹ Though anecdotal evidence suggests this is the case, a reluctance to report negative stories and share bad experiences renders it a difficult topic to research. Further study into the ways in which conflict manifests within groups would prove very interesting, particularly in terms of positive and negative peace.

Many savings group programs reach out to such vulnerable populations. CRS targets internally displaced persons (IDPs) as primary beneficiaries in its Savings and Internal Lending Communities (SILC) programming in Sudan.⁸⁰ International Rescue Committee (IRC) promotes savings as a path to economic recovery in post-conflict countries like Burundi, and MercyCorps increasingly supports VSLA work in conflict-rife states like the Central African Republic. Serving victims of displacement and violent conflict enhances basic livelihood options and community security by offering a semblance of routine and security to group members and their households.

In one case, pre-existing savings groups served to increase security immediately post-conflict, suggesting that the presence of savings groups may indeed reduce vulnerability in times of conflict and increase resilience in post-conflict recovery. Sarah Ward of the IRC posted a compelling story to the SEEP Network⁸¹ blog describing one VSLA's response to the violent conflict that erupted in Cote d'Ivoire in 2011:

In the spring of 2011, election violence consumed Ivory Coast. The village of Tchebloguhe in the north of the country was brutally attacked. The village was burned. After the armed men left, slowly the villagers returned. One woman found her house and all her possessions gone—burned to the ground. But she began digging in the charred soil, and unearthed a metal box with three locks, still intact.

It was the caisse, or cash box, of her Village Savings and Loan Association (VSLA). She was the treasurer, and before she fled, she buried the box that held the group's savings. When the attacks came, the group was about to have their "share-out," a meeting in which each member receives both her savings and her share of the group's profit made on lending. The box was full of the group's hard-earned, hard-saved money.

When the group returned, they had a quiet share-out and used their savings to help recover their losses and resume small-scale money-making activities. Immediately, they had something to help them begin to rebuild.⁸²

⁸⁰ "SILC – Peacebuilding in Khartoum, Northern Sudan," *CRS Learning Paper*, Unpublished Draft (March 2011) 2.

⁸¹ The Small Enterprise Education and Promotion Network (SEEP Network) is a nonprofit network of international organizations working with microenterprise activities as a tool to combat global poverty. For more information please see: www.seepnetwork.org.

⁸² Sarah Ward, "When it all Falls Apart: VSLAs in Crisis," *The SEEP Network Blog*, 14 September 2011, <http://theseepnetwork.wordpress.com/2011/09/14/when-it-all-falls-apart-vslas-in-crisis/>.

The inspiring story of the quick-thinking treasurer in Cote d'Ivoire prompts questions about how savings groups may sow the seeds for resilience in communities even as they are wracked by imminent physical violence. The story came out of information gathering that IRC is currently conducting in Cote d'Ivoire to assess various responses to the 2011 violence and ways in which VSLAs recovered from the conflict. Preliminary interviews suggest that VSLAs in the area responded in different ways, some shared-out prematurely at the first news of imminent violence in order to empower each member to flee with her/his own savings, others stored boxes with foreign neighbors who they identified as less likely to become targets of political or ethnic violence.⁸³ In all cases, we see examples of savings groups offering protection for especially vulnerable groups, not through economic growth, but in this case through the security of a locked box and an individual with swift reaction and the good of the group in mind. Here we see resilience through access to improved financial and social capital. Access to a savings group offered a more secure place to save, which weathered the shock of violence and resulted in a monetary cushion post-conflict by which to rebuild. The expansion of social capital likely contributed to the community-wide scope of this resilience, as group leaders thought not only of their own immediate security, but of the needs of their fellow members.

Other organizations take a more deliberate targeting approach, extending savings group services to vulnerable individuals within relatively stable communities. The work of the Zambia Interfaith Networking Group on HIV/AIDS is one such example:

Destigmatizing HIV/AIDS – John Kamona in Zambia

John Kamona of the Zambia Interfaith Networking Group on HIV/AIDS (ZINGO) runs savings group programs that welcome community members of all types. Though the intent of his organization is to improve livelihoods for persons living with HIV/AIDS, he emphasizes the importance of not singling out afflicted persons as sole participants.

By creating savings groups that include both HIV positive and non-HIV positive individuals, John explains, these groups increase social integration while improving livelihoods options for all. Including particularly vulnerable individuals like commercial sex workers helps to reduce stigmatization as members grow to depend on each other as reliable savers and borrowers and see these women as individuals, not members of a stigmatized group.

John Kamona (ZINGO) in conversation with the author, October 2011.

⁸³ *Ibid.*

Programs like ZINGO's improve the life chances of vulnerable persons living with HIV/AIDS (PLHIVs) but importantly do so in an inclusive manner. By encouraging PLHIV to join savings groups alongside non-PLHIV members, ZINGO facilitates the possibility for the reduction of stigmatization. Members of both groups grow close and gain personal understandings of each other through normal savings group activities. This decreased stigmatization compounds the benefits felt by formerly marginalized PLHIV. As Varshney and Allport may have predicted, the trusts and genuine interactions fostered by this associational membership forged understandings and awareness that surpassed what might have been gained from a quotidian level of engagement. Ultimately increased acceptance increase the livelihood options for such at-risk, marginalized groups.

Enabling High-Potential Leaders: Magnifying the development effects of savings groups

Just as savings groups can reach particularly at-risk populations, so too can they encourage high-potential individuals to build security in communities. In a way, the wider theory of change which positions savings groups as empowering women can be seen through this lens of enabling high-potential individuals. Women in this case are seen as possessing important, creative, productive talents and the regular meetings and connections a savings group offers provides a forum in which a woman may exercise her power and advocate for broader societal needs. On a less categorical level, savings groups can offer a venue for natural leaders to inspire dedication and generosity in others. Anecdotes of charismatic leaders abound; the following story, based on interviews with practitioners in Arusha introduces one such tale of the rich personal motivations that drive group leaders and illustrate the ways in which group membership may enable these individuals to promote greater social good.

A Young Leader - Evance Chipindi in Tanzania

I had been talking to Evance Chipindi for almost an hour. We sat under a lunch tent discussing his work with interfaith savings groups in Tanzania. His colleague Gideon Mandara sat with us. It wasn't until Evance excused himself to join the next session that Gideon smiled at me, "you know his story, right? Did he tell you that?"

As it turns out, the stories Evance had been telling me of the first groups in his community were at least partly autobiographical. From the beginning, Gideon explained to me, Evance was a stand-out.

He was 12 years old when he joined his mother's savings group. He was unemployed and his single mother thought that belonging to a group would instill in him a sense of discipline and purpose. Evance's mother paid his first share, but when Evance realized the weekly payment was just a dollar a week, he set out to contribute on his own.

Evance began collecting bones from an abattoir and ground them to make a calcium additive which he sold to nearby chicken farmers. It wasn't a glamorous job, but it earned him enough to make regular contributions at weekly meetings.

Himself the son of a single mother and a beneficiary of the drive and motivation instilled in him by his own savings group, Evance encouraged his group to get more deeply involved in community issues. At meetings they discussed strategies for community assistance.

Still a member of that original savings group, Evance has inspired his fellow members to contribute to their community in creative ways. The group conducts regular clothing drives for families in need and makes a point to cook extra food for orphans in their town. In an effort to "re-humanize" street children, group members make a point to get to know them, occasionally offering them small jobs. Odd-jobs allow the children to earn a bit of income and foster in them a feeling of belonging and purpose.

The group has altered their bylaws to stipulate that 40% of all profit generated from interest on loaned funds goes toward funding school fees, uniforms, and supplies for local children who find it difficult to afford school. Evance is a believer in the social benefits that savings groups can magnify. Hearing his personal story, it wasn't difficult for me to understand why.

It wasn't long after joining his mother's group that the successes of his own saving group inspired Evance to take on an active role in promoting the methodology to others. He was a passionate teacher and volunteered his free time to helping his parent organization teach others how to form their own groups. To date, this still-young man sitting before me had trained over 600 field agents in savings group methodology.

How far he'd come from collecting bones outside a slaughterhouse. Gideon smiled, now, he said softly, "We call him 'Professor.'"

Gideon Mandara & Evance Chipindi in conversation with the author, October 2011.

Evance fits neatly into the category of “high-potential” individuals described by Nelson. In this vivid example, we see savings group methodologies enabling a high-potential leader to promote security, here by providing for at-risk orphans, investing in education, and improving the livelihoods capacities of group members themselves.

At this stage of evaluation and uptake, we cannot claim that savings groups significantly increase poverty alleviation or economic growth. We do see economic interdependences being formed at the group level, but they last for only the brief duration of a 12-month cycle. So although perhaps serving as leveragable relationships for the duration of the savings cycle, we question the translatability of savings group interdependencies to the state-level theories predicated on long-term, stronger economic bonds. We have yet to provide evidence which suggests that the financial interdependencies generated in a savings group could withstand an exogenous call to violent conflict. Although we see evidence that savings groups act as development initiatives which assist at-risk communities and enable high-potential individuals, these outcomes have more to do with design structure than with economic outcomes. So we are left asking, if we observe peace outcomes resulting from saving group activities, what additional non-growth related phenomena are contributing to this peace?

II.3 Building Peace

II.3.1 Formal Definitions: peacebuilding as an explicit intent

Using Galtung’s definitions of peace and straying from formal definitions of peacebuilding will allow us to look more comprehensively at a range of peacebuilding outcomes stemming from savings groups. Still it makes sense to begin our discussion of results by examining a program which formally links development and peacebuilding activities, where improved chances for peace are an intended outcome of a savings group platform program intervention.

Catholic Relief Services (CRS) oversees a several such programs. In the case of the North Sudan project, designers linked their savings group methodology, termed Savings and Internal Lending Communities (SILC) with a formal peacebuilding curriculum. The logic underlying this pairing echoes much of what has been laid out in Part I of this analysis:

CRS' peacebuilding programs have been working to develop greater social cohesion within communities and integrate peacebuilding initiatives into SILC activities.

SILC presents a natural way for communities to sit and openly discuss topics related to how the community at large can progress. SILC brings people of conflicting views together because they can help each other economically. When individuals are actively engaged in livelihood restoration, they tend to focus on productive ventures and preserve peace as a way of protecting their investments. This leads to social solidarity.⁸⁴

To gain better insight into how this programming impacts the lives of participants, I draw on a draft learning paper based on field evaluations of CRS' SILC-Peacebuilding Program in Khartoum.⁸⁵ This example proves particularly helpful for our evaluation of peace outcomes because it compares outcomes from traditional, pure SILC groups to outcomes in groups which later adopted a peacebuilding curriculum. Lessons from the CRS report suggest that even prior to the introduction of the peacebuilding component, savings groups were fostering inter-tribal ties and promoting social cohesion.

CRS began SILC programming in Sudan in 2006, with a primary focus on serving IDPs who had been forced from their homes as a result of civil war. Rarely homogenous, IDP populations consisted of displaced persons from diverse tribes and regions. Though new neighbors, their geographic proximity suggested a false closeness, as members of the community had little reason to interact amongst each other and little motivation. Introducing SILC groups to IDP communities provided many displaced persons with "their first experience of any productive interaction with their neighbors."⁸⁶ The mixed nature of these groups had important implications for peace outcomes. Section II.3.2 will discuss mixed groups in greater detail, but it is important to note that by targeting IDP communities as beneficiaries of savings group programs, CRS began with an organic formation of mixed groups without having to explicitly solicit members from divergent backgrounds. As the report states, "No specific effort [had] been made to encourage groups to include diverse tribes or religion but since groups have been organized by area of residence, all groups represent the diversity

⁸⁴ Guy Vanmeenen, "Savings and Internal Lending Communities – SILC: Voices from Africa," *CRS East Africa Regional Office*, (October 2010): 20.

⁸⁵ "SILC – Peacebuilding in Khartoum, Northern Sudan," 6. This draft learning paper draws on evidence gained through "focus groups with SILC groups, interviews with project staff and stakeholders, a brief questionnaire which surveyed 50 SILC group members, and a final day-long project reflection."

⁸⁶ *Ibid.*, 2.

of their neighborhoods.” In these IDP camps, self-selected groups, reflected great diversity.⁸⁷ In this way, a Contact Theory experiment was already playing out in SILC groups prior to the introduction of the peacebuilding component. According to qualitative interviews with group members, this baseline pure SILC intervention had already begun building effective ties.⁸⁸ Members named “the unity of the group, new relationships, and a supportive environment,” as key benefits of joining a savings groups. Members recounted such social benefits even before discussing economic or financial benefits.⁸⁹

This vocalized emphasis on social cohesion benefits prompted CRS’ interest in twinning the SILC methodology with more explicit peacebuilding training. To this end, CRS added a basic literacy course (8 modules) and peacebuilding lessons (17 modules) to the program design. The incorporation of a literacy component was intended to augment the impact of the peacebuilding lessons through improved comprehension and respond to women’s desire to improve their business prospects. The goal of the dual program was in part to assess how a peacebuilding curriculum could be introduced to the greater IDP communities and if women members of the program could “succeed as agents of community solidarity and peacebuilding” after completing peacebuilding training lessons.⁹⁰

Results from the program were primarily assessed via anecdotal evidence supplied from field animators and focus group interviews with group members. Even this limited data provides an interesting point of departure for our discussion of impacts. We first examine evidence suggesting that the addition of the peacebuilding component into existing SILC groups deepened social cohesion by prompting discussion of “more weighty issues.” The CRS learning paper claims that peacebuilding sessions encouraged discussions on topics which women formerly did not discuss and present this as evidence of improved and enhanced social cohesion. It seems very difficult, however, without more systematic study, to assess whether this deepening of relationships was caused by members gaining peacebuilding lessons or if the sheer influence of time and increased contact and would itself have led to deepened relationships and the more personal exchange among members.

⁸⁷ *Ibid.*

⁸⁸“All the members felt good changes in relationships between different tribes...For example, two women, one from Eastern Sudan and another who came from Southern Sudan...both of them started working together in one group and now have a social relationship.” - SILC Khartoum member.” *Ibid.*

⁸⁹ *Ibid.*, 3.

⁹⁰ *Ibid.*

A second stated goal of the peacebuilding expansion assessed the uptake of peacebuilding lessons by members and in their larger communities. Anecdotal evidence seems somewhat more compelling here. Members reported using newly learned mediation and negotiations skills both among members in the group and beyond. Women reported using mediation and conflict resolution skills to ease tensions and peacefully resolve internal group disputes, particularly those erupting from the allocation of the social fund.⁹¹ Gaining experiential practice in applying conflict resolution skills within groups may have important peace implications beyond groups. Women complete this short curriculum having honed skills and felt tangible benefits of mediation because the construction of the group offered a forum in which to not only learn, but practice using these skills. Preliminary interviews suggested that women did indeed apply negotiation skills to their family lives, reporting the use of negotiation in interactions with children, family members, and neighbors.⁹² The acquisition of these skills seems to have placed women in a more self-sufficient position as well, able to take an active role in mediating disputes where they formerly relied on community elders or leaders:

“While women traditionally would go to community leaders for mediation when they had a conflict, SILC members have become arbitrators themselves, resolving not only conflicts in their own lives, such as within SILC or with competing saleswomen in the market, but between neighbors, and between children in the neighborhood and at school.”⁹³

To further the scope and reach of these lessons in communities, CRS field animators assisted groups in creating an “action plan for peacebuilding.”⁹⁴ Unfortunately, beyond knowing that groups created these plans, this preliminary learning paper does not evaluate the content or implementation of these plans.

Member perceptions of the peacebuilding component help to evaluate the efficacy of this explicit pairing of savings groups methodology with a peace curriculum. Members reported that although they found some lessons relevant to their lives, in general they found peacebuilding curriculum less valuable than either the SILC savings activities or the literacy lessons. Not surprisingly, members reported that literacy training not only improved comprehension of the peacebuilding lessons, but also improved their chances of success in becoming more productive economic agents- empowered

⁹¹ *Ibid.*, 10.

⁹² *Ibid.*

⁹³ *Ibid.*, 13.

⁹⁴ *Ibid.*

first by capital from the savings group and then by new skills in reading and writing. Further, “while peacebuilding is interesting and relevant to IDPs,” the report concedes, “it is SILC and other economic development activities that they believe are important and even necessary.”⁹⁵ Considering the highly vulnerable position of IDPs, it may come as no surprise that this emphasis on hard, income generating skills manifest as requests for vocational, business, and skill-based training, instead of requests for the “softer” skills taught by lessons in peacebuilding. This may hold as particularly true if members perceive social cohesion as a given, implied in the SILC methodology.

Indeed the most striking finding from the Khartoum learning paper is the extent to which pure SILC methodologies introduced skills and values which themselves resulted in peace outcomes. The organizational structure and power sharing arrangements implicit in SILC methodology already served to avert the more frequent conflicts reported to exist in traditional ROSCAs by way of improved management of funds and transparency. The IDP setting allowed for voluntary mixed groups to emerge and create interdependencies based on shared savings and new social ties.⁹⁶ Ties fostered exchange between members of different tribes and religions. One local priest in a SILC-served community cited improved relations between Christians and Muslims as the most important outcome of SILC programming.⁹⁷ Groups engaged in inter-cultural exchange; members reported sharing folk dances and traditional cuisines with each other, building deep relationships through modes of cultural exchange.⁹⁸

The CRS Khartoum program suggests that peace outcomes do stem from savings groups activities, in ways that do not link directly to enhanced economic security. But perhaps the more interesting point made in this preliminary learning paper is stated by CRS itself. Focus group discussions conducted for the final evaluation of the program,

...revealed that members were pointing to improved social cohesion and new affective bonds with the other women in their groups, of diverse tribes, as one of the greatest benefits to SILC. Therefore, in many ways, *SILC was a peacebuilding program before peacebuilding education was introduced to the groups* (emphasis added).⁹⁹

⁹⁵ *Ibid.*, 7.

⁹⁶ “SILC means togetherness - I mean, people are interdependent with each other, the interdependence between people, solving the problems of others and solving our problems. So SILC creates a unique social fabric. I did not know members of the SILC group before and relations became strong among all members of the SILC group.” *Ibid.*, 8.

⁹⁷ *Ibid.*, 9.

⁹⁸ *Ibid.*, 11, 14.

⁹⁹ *Ibid.*, 8.

Benefits of membership like the ability to afford school fees via a social fund grant, improved self confidence, and less stress are important positive peace outcomes that existed even in the absence of the explicitly added peacebuilding component. The popularity and reported successes of the literacy program, however, do suggest powerful and practical ways in which savings groups may act as a platform for the introduction of additional services which may catalyze peace outcomes. Even so, in this case, we see that peacebuilding as curricular content may have fewer peace-inducing benefits than the implicit structure of savings groups.

II.3.2 Intergroup Contact Theory: mixed groups

Many peacebuilding organizations have adopted initiatives which operationalize Allport's early theory of bringing diverse individuals together to promote understanding and mitigate prejudice. The above description of group members in Khartoum introduced the ways in which belonging to a savings group could introduce the kind of true acquaintances Allport described. It also shone a light on the sharing of cultural traditions, dances and cuisine, which stand as examples of inter-ethnic education. Therefore, we have reason to believe that savings groups may promote connections and reduce prejudices between members of differing ethnicities or religions. Still, the Khartoum groups proved unique in their formation. Whereas the CRS Khartoum project fostered mixed groups as a result of the extenuating geographical circumstance of being located within IDP communities, other savings group programs must make more concerted efforts if they wish to promote mixed groups. In this section we look to two narratives from program staff who see the cooperation and understanding fostered in mixed savings groups as promoting peace more widely in their respective communities. The first narrative comes from a CRS SILC program in Northern Kenya, the second, from an inter-faith program in Tanzania.

International Attention, Local Peace - Isaac Mukenya in Kenya

Isaac Mukenya runs a CRS SILC program in Northern Kenya. Though Kenya enjoys a reputation as a relatively stable, peaceful country, waves of brutal violence following hotly contested presidential elections in 2007 brought public media attention to decades-old tensions prevalent in regional pockets within the country. The violence in 2007 erupted along these older fault lines, which remain at their most pronounced in Northern Kenya. For Isaac, operating a saving group program in this contested part of the country, the struggle to maintain and encourage savings groups that include members from both tribes, is a challenge.

As leaders of the 2007 violence stand trial in The Hague, villagers line up in bars, hoping to catch a glimpse of the hearings on what may be the only television in the neighborhood. Though rulings from this high court may ultimately quell tensions, Isaac cedes, they also magnify existing tensions, creating an atmosphere thick with uncertainty.

In the wake of this violence, SILC program officers and field agents took extra care when facilitating the implementation of savings groups in the region. Staff met first with village leaders to ensure that the push to join savings groups was complemented by a broader call for peace and security.

Staff also met with religious leaders and used the authority of local pulpits to lend legitimacy to their efforts within the communities. Having heard priests condone peace and savings groups methodologies, and hearing local leaders pushing for community reconciliation, individuals were primed to participate in mixed-tribe SILC groups.

Participation and group formation remain voluntary, Isaac insists. Still, by echoing the call for peace of local leaders, staff helped to facilitate group selection, thereby encouraging the formation of mixed-tribe groups, all the while preaching forgiveness and healing.

So are these mixed groups helping the transition from tense violence to productive peace? "Yes! Yes!" say Isaac and his colleague Simon Mbuu. Both men describe the ways in which intimate knowledge of fellow members in a group has built trust within those groups and their respective households. The first mixed groups had the power to inspire replication.

At the time of share-out, these first groups held large ceremonies, during which the wider community bore witness not only to the abundance of savings being doled out, but also to the manner in which members of different tribes interacted socially. Gifts between tribe members were exchanged publicly, signaling to onlookers the actualized potential for harmony and forgiveness.

Moses Mukenya (CRS Kenya) in conversation with the author, October 2011.

Isaac told his story passionately, framing his discussion in terms of harmony and peace. I asked him if this CRS SILC program had any formal links to CRS peacebuilding. He told me no, but that because peace was an underlying value in the organization, it was not uncommon for him and his staff to approach savings groups with an eye toward peace.

Religious Tolerance at the Grassroots - Gideon Mandara in Tanzania

The VICOBA Microfinance and Devit program in Tanzania explicitly promotes inter-faith saving groups. Savings groups, the organization believes, provide for grassroots cooperation that can stand up to provocations by the highest levels of religious leadership governing Tanzania. Gideon Mandara notes that while top leadership attempts to inflame differences between faiths, individuals on the ground have more in common than they do in conflict. Savings groups act as a vehicle for nurturing these commonalities and resisting inflammation from above.

Like the SILC groups in Northern Kenya, these Tanzanian facilitators face similar, though perhaps less entrenched hesitations by community members about joining groups with members unlike themselves. They too seek the support of local leaders before approaching potential members about joining savings groups. Most of the VICOBA groups include Christians and Muslims, and many also include persons of Buddhist, Hindu, and Baha'i faiths.

Once formed, members don't talk much about religious convictions. Groups may begin by acknowledging their common spiritual roots. "Poverty is a sin," says Evance Chipindi, a young program officer, "all faiths believe that." Groups recognize that beliefs are sensitive, and members refrain from interfering with others' convictions, all the while finding ways to join together toward shared priorities.

The structure of savings groups predisposes members to sharing intimate information when explaining the need for a loan or petitioning for a share of the social fund. Groups act as good neighbors, becoming intimately acquainted, at times taking on the role of family members, particularly in times of need. When a group member faces a death in the family, Gideon explains, savings group members often step in to make funeral arrangements and grieve most closely with their member in need. For the groups he describes, shared spirituality bonds members and weekly meetings provide regular forums at which to deepen friendships.

Savings groups are big, big problems for bigots and prejudiced leaders, Gideon continues. When inter-faith members develop close bonds, they no longer fall prey to leaders who play-up religious differences for their own political gain. "Now if someone comes to the community to say 'oh you shouldn't trust *him*- those Muslims are terrible,' a group member knows better, from her personal experience." Thus a cycle of religious prejudice is broken, based on experiential, grassroots interactions.

Gideon Mandara in conversation with the author. October 2011.

Both examples demonstrate the ways in which the true acquaintances sparked by savings groups promote positive peace through deflating notions of religious prejudice and lessening ethnic hostilities. The question of compelling members of different groups to join each other in such a trusting manner may present the most challenging aspect of putting Contact Theory to work in savings groups. Practitioners emphasize obtaining community leader support well before introducing the idea to individuals. Godson Abiti who works in Northern Ghana, Moses Odur from CRS Northern Uganda, and Isaac Mukenya each spoke explicitly of combining the introduction of savings groups with a community-wide call for peace.¹⁰⁰ Even having taken such pains, Odur emphasized that he and his fellow agents only gained the full trust of communities in Northern Uganda after demonstrating nearly a year and a half of committed service to groups.

The specificities of maintaining groups differ widely by facilitator and context. Describing the facilitation of groups in Northern Ghana, Godson Abiti explained that for mixed groups to take the counsel of field agents as credible, agents must be outsiders, representing neither of the tribes in conflict that are represented in the group. Community members would perceive a field agent from one tribe or another, he explained, as representing a bias on the part of the facilitating organization. This perceived bias could lead to distrust, members dropping out of groups, or even ignite violent clashes in fragile villages. Isaac Mukenya described quite an opposite approach. In mixed groups in his region within Kenya, best practices dictate that a field agent represent the majority tribe within the group. In these cases, only an agent from the majority tribe carries enough clout to exert sufficient pressure on groups to conform to basic protocols and procedures like attendance and commitment. Presumably program staff, though ethnically representative of the majority membership of a savings group, themselves encourage full participation and engagement across tribal lines, in accordance with their organizations broader mission.

Each of these programs made concerted efforts to facilitate inter-group ties. Both cases demonstrate the ways in which mission-driven policies have carefully facilitated understanding between groups, creating more mutual exchange, security, and potential for sustained peace. It is less clear the extent to which savings groups may reify existing divisions in societies. Section III.1 may give credence to a suspicion that without attempts at addressing inter-group differences, groups

¹⁰⁰ Godson Abiti, Moses Odur, and Isaac Mukenya, in conversation with the author, October 2010.

may form along divisive lines. A note in the BARA report about the Savings for Change model brings to bear a similar point, here where divisions exist along class lines.

“Although we found no direct evidence that caste populations are excluded or marginalized within SfC groups in any way, informants suggested that in any mixed group of nobles and caste people, the caste members will have virtually no say in the group’s actions, and that their position in mixed groups mirrors that of caste people in larger society.”¹⁰¹

Reifying divisions sustains the structural violence of inequality, and further, may predispose groups to future physical violence.¹⁰² Thus we may see the concerted efforts of programmers to facilitate mixed groups as a conflict sensitive approach that improves upon indigenous forms of savings groups (ASCAs or ROSCAs) which on their own might tend toward including only known members from known groups rather than encouraging cultural education through contact with members from different tribes, religions, or ethnicities.

The example of mixed caste groups reminds us of Allport’s note on Contact Theory and “equal status” of members. Allport warned that cross cultural contact would yield better, deeper relationships if members hailed from roughly equivalent statuses. Because savings groups set weekly deposits based on income means of group members, groups tend to represent members with similar economic means. This may result in better chances for well-functioning intergroup exchange, though as the BARA report suggested, deeply engrained caste distinctions may prove harder to overcome. If caste members fail to enjoy equal status within the groups it seems less likely they will engage in meaningful cross-cultural education with higher-ranking castes and thus demonstrate less potential for peace through reductions in prejudice and status tensions.

II.3.3 Civil Society and Informal Institutions

By now it may seem clear that the types of inter-ethnic bonds described above fit not only Allport’s early hypothesis, but also resemble Varshney’s associational civil society patterns. Unlike Varshney’s thorough, tested work, we do not possess results from research on the likelihood of saving group-reached communities’ propensity to fall into violent conflict. Such a test would be telling. Still if we conclude that savings groups conform to the characteristics of Varshney’s associational, civil society organizations, then it makes sense to look for additional civil society outcomes which may fall within the broad category of peace outcomes.

¹⁰¹ BARA, 80.

¹⁰² Varshney, 46.

Creating Advocates - Godson Abati in Ghana

Godson Abati works with the Centre for Sustainable development Initiatives in Northern Ghana. The Centre pairs microcredit and savings groups programming with advocacy for community concerns, particularly women's rights and peace. His region of operation in Northern Ghana was once plagued by frequent, bloody violence. Although a concerted government/NGO-coordinated push for peace has quelled outright hostilities, legacies of ethnic tensions remain.¹ Savings groups made up of women from different tribes work together, not only to save, but also as students of informal curricula which educate women about women's rights and ways to change harmful traditional practices like child marriage.

Empowered economically via savings groups, and equipped with new knowledge about options for women, members become lobbyists, voicing concerns and plans of action to local leaders. Some women take their roles in advocacy even farther, traveling to lobby regional and national leaders. In both cases Godson reports savings group associations fostering greater civic engagement as members become equipped and motivated to interact with government institutions, advocating for their rights and needs.

Godson Abati (Center for Sustainable Development Initiatives) in conversation with the author, October 2011.

In a way, most of the social cohesion benefits observed in Part II of this analysis link directly to Varshney's ideas of civil society. Still, Godson's narrative above sheds light on more explicit examples of how savings groups may empower women to become engaged in civil action even beyond their grassroots-lever group.

Organizing for a Cause

By providing a safe place in which to share skills and stories, savings groups, acting as civil society organizations may also encourage organizing around a positive peace cause. Weekly meetings give members time and a safe place in which to discuss pressing community issues. The example of Evance's savings group in Tanzania rallying around causes like care for orphans and the promotion of education is one such example. Moses Odur of CRS in Northern Uganda reported members exhibiting similar phenomenon, using weekly meetings to discuss relevant community issues. Odur also reported that after discussion in the group forum, members often take these issues to local authorities, much like the women in Northern Ghana.¹⁰³ As with many peace outcomes discussed, the prevalence of organizing around a cause has not been systematically measured in many savings group contexts. More evidence has been captured in studies of Self Help Groups (SHGs) in India. The *Lights and Shades* report reviewing the performance of SHGs in nine districts of India captures

¹⁰³ Moses Odur (CRS Northern Uganda) in discussion with the author, October 2010.

information specifically about women member's participation in community action.¹⁰⁴ Of the 214 groups included in the sample, 30% were involved in some community action that demonstrated "agency by women, in terms of decision-making, and enhancing women's contribution to a community in a way that [went] beyond traditional gender roles."¹⁰⁵ Such activities included improving community services like water supply, education, or healthcare, making attempts to limit alcohol sale and consumption, contributing to infrastructure projects, making charitable donations to non-members, and protecting natural resources.

Internal CRS Case Studies from a Write Shop project in India reflect similar patterns. The Write Shop methodology teamed SHG members from Orissa, Chattisgarh, Madhya Pradesh, and Maharashtra with writers and illustrators. Together they wrote case studies of community action projects each SHG had undertaken. The Case Studies were intended to serve as best practice learning tools for field practitioners, as well as program officers, policy makers, and donors.¹⁰⁶ The resulting case studies illustrated examples of groups advocating for a range of rights and needs: creating new health dispensaries, increasing school enrollment rates, caring for PLHIV, and building village access roads. Each reflects a spirit of teamwork and community pride. Some groups took actions on their own, others linked with CRS-affiliated NGOs. Although these stories and the SHG examples from the *Lights and Shades* report do not conform exactly with our model of savings groups, they nonetheless highlight the ways in which frequent group interactions can foster community action. These civil society actions promoted positive peace on two fronts. First, the outcomes of the community action projects themselves addressed needs and reversed structural violence: be it caused by physical isolation from markets and services, thus limiting livelihoods options, or trends of low school enrollment. Secondly, these projects demonstrate ways in which the act of advocacy itself allowed women and the poor to combat trends of disempowerment. Their agency and action spoke to restoring gender equity and ensuring a voice for the poor, clearly contributing to positive peace outcomes.

¹⁰⁴ Frances Sinha, et al., "Self Help Groups in India: A study of lights and shades," *EDA Rural Systems*, (2006): 7.

¹⁰⁵ *Ibid.*

¹⁰⁶ "Write Shop Case Studies from India 2004," CRS Internal Publication (2004).

II.3.4 Formal Institution Building

Formal Linkages

Part I discussed the ways in which institution-building often contributes to formal notions of peacebuilding. In addition to the stabilizing effect institutions are said to have in areas of violent unrest, to the extent to which formal institutions expand opportunities for individuals and communities, strong institutions can function as a mechanism for eliminating structural violence like poverty and injustice. Section II.3.3 explained ways in which savings group members, through enhanced civic engagement, might lobby and by that logic, strengthen existing governance structures, but what of the argument for the strengthening of the formal banking institutions via financial linkages? Proponents suggest linkages expand financial inclusion and strengthen both banks and savings groups. Opponents question these propositions. Interested in the peace outcomes related to formal institutional strengthening, we are most interested in assessing the extent to which formal linkages could build trust in formal institutions. Based on evidence available, we may have reason to believe that damaging shortcomings of existing linkage relationships may in fact diminish trust in banks, and by extension threaten institutional trust more broadly.

Linkage refers to a formal contract-governed relationship between a regulated bank and an informal financial institution.¹⁰⁷ Linkages exist between banks and SHGs, MFIs, and in a few cases, savings groups. The logic behind linking savings groups to formal banks suggests that through establishing such a relationship, group members will gain access to larger sums of outside credit and potentially benefit from a more diverse range of banking products on offer. In return, a bank leverages the savings group structure to vet, train, and enlist a new customer base. In practice, formal linkages may work in less mutually beneficial ways.

Opponents of formal linkages contend that savings groups have little to gain from linking to large, impersonal banks. They suggest that self-elected modifications made within groups such as changing loan terms and allowing savings to ‘roll-over’ from cycle to cycle can provide the same benefits of linkages without the potential abuses of power implicit in linking a small self-governed group to a large bureaucratic institution.¹⁰⁸

¹⁰⁷ Maria Pagura & Marié Kirsten, “Formal-Informal Financial Linkages: Lessons from developing countries,” *Small Enterprise Development*, Vol. 17, No. 1 (March 2006) 2.

¹⁰⁸ Hugh Allen, “Why I think that Community-Managed Microfinance Programmes Should be Careful about Borrowing from Banks,” uploaded to *Savings Revolution*, 12 January 2011, available at <http://savings-revolution.org/doclib/> 4.

The logic of linking savings groups to banks is somewhat modeled after Indian SHGs.¹⁰⁹ For many years, SHGs, by mandate, have partnered with formal banks as a way to increase the size and duration of loans offered to their members. It remains a topic of debate whether this model is smartly translated to the savings groups in non-Indian contexts like Africa. In the SHG case both the informal group structure and the extensive network of formal banking branches in India are very well established. The strength of both is suspected to contribute to the success of the partnership. In many of the African contexts discussed in this paper, formal banking structures are far less formalized. Strengthening these institutions could render them better able to serve more clients. Perhaps strengthening via financial linking with savings groups could enhance this potential by encouraging and enabling banking institutions to provide more and better services to the poor. Still Pagura and Kirsten remind us that the desire for linkages (and the capacity building and knowledge flows that accompany them) typically operate downwards from formal institution to informal.¹¹⁰ If this holds true, we may have cause to question how realistic this theory of institutional change is. Even if the linkage worked according to plan, there may be little reason to think that the influence of relatively low-tech, grassroots savings groups would have the leverage to train-up the formal institutions in financial inclusion. Although some might consider the simple increase in client base served by formal banks an indicator of institutional strengthening, I would caution observers to pay close attention to the quality of these relationships before assuming formal institutions have indeed been strengthened.

The behavior of banks and what products they actively offer matter to the informal institutions they link with. If the goal of financial linkages is to “broaden the variety or improve the quality of financial products and services” for members of informal financial institutions (savings groups), we must evaluate how well partnerships achieve this goal.¹¹¹ In their paper reviewing twelve “success story” cases, Pagura and Kirsten emphasize that even when relationships functioned well, it was rare for a formal linkage to provide services beyond credit.¹¹² In Bolivia, some informal institutions received money transfer services, and in India a few received insurance products, but by and large, formal banks linked up with informal institutions to offer larger loans to informal borrowers. If this is indeed the model of a standard linkage, then we must question the peace implications of formal institutions offering to further indebt poor borrowers. Larger loans from banks have the potential

¹⁰⁹ *Ibid.*

¹¹⁰ Pagura & Kirsten, 8.

¹¹¹ *Ibid.*

¹¹² *Ibid.*, 10.

to enable longer-term, riskier investments, and in cases such as the ones reported in CAR, VSLA members may wish to assume this risk. Still, a riskier, long-term investment may not be a product well-suited to the basic household consumption needs of savings group members. Over indebtedness often leads to a severe contraction of livelihoods options. The conflation of member-controlled savings and lending with a new set of bank-imposed loan specifications may exacerbate the potential risks. Groups may misunderstand the rigidities of new loan products and face harsh penalties not anticipated by a history of internal lending activity. Additionally, if groups take out loans using member savings as collateral, the entire group faces the risk of losing hard-saved funds and the corresponding accumulated interest. Losing savings results in increased poverty, compounding structural violence.

Further, the decision to pursue a formal linkage program may be prone to elite capture within the savings group. If only the most powerful members of a group control the decision to link up with the bank, or how new capital is allocated,¹¹³ then the interests of a few jeopardize the savings of many, furthering inequities of power and increasing vulnerabilities.

Importantly for the argument that financial linkages could promote institutional strengthening is the question of trust and new clientele. If, for any reason, a formal linkage sours- miscommunications between savings group leadership and the bank, misunderstandings of clients about repayment terms, intentional foul play on the part of the bank- poor clients will likely lose trust in the partner bank. Depending on the severity of injury, it seems rational and plausible that these clients could lose trust in the formal banking system as a whole, and perhaps organizations like government ministries or service branches that are seen to be in cahoots with the banks. So although a well-functioning partnership might lead poor clients to vest more trust in formal institutions, observed patterns of failed relationships render it at least as likely that a relationship gone wrong could break trust in formal institutions, compounding the effects of the soured financial transaction with a new distrust in institutions in general.¹¹⁴

¹¹³ This was observed in a CARE evaluation of a linkage program in Rwanda. Full report: Jan Maes, "Linkages between CARE's VSLAs with Financial Institutions in Rwanda," CARE USA, Economic Development Unit (August 2007).

¹¹⁴ Interestingly the original savings groups CARE worked with in Niger had fallen victim to abuse by formal banks – after depositing their surplus funds into a Postal Bank account, the bank froze their funds. The groups were never able to recover their deposits. Moira Enkes reports that this led to "strong skepticism about formal financial-services institutions." See Helmore, 64.

II.3.5 Women in Peace and Development

Finally we turn to the question of women. In Part I we described the rationales behind targeting women for microfinance interventions in general and the intended benefits of this focus, namely enabling women as economic agents, encouraging women to become active included decision makers, and fostering women's empowerment. We similarly described the peacebuilding community's emphasis women as a proxy for inclusive decision making and efforts at elevating the status of women's work.

Targeting Women

The overwhelming evidence from preliminary studies suggests that savings group models succeed in reaching poor women.¹¹⁵ At a very basic level, then we might frame this outcome as a step toward inclusivity, since many of these women would be excluded from more formal financial institutions. Indeed the 2010 BARA study suggests that in the Saving for Change villages in Mali, women participants often joined savings groups in part because even indigenous ROSCAs demanded too high a weekly contribution.¹¹⁶ To the extent that savings groups as informal institutions promote participation, the inclusion of women in these micro-decision making bodies enhances women's participation in civic activities. The question of how far this participation reaches beyond the confines of a group stands as a more interesting question and one more difficult to measure. As we saw in the discussion of civil society, savings groups may empower women financially and boost confidence in ways which compel them to act in positions of power outside the group and household level. As such, they may become more active in struggles to bring peace to communities, as the peacebuilding literature suggests. Increasing women's role in civil society may mean that women capitalize on newfound agency to propel them beyond the level of civil society actions and take on more formal roles at peace tables or in governance.¹¹⁷ Still, the capacity building at the savings group level provides a small first step, and proving the causality of membership in a savings group leading to such expanded outcomes will present a challenge to measurement.

Burdening Women?

Proponents of savings groups point to qualitative research that indicates that many women join savings groups because they feel less pressured to borrow and repay than they would by joining a

¹¹⁵ Helmore, CARE, "Microfinance in Africa: State-of-the-Sector Report," 2.

¹¹⁶ BARA, 15.

¹¹⁷ Anderlini, 86.

formal MFI. That said, savings groups may not have as liberating an effect on women as we might hope. A group observed by the BARA anthropologists in Mali saw that in order to grow savings faster and enhance the return on investment, leaders of certain groups pressured members to take out loans, in some cases requiring the taking of a loan as a mandatory condition for membership.¹¹⁸ Such behavior resembles the pushing of loans from MFI agents that Roy warned of in the microfinance case. As someone interested in peace, it will be particularly interesting to watch such phenomenon for implications of these pressures such as increased structural violence through asymmetrical power dynamics or increased over-indebtedness.

While many women report regular meetings among the benefits of savings groups, and the meeting formats may be more flexible than Grameen-style microcredit groups, it is important to examine ways in which groups may continue to constrain women. Weekly meetings may still prove too lengthy for busy women, particularly for those who have used new capital to start business ventures or have entered the petty trading space. If groups consist of members from distant locations, travel time to get to the meeting may also constrain more productive uses of that commute time. Though still seemingly exceptional, programs have reported cases in which a member sends a child or relative to meetings in her stead, suggesting a de-prioritization of attending group sessions.¹¹⁹ It may be important to pay attention to this trend and to ask if the introduction of technology, for example telecom mobile banking products might contribute to a dissolution of the physical meeting format. While such adaptations of the savings group model would presumably better serve the time and or security concerns of members, this paper suggests that a move away from regular group meetings might mean losing out on the socially-based peacebuilding outcomes that group interactions can foster. If, however, as this paper suggests, peacebuilding outcomes arise less from economic growth than from social implications of getting together in groups, then perhaps members may weigh the time burden of meetings somewhat differently than we would a group loan meeting mandated by an MFI. If members recognize and value the ways in which groups themselves foster outcomes like enhanced participation, decision-making, or knowledge, then they may prioritize meetings somewhat more highly and attendance may stand as less burdensome than the loan repayment meetings mandated by many MFI models.

¹¹⁸ BARA, 17.

¹¹⁹ BARA, 91.

We have shown that savings groups often do afford women increases in assets and access to capital, and that in some cases this spurs women to take on jobs in petty commerce. But what are the implications of this new business activity on a woman's power at home and in the community? Anecdotal reports from many organizations tout stories of women enjoying more power at home as a result of newfound economic gains. However, information from the baseline report in SfC may suggest an important caveat to this thinking.

Development literature suggests that women's increased contributions to household economy correspond to an increase in their decision-making power. In the SfC villages studies...traditional gender relations in terms of property, divorce and inheritance have not shifted significantly along with women's economic activities.¹²⁰

The context of this quote is a baseline evaluation of SfC villages, not an evaluation of SfC programming on women's power, however it provides important evidence that a woman's increased ability to contribute to the finances of her household does not usher in an automatic shift in attitudes toward gender equality. If economic contributions do not automatically alter power relations, and yet we believe personal accounts that women enjoy more power in households after joining a savings group, then this power must stem from some non-economic capital gained in the groups. Confidence building, the sharing of ideas, and new knowledge brought in as a part of platform projects may constitute some such non-economic forms of capital and ultimately lead toward reducing the structural violence of sexism in households. But the takeaway from these points is that on their own, the economics of savings groups may indeed continue to burden women, either through internal pressures to take out loans or by increasing the workload of women by adding petty commerce to daily responsibilities without corresponding gains in respect or household power.

Explicitly Addressing Gender: mixed-gender groups and a platform for peace

What might increase the chances of women's economic advances translating into improved status in households and communities are programs which address gender relations explicitly. The IRC's EA\$E program is one such example. As further evidence of the benefits of taking a gender-inclusive approach to savings groups and peacebuilding, the International Rescue Committee (IRC) reported positive results from their Economic and Social Empowerment for women (EA\$E) Program in Burundi, which paired a traditional VSLA approach to economic empowerment with a

¹²⁰ BARA, 74.

six-session of curriculum aimed at facilitating a reduction in intimate partner violence (IPV) within households.¹²¹ The program’s objective addressed the concern that as women enjoy more prominent economic roles in a household, an upset in the former power balance may induce retaliation by men in the household (typically husbands), often manifesting physically as IPV.¹²² The idea that participation in a savings group could induce physical violence constitutes a very real concern for practitioners of financial inclusion development work. To mitigate these risks, IRC added the “Talking about Talking” curriculum to existing VSLAs. The curriculum encouraged discussions about joint financial decision making, challenged gender norms about money and assets, and taught non-violent methods of negotiating power.¹²³ Importantly the VSLAs involved in this program included men and women. Thus the teaching and discussions began in a mixed-gender environment that mirrored the mixed-gender environment of the members’ household.

IRC employed a randomized impact evaluation methodology to assess the program’s successes. The evaluation compared pure VSLAs to EA\$E VSLAs that included the new curriculum and drew data both immediately after the completion of the training and one year after completion of the program, from focus groups separated along gender lines. Results from both focus groups showed promising outcomes. After completing the new curriculum, members reported that incidences of IPV decreased, the use of negotiation skills increased (indicated by a resolution being reached via a joint discussion, rather than a unilateral male one), women reported increased decision-making, and acceptance of violence by both genders decreased.¹²⁴ Though in some cases the magnitudes of these changes were small,¹²⁵ they suggest real potential from a fairly short-term intervention. Outcomes suggest that the curriculum improved household dynamics both through changes in behavior (incidences of IVP, decision-making practices) and through new attitudes about gender equity and violence. Both sets of changes constitute peacebuilding outcomes. Reduction in physical IPV builds toward negative peace by enhancing the physical security of women in treatment households,

¹²¹ “Getting Down to Business: Women’s economic and social empowerment in Burundi,” *International Rescue Committee*, New York (2011) <http://www.rescue.org/resource-file/getting-down-to-business>.

¹²² IPV is defined according to the Hurt Insult Threaten Scream (HITS) screening tool and includes physical abuse, insults, threats, and screaming. *Ibid.*, 2, 4.

¹²³ *Ibid.*, 3.

¹²⁴ *Ibid.*, 5.

¹²⁵ *Ibid.*, 5-6. Women initially identified in high or moderate risk categories reported 22% reduction in violence and a 46% reduction in physical harm; “low risk” men reported a 20% decline in violence; men report 11% increase in using negotiation skills; decision making varied by type of decision, but women reported between 14.7% and 26.6% increases (statistically significant) in the areas of spending her own income, choosing what major household appliances to make, and deciding how many children to have; men reported only 0.3%-6% decreases in their decision-making power; both genders reported declines in tolerance of IPV against women: 4% decline in case of woman refusing to have sex with her husband, 10% decline in case of woman neglecting her children.

reducing risk and occurrences of household violence. The adoption of negotiation as a method by which to make decisions not only enhances a woman's previously marginalized role in decision-making, but it may also build toward a reduction in violence, and thereby negative peace, by instilling a nonviolent mechanism for negotiating power in households. The strongly gendered logic underlying both behavior changes and the shifting attitudes about violence, quells the structural violence of instilled sexism and male dominance. By addressing the structural component of IVP, namely this embedded sexism, the EA\$E program primed members to lessen both direct and structural violence. These early results suggest that the program succeeds in building positive peace then, not just through a simple savings mechanism, but by leveraging the organization and trust of mixed-gender groups toward their initial objective of reduced IPV.

These positive outcomes provide an example of a VSLA platform structure that can compound the peace outcomes expected from a pure savings group model. We wonder, as does the IRC, to what extent the lessons learned in these small groups may propagate in their wider communities. Will shifting attitudes about IPV and women's decision-making permeate bedroom walls? The IRC study raises such questions and I concur in suggesting further research to examine positive or negative spillover effects.

III. Part III: Pulling it all together

III.1 A word of caution: Skepticism in Burundi

Waiting for Forgiveness - Nyandwi Nicimpaye Cesalie in Burundi

Nicimpaye looked at me for a long while, perhaps gauging my sincerity, the clanking of conference coffee cups and chattering delegates humming around us. "No..." she said and shook her head slowly and deliberately. Savings groups would not bring peace to Burundi.

They would not reduce conflict or promote trust between neighbors. Why so? I probed.

"Without forgiveness, there can be no peace."

Nyandwi Nicimpaye Cesalie (Dutabarane Shigkirana), in conversation with the author, October 2011.

Nyandwi Nicimpaye Cesalie's story came as a refreshing end to my interviewing in Arusha. After three days of largely enthusiastic support from practitioners for my line of study and for the potential of savings groups to cultivate peace, Cesalie put pressure on my theoretical models.

With great candor and generosity, Cesalie shared her personal history with me. Once a teenaged participant in her mother's savings group, Cesalie now leads Dutabarane Shigikirana Savings for Life, a world Relief partner promoting savings-led development for the poor.¹²⁶ Her lifelong work promoting savings groups stems from her perceptible belief in the power of individuals to improve their circumstances by joining a group. Still this faith in savings groups to act as tools of development remained tempered by her personal story of survival. However powerful these groups, in her mind their capacities could not build credible prospects for peace.

A survivor of the genocide which swept her country in 1993, she spoke of reconciliation and peace skeptically. A neighbor killed Cesalie's father in the war. She understands, profoundly, how difficult forgiveness can be. Such personal connection to the legacy of brutal terror explains her conviction. Although there may be great benefits to participating in the savings groups she has devoted her professional life to promoting, forging peace in her native Burundi does not rank among them.

She explained that in the villages in which she works, groups form along preexisting trusts. Suspicious of neighbors who may have played murderous roles in the war, members intentionally exclude others from their groups. In the context of a "superficial peace" Cesalie asserted, it proved extraordinarily difficult for a program to compel mixed-tribe savings groups. This speaks to a broader, central point in this analysis and the reason for including this wrenching personal narrative. Though savings groups can and do contribute to the reduction of direct and structural violence, they cannot stand in for formal reconciliation. Just as savings groups cannot replace formal peace processes ending war, neither can they stand in for inter-personal forgiveness in cases of acute distrust. Social cohesion and enhanced security may continue to play important roles in contributing to positive peace, but we must remember that savings groups programs are not in the business of brokering deep personal forgiveness.

Cesalie's story may have been an outlier in my own interviews in Arusha, but the very real message it conveys ought not to be confined to the margins of this discussion. It seems unlikely that savings groups could be employed as trust building devices in communities still plagued by deep suspicions

¹²⁶ For more about Shigikirana, please see: <http://www.wrcanada.org/index.cfm?pageid=313>.

and mistrust. For every example like Moses Ordur's in Northern Uganda, which, he said saw savings groups forging trust between LRA informants and neighbors,¹²⁷ there must be counterexamples like this one from Burundi. The scant nature of my own evidence of such counterexamples should not signify the absence of the phenomenon but rather point toward an important area of further research.

III.2 Looking Forward: a sustainable model of building peace?

I have now demonstrated with both theory and early empirical evidence the ways in which savings groups may indeed help to promote positive peace in communities. They do so in part through incentivizing participation based on the promise of access to capital and a safe place to save assets. Preliminary studies show that these financial tools may lead to income smoothing, thereby enhancing economic security and improving livelihoods options by expanding access to financial assets. Still, the most prominent peace outcomes seem to stem from the social aspects of savings groups- an area less theorized than the economic development logic but perhaps no less important. Time and time again, benefits like “social cohesion,” “harmony,” and “togetherness” are cited by members as primary benefits to groups.¹²⁸ This paper has attempted to map these somewhat amorphous concepts using frameworks more commonly found in the peacebuilding literatures: theories of intergroup contact, civil society strengthening, and a gender-sensitive approach to power relations. In this way, I affirm my initial conviction that savings groups ought not to be considered solely an instrument of development, but also as a tool for building peace. Savings groups, beyond their financial functions, have great potential to act as robust civil society associations, promoting increased social capital through new friendships and interdependencies, providing forums for leaders to emerge, and offering venues for cross-cultural learning.

Development practitioners have begun to notice the speed and relative inexpensiveness with which savings groups replicate, and as such have begun to use these self-governing units as platforms for delivering additional services. Though not intentionally “added-on” to savings groups, we can consider peacebuilding an organic “add-on” benefit to the intended program goals of asset accumulation. If others see the savings group platform as a more effective method of transmitting knowledge and services than their more traditional approaches, then it may be particularly

¹²⁷ Moses Ordur (CRS Northern Uganda) in discussion with the author, October 2010.

¹²⁸BARA & CRS's “SILC – Peacebuilding in Khartoum, Northern Sudan.”

interesting to look at the replication implications of the model to answer questions about how the sustainability of this approach to peacebuilding may compare to more traditional peacebuilding interventions.

III.2.1 A Brief Evaluation of Uptake

Organizations approach the question of replication and outreach using a common basic framework, with some important nuances. Gideon Mandara spoke highly of the success of using religious congregations to promote replication of the savings group methodology. He cited the power of their far reach, their ubiquity, and their natural inclination toward service as highly beneficial to promoting the saving group methodology in Tanzania. It is through the broader network of churches that Mandara spreads trust in and popularity of savings groups. Once established, his model relies on trainers to teach savings group methodology in a way that mirrors that of most larger international organizations. Major development players have including Oxfam and CARE, count on field agents to train up leaders of savings groups in a community, equipping group leaders with the skills to manage their own groups and potentially train new ones. Field agents either volunteer their time or receive stipends from the program budget.

Others, most notably CRS, have begun piloting a fee-for-service model relying on private service providers (PSPs) who deliver trainings and skills to groups in receipt for fees furnished by the group. PSPs assist in initial training and provide technical assistance by request, presumably when questions arise or at times of share-outs when groups may need assistance with calculations or record-keeping.¹²⁹ CRS introduced this pilot in the hopes of “building a market driven model to ensure the sustainable delivery of SILC services to communities in need.”¹³⁰ Only very preliminary data captures a bit about the success and shortcomings of this strategy. A recent CRS Learning Paper suggests that savings groups express reluctance to pay for certified trainers, in spite of expressing a desire for high quality service. This holds particularly true for already-established groups, who report confusion and dissatisfaction when they learn that previously free services now come at an expense.¹³¹ Not all groups are unwilling to pay; some PSP agents have been able to successfully collect fees from even very poor groups.¹³² An important unanswered question remains: is the

¹²⁹ “Paying for PSP Services – The Journey Towards a Sustainable Fee-based Approach,” *SILC Innovations Learning Update* (October 2010): 3.

¹³⁰ *Ibid.*, 1.

¹³¹ *Ibid.*, 2.

¹³² *Ibid.*, 4-5.

amount a poor group can afford to pay, though admittedly more than nothing, enough to cover the opportunity cost of the PSP? CRS itself asks this question in its report. I may take this one step further to ask that if fees are assessed based partly on the income level of the group, would this not disincentivize frequent service to these poor and perhaps neediest groups? Certainly mechanisms would be required to incentivize agents to serve the full scope of groups if the spirit of savings groups' talent in serving the poor clients is to be preserved.

The presence of competing NGO agents, still subsidized by their parent organizations, may significantly lessen members' willingness to pay for service. Such programs may subsidize support to their groups, be it in the form of gifting cash boxes, ledgers, and supervision.¹³³ According to its own reports, CRS has made attempts to educate competing organizations on their methodology in regions of such overlap. Still, without standardizing the fee-for-service model, the question of competition remains unaddressed. It seems unrealistic to think that groups would hold loyalties to the SILC model so strongly so as not to jump ship to another organization's model and support in the face of new fees.

If unwilling to pay for service, groups will likely continue down one of two paths. First, the groups might be well-versed in the CRS SILC methodology and continue their activities without need of follow-up assistance. Secondly, a group may begin receiving assistance from another provider (competitor) development agency in the area. Importantly, in either of these options, what alters are the minute mechanics of financial transactions, record-keeping, and proposed best practices. The methodologies remain primarily intact. If groups continue to form and meet regularly, then the implications for the social, peacebuilding side of outcomes may be very little changed by this modification in outreach. Only if the PSP model succeeds in becoming a more sustainable method of expanding the network of groups, will peace outcomes benefit from this innovation. Conversely if the PSP model were to become ubiquitous but did so in a way that jeopardized service to the poorest clients, peace outcomes for these newly excluded members could be curtailed.

The ubiquity of indigenous ROSCAs and ASCAs speaks to the replicability of these simple groups. As such we may have good reason to believe that once the methodologies have been introduced in a region, they may spread swiftly. Even without adopting the methodology of a particular agency in

¹³³ *Ibid.*, 2.

perfect detail, if basic principles of savings, lending, regular meetings, and respect for members are upheld, peace outcomes should remain unchanged. Indeed, perhaps the peace implications of savings group models are themselves more resilient than the transactional details of any particular methodology. This logic leads us to question then, if NGO-led savings groups are any improvement on these indigenous forms of savings. Certainly the civil society implications may appear largely identical. Indigenous savings mechanisms could provide forums for leaders to shine and knowledge to be shared. Though not the case in the Saving for Change villages in Mali, ROSCAs or ASCAs may require even lower denomination contributions, in that way reaching greater numbers in greater poverty.

Still I see a few instances in which NGO-mediated groups may demonstrate certain advantages for enhancing peace outcomes. The operational ease with which NGOs could add on curricula to existing groups may support the NGO's case. With large staffs to create curricula and knowledge of savings group networks on the ground, NGOs may be well-suited to capitalize on savings group platform programs. We have seen how these platform programs may reduce direct and structural violence. Still, it would be very interesting to ask if these same curricula could be introduced to indigenous groups, relying less on a preexisting relationship with an NGO and more on the similar organizational characteristics implicit in an indigenous ASCA. It seems plausible that such a strategy could achieve a similar outcome of spreading knowledge and potentially peace outcomes as a result.

I have already suggested a more compelling example of the strength of an NGO-led approach, namely, the ability for a sponsoring NGO to encourage groups mixed by gender, tribe, religion, etc. Without encouragement from field operators or agents, indigenous circles would likely more readily exclude "others." This could occur simply based on preexisting knowledge, familiarity, and kinship ties. Though not maliciously intended, these tendencies could consequently increase the risk of creating divides in a community along these ethnic or religious lines, reinforced them with new economic interdependencies. I offered several examples in which more formal savings groups programs have successfully created mixed groups, to largely positive peacebuilding results. This potential benefit seems to me the most important case for NGO-led savings groups leading to better peace outcomes than existing indigenous groups.

III.2.2 A Better Model of Peacebuilding?

It remains a question for further study how the promotion of savings groups compares to more traditional methods of peacebuilding in terms of feasibility and sustainability. The popularity of savings groups, which now reach an estimated five million people,¹³⁴ suggests that they may indeed be a powerful tool for the promotion of outcomes beyond economic development. Incentivizing intergroup contact and regular meetings with very tangible financial gains accrued by members may be a more effective way to build sustained ties than one-off peacebuilding workshops or temporary NGO-led interventions.

The lesson from Nicimpaye in Burundi cautions our optimism. I do not contend that savings groups on their own can heal wounds of war or singlehandedly achieve post-conflict reconstruction. Still, this research suggests that actors in the peacebuilding sphere could consider the benefits of including savings group programming within the scope of their work. Even if not administering such groups, it behooves them to consider the implications for peace implicit in their existence. Savings groups can foster basic, household-level economic security and forge bonds between community members. Members gain skills in managing internal disputes and in some cases, take these skills into their wider communities, negotiate new power dynamics in decision-making, and encourage communities to prioritize the needs of at-risk groups. More research into the nuances of the social cohesion impacts of savings groups must be explored in order to understand ways in which we might best to employ savings groups as more strategic peacebuilding initiatives.

III.3 Recommendations

This preliminary foray suggests that savings groups do build peace in their communities. They act as civil society organizations, allowing financially vulnerable populations, especially women and the poor, to advocate for positive peace in their communities and bring groups from different backgrounds together to forge trust. Still although we observe these outcomes, we face a relative dearth of evidence to thoroughly examine these questions. Throughout this analysis I have suggested certain areas for future study. I repeat these and add to the list. Concerted efforts by researchers in both development and peacebuilding arenas ought to think critically about ways in which the answers to these questions could increase the effectiveness of programming in both veins.

Questions for further research:

¹³⁴ Ledgerwood & Rasmussen.

- To what extent do indigenous savings groups promote peace? Can we validate our hypothesis that though effective in promoting civil society outcomes, ROSCAs and ASCAs may form along societal divides and as such reify divisions or prejudices in communities?
- In what situations might we worry that NGO-led savings groups could exacerbate violent tendencies? Does a superficial peace in a country, as seen in the Burundi example, make organizing groups a dangerous endeavor?
- How can the presence of savings groups in a community contribute to conflict prevention? Does the presence of savings groups have a stabilizing effect when communities are hit by exogenous shocks of violence as Varshney observed with civil society groups in India? Are communities with a high concentration of savings groups less prone to conflict and can we imply a causal link?
- To what extent do lessons learned from platform programs permeate beyond savings group members? Does savings group market saturation play a role in the size of such spillover effects?
- To what extent does credit-led microfinance promote peace? If microcredit can be shown to have more robust implications for economic growth, does this growth lead to reductions in violence or competition for resources?

I commend the efforts of leading NGOs like Oxfam and CARE to evaluate their programs using creative and rigorous methodologies. While RCT evaluations seem particularly in vogue at present, I urge programs to insist on the inclusion of better metrics by which to describe and quantify (if necessary) social cohesion outcomes within these trials. The anthropologists and journalists employed in studies like Oxfam's may actually have an advantage in capturing such difficult-to-measure phenomena, in that their methodologies rely on personal interviewing, close readings of interview subjects, and lengthy contextual research. Though RCT's may seem more suited to measuring concrete variables like income, assets, dietary patterns, and health, it is imperative that they also include systematic metrics by which to measure the very real social outcomes of these complex groups.

Peacebuilding programs grapple with the difficulties of measurement by the very nature of their scope of work. A heated debate pits practitioners who favor quantitative metrics against those who see less value in this type of study. I recommend turning to some of the more tested methods

employed by these organizations to complement the new wave of RCT evaluations of savings groups. Specifically, savings group programs should seek to follow best practices of the peacebuilding field to complement quantitative studies. Best practices recognize the difficulty in quantifying peacebuilding outcomes and in the pursuit of more telling results, recommend the following:¹³⁵

- Tailor quantitative metrics carefully to the specificities of program context, goals, and underlying theory of change of the project.
- Pair quantitative assessment with qualitative evidence gathering, and these qualitative results to illuminate questions of causality whenever possible.
- Where possible, ensure that qualitative evaluation processes are facilitative and participatory.
- Ensure that evaluation – not just the intervention itself – adheres to Do No Harm Principles and maintains conflict sensitivity.

The OECD’s Development Assistance Committee has launched an extensive campaign to develop trusted methodological approaches to measuring peacebuilding and conflict prevention impacts.¹³⁶ Combining expertise from its 30 member countries, the OECD is well positioned to offer well tested methodologies that can stand as standardizing tools. Methods attempt to standardize high quality and ethical principles without locking in strictly prescriptive survey tools or metrics. Consulting resources such as those created through these OECD partnerships may offer savings group practitioners insights into how best to systematically gather information about the powerful social cohesion outcomes their beneficiaries experience. Many of the organizations pursuing savings groups do so as one strategy amongst many in their development portfolios. Those familiar with working in conflict and post-conflict settings are well-situated to leverage the institutional knowledge that already exists in other departments to tailor new, creative evaluation methodologies for savings group interventions.

III.4 Final Thoughts

¹³⁵ For an extensive report on Best Practices, see “Guidance on Evaluating Conflict Prevention and Peacebuilding Activities,” *OECD Development Assistance Committee, Working Draft for Application Period* (2008). http://www.oecd.org/secure/pdfDocument/0,2834,en_21571361_34047972_39774574_1_1_1_1,00.pdf.

¹³⁶ For example, see “Evaluating Conflict Prevention and Peacebuilding Activities Factsheet,” *DAC Networks on Development Evaluation & on Conflict, Peace and Development Co-operation* (2008), <http://www.oecd.org/dataoecd/36/20/39289596.pdf>.

Instead of treating positive peace outcomes as tangential externalities, the time has come to prioritize research that systematically evaluates the social impacts of savings groups. I have shown how many of these social impacts contribute to important peacebuilding outcomes. Group members themselves frequently report these impacts before financial benefits as reasons for sustained membership and motivations for joining groups. The time has come for rigorous evaluations to reflect this.

I hope that this analysis has suggested ways in which savings groups ought to be considered part of a wide array of tools for building peace, not simply promoting economic development. The prevalence of indigenous forms of savings groups and the initial promise of inexpensive replication suggests that promoting savings groups may be a relatively inexpensive, sustainable tool for peacebuilding. Further study will help us understand the magnitude and implications of these peace outcomes and may ultimately assist us in promoting a grassroots, sustainable peace that would make Prévert proud.

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