



# **From Grassroots to Governance: Case Studies of Enabling Regulatory Environments for Savings Groups**

**Regulation and Standards as a Mechanism to Promote the  
Growth and Sustainability of Savings Groups**

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# Foreword

The growth and impact of Savings Groups (SGs) worldwide is now undeniable. Today, more than half a million SGs operate across 67 countries, supported by a diverse network of NGOs, CSOs, private sector entities, government agencies, and an extensive cadre of community-based trainers. Governments have increasingly embraced SGs as powerful tools to drive development and combat poverty, integrating them into public policies and leveraging their potential to advance financial inclusion, women's empowerment, social safety net graduation, agricultural development, social protection, and poverty eradication.

In recent years, many governments have shown a growing interest in creating a supportive legal framework for SGs. As promoters, we believe that an enabling environment is essential for the growth and sustainability of SGs. Striking the right balance between implementing formal support structures and preserving the informal nature of SGs is crucial to their success. In collaboration with key SG promoters, CARE has engaged with regulatory bodies and ministries to implement appropriate regulations. This ensures that SGs can exist and expand and access formal services and products, all while retaining the informality that is central to their impact.

This report highlights experiences from six countries—Bangladesh, Côte d'Ivoire, Madagascar, Malawi, Rwanda, and Uganda—where years of advocacy, partnerships, and collaboration have led to government adoption of SG-supportive regulations. It examines the processes, challenges, successes, and lessons learned in implementing these policies. We hope these case studies inspire other governments to establish enabling environments that sustain and protect SGs as integral community assets.



*Vidhya Sriram*

Vidhya Sriram

Sr. Director

Global Village Savings and Loan Associations (VSLA) Team, CARE USA

# Definitions

## 1. Savings Groups:

Savings Groups (SGs) are community-based financial groups that provide members with a way to save money and access small loans. Typically, an SG consists of 15 to 30 people, often women, who meet regularly to contribute to a common fund. This fund is then used to provide loans to group members as needed, with interest on the loans providing a return on the savings investment.

## 2. Savings Group promoters:

SG promoters (also referred to as SG practitioners) are NGOs (both international and local) working in different sectors (financial inclusion, health, nutrition, social protection, gender etc.) through SGs. They facilitate the creation of SGs and closely monitor them through financial literacy training and technical assistance.

## 3. The informal nature of SGs

SGs are informal groups that respond to their own rules, status, and bylaws. Once accustomed to the mechanics of the group (regular meetings, set share of savings, predictable credit interest rate), members quickly trust that the amount they save will be there, in the savings box, at the next meeting or at the end of a cycle. SGs have long lifespans because they are member-managed, create social capital and trust, and operate with a level of informality that aligns with members' needs. According to the bylaws, they typically elect a president, treasurer, secretary, and advisers or finance controllers, each with specific roles and responsibilities. Local authorities are usually aware of their presence, as SG promoters typically ask permission from village or religious authorities before gathering members in a group. This informality is vital to the survival, stability, and sustainability of SGs.

## 4. Recognition and/or regulation of SGs

This has recently been driven by several factors: the general push towards formal financial services, digitization of SGs, increased linkages to the formal financial sector, the trend towards federation of SGs, concerns about anti-money laundering/countering of financial terrorism (AML/CFT), concerns about fraud and embezzlement, as well as the belief that “enabling regulation” will strengthen SGs and help them harness and expand their financial inclusion potential.<sup>1</sup>

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<sup>1</sup> CGAP working document - Regulating Savings Groups: Landscaping and Emerging Guidance, 2024

## BALANCE OF REGULATION AND INFORMALITY

The legal recognition of SGs takes different forms according to context, but the end goal is to create a conducive and protective environment for Savings Groups (SGs) to exist, grow, and thrive. While government regulation can help integrate SGs into broader financial systems, preserving their informality is also vital for their adaptability and member-driven approach. This informality allows SGs to meet members' needs, maintain trust, and ensure long-term participation. Striking the right balance between regulation and flexibility helps prevent issues like fraud and financial exploitation without hindering SGs' grassroots effectiveness. SG promoters, such as NGOs, facilitate this balance by supporting SGs through training and ensuring regulations are supportive. Legal frameworks should ultimately enhance financial literacy and protection while allowing SGs to operate safely and sustainably.



CARE Côte d'Ivoire

“HAVING THE GOVERNMENT AS A PARTNER IS IMPORTANT FOR OUR LEGITIMACY [AS SGs] IN THE COMMUNITY, FOR OUR GROWTH AND OUR ACCESS TO THE MARKET. BUT SGs ARE FOR US WOMEN, IT IS THE WAY FORWARD FOR OUR DEVELOPMENT AND OUR FULFILLMENT. WE WILL CONTINUE TO ENGAGE AND SUPPORT THIS WORK ON OUR TERMS AND NEEDS AND ENGAGE WITH THE STATE TO SUPPORT US.”

The quote above is from Gladys Zado Gbehi, an SG leader in Côte d'Ivoire who has helped establish over 80 groups, creating a chain of solidarity and mutual support among women. She is one of the 'Amazons' of Côte d'Ivoire—a courageous group of women collaborating with the Ministry of Solidarity and Poverty Eradication to leverage financial tools to support vulnerable and marginalized communities nationwide.



CARE Côte d'Ivoire

# Introduction

Traditionally, the promotion of Savings Groups (SGs)<sup>2</sup> has been led by national and international NGOs and a large extension network of community-based trainers. In recent years, governments have actively engaged with SGs as a mechanism to advance development and poverty-fighting objectives, integrating them within public policies, strategies, and programs across sub-Saharan Africa,<sup>3</sup> Asia, and MENA. These public efforts have leveraged the SG model as a vehicle to help achieve goals related to financial inclusion, women’s empowerment, graduation from social safety nets, agriculture development, social protection, and poverty eradication.

Learnings from previous experiences by SG promoters, partners, and government agencies have demonstrated that the proper enabling environment is necessary for SGs to grow and be sustained. A successful enabling environment must balance efforts to provide formal levels of support and structure while ensuring that SGs maintain their informal nature.

**One of the driving factors behind this effort is the advancement of legal and regulatory frameworks that set minimum standards for groups to be recognized as SGs<sup>4</sup> and to be effectively monitored while maintaining SG informality.**

The case studies (from Bangladesh, Côte d’Ivoire, Madagascar, Malawi, Rwanda and Uganda) outlined in this report reflect examples of strategies used to promote



CARE Niger

<sup>2</sup> Savings Groups (SGs) are community-based financial groups that provide members with a way to save money and access small loans. Typically, an SG consists of 15 to 30 people, often women, who meet regularly to contribute to a common fund. This fund is then used to provide loans to group members as needed, with interest on the loans providing a return on the savings investment: [The Evidence-Based Story of Savings Groups: A Synthesis of Seven Randomized Control Trials \(seepnetwork.org\)](#).

<sup>3</sup> SEEP State of Practice Report: Savings Groups and the Role of Government in Sub-Saharan Africa, 2018 identified 74 government initiatives across 20 countries in Sub-Saharan Africa where SGs were reflected across public initiatives

<sup>4</sup> For more details on standards for Savings Groups, check out the [SEEP report: Program Quality Guidelines for Savings Groups, 2015](#). The SEEP Network also defines a savings group as a community-based organization where members regularly save small amounts of money and use these savings to provide loans to each other, facilitating financial inclusion and self-reliance among participants (SEEP Network. (2016). *Savings group starter guide.*)

enabling regulatory environments for SGs. **The frameworks presented range from guidelines for practitioners, principles and codes of conduct, formal registration processes, and legal mechanisms and recommendations for integrating SG regulations into existing policies and beyond.** The following examples summarize tactics, key partners, best practices, and challenges that help mitigate risks associated with the development, growth, and operation of SGs. Across these diverse cases, common trends, challenges, and opportunities have emerged, offering valuable lessons related to SG design and implementation.



# Bangladesh

## Central Bank of Bangladesh Circular for Savings Groups

### Summary

Through the SHOUHARDO III Plus Program funded by USAID and the Government of Bangladesh, CARE spearheaded a collaborative effort with the Central Bank of Bangladesh, leading to the formal recognition of SGs. The Central Bank then showcased the SG model to commercial bank representatives, encouraging several commercial banks to partner with CARE to open savings accounts for SG members.

The collaboration culminated in the Central Bank issuing an official **circular**—a formal directive—that advised commercial banks to extend comprehensive financial inclusion services to SG members. This directive paved the way for SG members to open bank accounts and access low-interest loans, with interest rates ranging from 4-7%.



CARE Bangladesh

### Key Actors, Policies, and Processes

**Policy & Process:** CARE Bangladesh led a collaborative, multi-phased effort to gain recognition for SGs in partnership with the Central Bank of Bangladesh. The process began with a Financial Inclusion Policy Analysis (FIPA) to identify opportunities to incorporate SGs into the Financial Inclusion Policy of Bangladesh. This was followed by a USAID-led workshop in collaboration with partners where FIPA findings were presented, leading to the formal recognition of SGs as a critical tool for extending financial services to the unbanked population.

Once determining that the Financial Inclusion Department of the Bangladesh Bank would play the role of lead intermediary to integrate SGs into the National Policy, field visits were arranged to SGs for commercial bank representatives. The Central Bank then showcased the SG model to



commercial banks such as the NRBC-PLC and Bank of Asia, encouraging partnerships with CARE to open individual savings accounts for SG members with the help of a Financial Advisor.

The Central Bank issued a [circular, a formal directive recognizing SGs](#) and urging banks to open accounts with SG individual members, alongside offering low interest rates loans, between 4-7%. This rate, set as part of the Central Bank's refinancing scheme, provides special loans for the very poor.<sup>5</sup> Being a member of an SG provides a guarantee of credibility to a financial institution, as it signals that members possess financial literacy, can run small Income Generating Activities (IGAs), and have enough money to maintain their family expenditure—fostering trust that loans will be repaid.

This initiative allowed individual SG members to meaningfully increase their access to financial services, while also helping the Central Bank to meet their financial inclusion targets.

**Actors:** CARE collaborated with the Ministry of Finance, donors, peer organizations, and foundations when conducting the initial stages of the financial inclusion policy analysis. When determining who to engage in this goal of increasing financial access for the unbanked population, the Central Bank, which holds the mandate for implementing financial inclusion policy, proved to be the target stakeholder. The Ministry of Finance also remains a key partner, particularly around their recognition of SGs as a pathway toward financial inclusion.

**Implementation:** The Central Bank of Bangladesh's circular is a formal directive that urges commercial banks to open accounts and to implement low-interest loans for individual SG members as a mechanism to expand financial access to the unbanked population. It advises commercial banks on how to simplify the process for SG members when opening bank accounts and urges them to extend added assistance to marginalized groups, particularly SG members who are also women entrepreneurs.

## Successes & Challenges

### Successes

- CARE Bangladesh successfully identified the **Central Bank of Bangladesh** as the most effective actor to lead and implement this regulation. Due to the Bank's mandate to implement financial inclusion programs through the Ministry of Finance's National

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<sup>5</sup> Through the refinancing scheme, Commercial Banks take refinancing from the Central Bank to loan to the most vulnerable.

Financial Inclusion Policy, existing mechanisms of accountability ensure that the Bank has a vested interest in meeting shared financial inclusion goals.

- The appointment of a **Financial Advisor** to the program successfully facilitated and strengthened the connection between SG members and commercial banks.
- Developing and maintaining key relationships with actors across commercial banks has been an important component to the success of this work, including building a strong rapport with the **Executive Director of the Financial Inclusion Department of the Central Bank of Bangladesh**.
- Ensuring official regulators have **access to SGs** and conduct **regular visits** to witness the impact of the programming has been a critical component of this approach.
- Working with **rural women SG members** has proven to be highly effective, as they tend to have a significantly lower default rate compared to what commercial banks have seen in urban areas.
- This approach deliberately **avoids formalizing or institutionalizing SGs**. The focus of this work is on increasing access to and the quality of suitable financial services for SG members. By maintaining a focus on financial inclusion rather than on formal registration, the program can enhance SGs and strengthen members' financial autonomy, while still achieving its objectives.

### **Challenges**

- Implementation of the circular can prove challenging due **to infrastructural constraints**, including a scarcity of banking agencies or accessible agents among vulnerable communities. An estimated 60 million people in Bangladesh remain unbanked, most of whom are women. Commercial banks do not have a wide presence in rural areas, and many rural communities do not see commercial banks as a viable entry point to access low interest loans. However, with the increasing availability of digital banking, the absence of a physical presence of commercial banks in rural areas may prove to be less of an obstacle toward financial inclusion.
- The financial products offered by commercial banks to meet the needs of SGs aren't always appropriate or tailored to their members' needs.

### **Current Status**

As of present day, there are close to 45,000 SG members in Bangladesh, 95% of which are women. Over 4600 bank accounts have been opened by these SG members, providing them with access to low-interest loans. To date, 262 such loans have been issued, representing a significant shift from when previous interest rates often exceeded 25%—the customary rate for Microfinance Institutions.

The program is currently working to increase account enrollment, expand bank agent placement near targeted communities, tailor financial products to meet the needs of SG members, and host loan disbursement events. Additionally, the program continues to monitor and evaluate its effectiveness, while documenting and sharing the experiences of SG members.

PRADRIPTA, another project of CARE Bangladesh, is set to scale up this financial inclusion approach for PRADRIPTA-facilitated SGs, particularly in helping members access low-interest loan from commercial banks.



CARE Bangladesh

“I AM FEELING SO HAPPY AS WITH SUPPORT FROM SHOUHARDO III PLUS, I COULD OPEN A BANK ACCOUNT WITH ONLY 10 TAKA (USD 0.085). I AVAILED 50K (TAKA) LOANS THAT I WILL USE TO START A NEW BUSINESS. I AM HOPEFUL ABOUT MY SUCCESS TO BRING SOLVENCY TO MY FAMILY”

- Nazma Akter, SHOUHARDO III Plus Participant and SG Member

# Côte d'Ivoire

## Draft Law Relating to Associations for the Promotion of Community Mutual Aid

### Summary

Under the leadership of the Ministry of National Cohesion, Solidarity, and Poverty Eradication, CARE, in collaboration with SGs Promoters in Côte d'Ivoire, has been working across multiple sectors to advocate for and develop guiding principles on SG methodology (Philosophie des AVECs/ SGs), resulting in a national decree and a draft law formalizing and governing SGs.

The Ministry of National Cohesion, Solidarity and Poverty Eradication is in the process of developing the Law Relating to Associations for the Promotion of Community Mutual Aid (AVEC) to establish general rules related to the creation, organization, operation, and management of SGs. CARE, along with a wide network of partners and promoters from civil society, the public sector, and the private sector, have engaged in a consultative multi-phased process to provide input and co-design this policy.



CARE Côte d'Ivoire

### Key Actors, Policies, & Practices

**Policy & Process:** The Government of Côte d'Ivoire implements SGs through different ministries including the Ministries of Gender, Financial Inclusion, National Cohesion, Solidarity, Poverty Eradication, and others. As the interest for the model grew in the country (through NGOs, CSOs, private sector, and government institutions), the President's office designated the Ministry of National Cohesion, Solidarity, and Eradication of Poverty as the lead institution for scaling up SGs across the country.

CARE facilitated collaboration between SG promoters and diverse stakeholders, along with the Ministry of National Cohesion, Solidarity, and Eradication of Poverty in the effort to scale up SGs.

The Ministry brought together promoters to define what is needed to scale SGs in Côte d'Ivoire. Together, they developed **The Philosophie des AVECs**, a comprehensive guideline outlining the methodology behind SGs development and implementation, as well as **a decree to formalize SGs** and recognize distinctives between SGs and related groups, such as cooperatives. When the Decree was submitted to the Prime Minister's office for review and approval, it was recommended that, due to the specific status of SGs, a distinct law be proposed. In response, a recommended **Law Relating to AVEC** was developed, reflecting the key tenets of the decree, and is now awaiting approval from the Prime Minister's office. This process involved a comprehensive and collaborative approach that ensured all stakeholders were able to directly contribute toward the development of these three regulatory products.

The Law Relating to AVEC sets forth general rules around SG creation, organization, operation, and management, including key principles that groups must abide by such as: training and information, promotion of social cohesion and solidarity among group members, mutual assistance through a solidarity fund, self-selection of group members and leadership, democratic governance, transparent and inclusive decision-making, as well as transparent accounting and profit sharing. The law also includes details on SG formation, the role of group members and promoters, terms of supervision, as well as group activities and services. Registered SGs that meet these requirements can then open accounts with financial institutions.

In addition, SG Promoters must meet specific conditions in order to supervise the creation and development of SGs. They must request authorization from the Minister of Solidarity, provide proof of experience, and submit regular reports to the Ministry on SG activities.

**Actors:** Under the leadership of the Ministry's National Cohesion, Solidarity, and Poverty Eradication, CARE facilitated the linkage between **SGs Promoters, private sector representatives, SG member networks, and representatives from the Ministry of National Cohesion, Solidarity and Eradication of Poverty, Ministry of Finance, and the Ministry of Gender**. This collaboration led to the creation of the **Scientific Committee** – a group tasked with designing, developing, and drafting policies related to SG regulation. The committee meets regularly through a highly collaborative and inclusive process and is managed by the Ministry of National Cohesion, Solidarity and Poverty Eradication. Representatives from this committee meet with government officials, including the **Prime Ministry office** (who recently became a member of the Committee) to gather feedback on regulatory policies and serve the communities affected by these policies.

The Law Relating to AVECs outlines a regulatory framework that will be overseen and governed by the Ministry of National Cohesion, Solidarity and Eradication of Poverty once adopted. The SG promoteurs support the groups during their operating cycles, ensuring good governance and best management practices, as well as compliance with the law. In addition, the National Steering Committee and local committees for monitoring SG activities seek to define the strategic development and promotion of SG's, oversee any necessary arbitration among group members, validate monitoring and evaluating mechanisms for groups, ensure open communication and

collaboration between groups and civil society, the private sector and NGO's, ensure compliance with the law's regulations, and validate reports on the group's activities. The National Steering Committee for SG activities includes representatives from different relevant Ministries of: National Cohesion, Solidarity and the Fight against Poverty (president), Agriculture, Interior and Security, Planning and Development, Economy and Finance, Budget, Youth Promotion, Social Protection and the Family. It also includes representatives from SG networks and national and international NGO's.

The Local Committees for monitoring SG activities will be chaired by the local representatives from all relevant ministries and will have the responsibility of preparing SG annual reports and determining disciplinary actions or sanctions, if necessary, once the law is adopted and put into practice.

**Implementation:** Once adopted, procedures for implementation and application of the law will be approved by the Minister of National Cohesion, Solidarity and Eradication of Poverty, the Minister of the Interior and Security, the Minister of the Economy and Finance, and the Minister of the Budget and State Portfolio. A National Steering Committee and local committees will be created to monitor SG activities.

Although the law is not yet adopted, all groups are currently required to register (without fees) with the Ministry of National Cohesion, Solidarity, and Eradication of Poverty in their locality, through providing information such as group membership, structure, and leadership. Registered SGs are added to the National Register maintained by the Ministry of National Cohesion, Solidarity, and Eradication of Poverty. Internal regulations are also specified, with SGs being determining their own governing structures and formalities, in accordance with the principles of the law and in adherence to a list of required governing bodies, such as a SG General Assembly, Management Committee, and Control Committee.

## Successes & Challenges

### Successes

- The development of the Philosophie des AVEC successfully brought all practitioners together to define one tool that could be universally utilized. This allowed for a more harmonized approach that **reinforced coordination across the network of actors**.
- In response to the collaborative work to strengthen SG regulation, the Ministry of National Cohesion, Solidarity, and Poverty Eradication is building a **mapping of SGs that will be regularly updated**. This will help to clearly define the needs of SGs and their members, as the network grows.

### Challenges

- The Scientific Committee is working closely with the relevant Ministries to determine whether a levy will be included as a result of SG registration.

- Without a formal policy, SGs are being **charged different fees in different regions** for registration. This law attempts to keep registration practices consistent, in an effort to increase equity and transparency for group formation.

### Current Status

Currently two iterations of the Law Relating to AVEC have been shared with the Prime Minister’s office. The current draft has been presented to the Secretary General, citing examples from Madagascar and Rwanda as effective use of regulation policy.



# Madagascar

## Savings Groups Code of Ethics

### Summary

The Government of Madagascar has recognized the power of SGs as “a moteur de development” embedded in communities. This resulted in the adoption of SGs in the Financial Inclusion Strategy (2013-2017), acknowledging the power of SGs to make financial services accessible to a large portion of the population, particularly the most vulnerable. As the strategy was being implemented, the [Ministry of Economy and Finance recognized the national network of SG promoters](#) in Madagascar ([Réseau des Promoteurs des Groupes d’Epargne à Madagascar - RPGEM](#)), identifying SGs as a critical pathway toward the achievement of financial inclusion objectives.

In January 2023, the Ministry of Economy and Finance further reinforced the formal recognition of SGs through a legal decree, ensuring that the financial activity of these groups would be protected. This Decree describes the process of SG creation and implementation, including number of members, statuses, and bylaws. In response to the government’s formal recognition, SG promoters established a [Code of Ethics](#) for member institutions to abide by throughout the formation, implementation, and monitoring of groups. This Code is governed by the RPGEM and includes key principles and structural requirements for SGs to strengthen their effectiveness.



CARE Madagascar

### Key Actors, Policies & Practices

**Policy & Process:** The [Code of Ethics](#), which governs all SGs promoters in Madagascar, was developed by the **RPGEM in consultation with the Central Bank of Madagascar and the National Coordination of Inclusive Finance (CNFI) / Ministry of Economy and Finance** as a mechanism to ensure the safety and effectiveness of SGs. It is a joint tool, endorsed by the Government, that all promoters use as they engage with SGs. Any organization promoting SGs in Madagascar or member of the RPGEM is required to respect this code as they create and implement SGs in Madagascar. The Code includes common definitions and principles of SGs as well as specific rules of conduct



such as: group membership requirements, leadership, sources of financial resources, length of SG financial cycles, regularity of group meetings, group infrastructure, mechanisms to determine group policies and principles, as well as details on financial activity such as purchasing, credit funds, savings, loans, repayment cycles, and accounting. The Code also includes rules related to respecting basic principles and favoring vulnerable populations.

The Code of Ethics includes details on the establishment and supervision of SGs with the role of the group trainer and the election of a management committee central to determining the structure and sustainability of the SG.

The Code of Ethics outlines specific commitments to the authorities, including to the Central Bank of Madagascar, the National Financial Inclusion Coordination (CNFI) office of the Ministry of Finance, and the local authorities. These commitments include providing periodic reports, making SG data available, facilitating field visits and monitoring, informing of any updates and amendments to the code, and communicating about group progress, shifts in membership, achievements, and results.

In parallel, the Ministry of Economy and Finance adopted a special decree – [\*\*Arrêté No 632/2023 régissant les activités des groupes d'épargne \(Governing the Activity of Savings Groups\)\*\*](#) – formally recognizing SGs and legalizing their activity. The decree includes formal definitions of groups, outlining the roles of members, group trainers, promoters, and the RPGEM. This Decree aligns with the code of conduct and includes recognition of the group's rights, obligations, and governance structures and reflects the roles, responsibilities, and activity of SG promoters.

**Actors:** The RPGEM governs and regulates the Code of Ethics and ensures a high quality of programming while the Ministry of Economy and Finance endorses and supports the codes' requirements without providing direct funds. Maintaining an agreed-upon mission and vision, RPGEM ensures effective coordination between group members and the CNFI and Financial Service Providers. Regular field visits with the RPGEM, the Ministry of Economy and Finance, the Central Bank and Microfinance Institutions ensure that all interested stakeholders can monitor and learn from progress being made.

**Implementation:** The signed Code of Ethics, as a tool that standardizes the SG approach, is distributed to SG promoters and members of the RPGEM, while the decree on SG activities is distributed to partners, stakeholders and authorities electronically. The RPGEM institutes mechanisms for accountability, which are signed by group members and promoters.

As a means of ensuring the decree is implemented, SG promoters are required to share the following with the Ministry of Economy and Finance: a copy of their RPGEM registration, a list of the groups and members they work with, and a formal letter from the financial or non-governmental organization supporting their groups.

## Successes & Challenges

### **Successes**

- Due to the **legality of SGs activities**, group members have been able to seek local authorities' support when needed. For example, if cash boxes are stolen from the group, the local authorities are required to address the crime as a legal infraction.
- Madagascar's legal recognitions of SGs have been successful at **maintaining the informal nature of groups** – including no registration fees or taxes – while legalizing and formalizing their activities, in order to strengthen and support their engagement with financial service providers.
- The strong, transparent, and consistent **relationship between the RPGEM, the Ministry of Economy and Finance, and the Central Bank** is a critical element in the success of this approach. Understanding their different roles helps each entity work effectively as collaborators and partners.

### **Challenges**

- Challenges exist around the **collection and validation of accurate data** across SGs. Many SGs in more rural or hard-to-reach localities are not always reflected in data collected by the RPGEM and shared with the Ministry of Economy and Finance. More resources and increased data collection capacity are needed to ensure that the data collected reflects all SGs and provides an accurate analysis of how SG formalities and regulations have impacted the financial inclusion of the affected populations.
- There were challenges around convincing microfinance institutions that SGs should be recognized, especially in **challenging the perception that SGs are direct competitors to MFIs** rather than complementing them.

### **Current Status**

The Ministry of Economy and Finance is currently working on integrating SGs into the next iteration of the National Financial Inclusion Strategy 2024-2028. Currently, all SG promoters are registered to the RPGEM platform, with a mandate to establish relay agents that will continue to support the SGs once the promoter graduates or completes their program. Promoters report data from monitoring of SGs to the RPGEM, which then communicates with the Ministry of Economy and Finance. The RPGEM is working to update the mapping of SGs and promoters in Madagascar.

Depending on capacity, the Ministry is hoping to conduct a survey that assesses the impact of SGs in improving the quality of life of vulnerable members, especially in rural areas.

The Arrêté Ministeriel of 2023, by establishing a clear process for the creation and implementation of groups and setting sanctions for SG promoters, aims to protect groups from predatory lenders or “loan sharks.”

# Malawi

## Savings and Loan Groups Best Practice Guidelines

### Summary

SGs are formally recognized within Malawi’s National Financial Inclusion Strategy, though without accompanying regulations. To address this gap, along with a lack of reporting and the growing interest in linking SGs with formal financial services, the [Savings and Loan Groups Best Practice Guidelines](#) were established to set national standards for the implementation of SGs and harmonize efforts to develop and strengthen them.



### Key Actors, Policies & Practices

**Policy & Process:** SGs are formally recognized within Malawi’s **National Financial Inclusion Strategy (2010-2014)** as a pathway for accessing both informal and formal financial services. Due to this recognition, a wide array of development and poverty alleviation initiatives include savings and loans groups as a key intervention. Financial service providers and microfinance institutions also have a more vested interest in working with SGs for the purpose of building their clientele and working with an existing, organized network of informal financially-oriented groups. Thus, the Financial Service Providers of Malawi have been responding to the call of SGs to develop products and services that meet the needs of group members.

The [Savings and Loan Groups Best Practice Guidelines \(SLG BPG\)](#) were established with the purpose of standardizing the capacity building of SGs, simplifying their implementation, providing entry points for financial service providers, and promoting safe, reliable, and equitable access to financial services. The Guidelines for Malawi include rationale and justification for the need for standardized groups, with detailed modules outlining the methods and mechanisms for effective group formation, implementation, leadership, and sustainability. The guidelines also outline sample activities, scenarios, modules, meeting agendas, and content, as well as training modules on topics such as financial education, income-generating activities, gender, and linking with formal financial services.

**Actors:** The SLG BPGs were developed under the **Ministry of Finance, Economic Planning, and Development and the Ministry of Gender, Community Development, and Social Welfare** in collaboration with **SG Promoters**. The Guidelines are facilitated by the Ministry of Finance, Economic Planning, and Development, with community implementation spearheaded by the Ministry of Gender, Community Development, and Social Welfare. Some donors and UN Agencies that support SG programming also contributed to the development process. A key aspect of this effort was input from SGs promoters, who appreciated that these guidelines provided minimum standards to better support their frontline staff in the design, establishment, and growth of these groups.

**Implementation:** The Guidelines act as a toolkit that provides extensive details on SG implementation. Although they do not include mandatory registration, the government strongly encourages organizations implementing SGs to abide by these guidelines. The Ministry of Finance and Economic Planning and the Ministry of Gender, Community Development, and Social Welfare coordinate their implementation, with NGO's and promoters conducting direct implementation and providing technical support. A national SG technical working group monitors how the guidelines are being implemented, the need for any additions or amendments, and where support is needed in implementation. At the district level, a SG promoters network trains and sensitizes groups on the guidelines and how they can be utilized, with local government authorities available to backstop and monitor their efforts. Involving local authorities is a critical way to advocate for guideline utilization. A collection of implementing organizations is responsible for reporting on the use of the guidelines.

## Successes & Challenges

### Successes

- As organizations have become more familiar with and sensitized to the methodology of the guidelines, promoters have seen an **increase in the number of SGs across Malawi**, as well as self-managed groups that utilize these guidelines. According to promoters, SGs can now be found in 90% of villages in Malawi. **Groups have also spread to urban and peri-urban areas**, with employed citizens forming groups as well.
- Now that SGs are recognized in national government programs and policies, development practitioners are considering them as a **key intervention across a diverse set of programs** including initiatives focused on nutrition and resilience.

### Challenges

- **Additional financial resources are required** to ensure the continued quality of SGs. While the government currently relies on NGOs for implementation, more resources are needed to support not only these NGO-formed groups, but also self-formed groups, those not linked with organizations, and mature groups that have graduated out of their programs.
- Challenges also exist around **data management**. Currently, the available sources are unreliable, and there is no accurate reflection of the impact of these guidelines on SGs.

While government reports estimate that over 61,000 groups have formed, these figures cannot be confirmed. A National Task Force is actively working to establish a transparent and accurate data management system to address this issue.

- Additionally, there are challenges associated with meeting the evolving needs of group members. As the **demand for different types of technical support** grows, the guidelines must meet adapt to meet these shifting requirements.

### Current Status

Currently there are no formal policies or regulations to guide SG implementation in Malawi. The existing legislation on microfinance and financial cooperatives does not provide relevant guidance, resulting in a lack of effective arbitration and dispute resolution mechanisms for SGs, limited linkages with formal financial services, inadequate record keeping and information management systems, and insufficient coordination and collaboration, including the absence of a defined graduation strategy for SGs. These guidelines represent a crucial step toward addressing these challenges by ensuring that SG implementors have a standardized set of criteria to develop effective and sustainable groups.

The Reserve Bank of Malawi and the Ministry of Finance are in the process of designing a SGs registration and monitoring framework. This presents an opportunity to establish national standards for SGs, including their monitoring processes. Key decisions will need to be made regarding the nature of group registration and regulation, whether registration will be mandatory, and which government agency will lead the process. Given that the Reserve Bank of Malawi is primarily focused on promoting the interest of banks and increasing state revenue, it may not be the most appropriate actor to lead this effort.



# Rwanda

## National Microfinance Law Regulating Informal Financial Services and Ministerial Order Governing Tontines

### Summary

SGs are integrated into [multiple national policies and strategies](#) across various sectors in Rwanda. However, the National Microfinance Law, adopted in July 2021, was specifically designed to create an enabling environment for SGs to exist and thrive in Rwanda. This law includes “tontines,” or collective saving and lending groups, as part of its approach toward regulation of the informal financial sector.

The Government of Rwanda recognizes the critical role of Saving Groups in the social and economic transformation of Rwandans. Recent amendments to the law governing deposit-taking microfinance institutions provide a legal framework for the organization and operation of these SGs. A [Ministerial Order on tontines](#) was adopted in August 2024 and outlined the modalities for such saving groups to be recognized. Within this policy framework, groups can benefit by formal registration and recognition from the government, without losing the flexibility and informality that are essential to the model.



CARE Rwanda

### Key Actors, Policies, & Practices

**Policy & Process:** With rising interest from women SG leaders to access formal financial services for receiving and dispersing loans, SG Promoters, including CARE Rwanda collaborated with the **Rwandan Ministry of Finance** and the **Banque Nationale du Rwanda (BNR)** to determine a means of SG regulation that would connect SG members with formal financial services. The ambition was that government regulation of SGs would **instill confidence in community-based financial systems**, encouraging participation from broader segments of the population.

A **National Conference** that brought together different SGs resulted in the adoption of SGs under the **Microfinance Law's Category 1 on regulating informal financial services and** after few years of implementation, the **Ministerial Order on tontines of August 2024**. This requires SGs to register with the nearest local authority. Once registered, they will receive a registration certificate from the sector-level authority. The information in the system is regularly updated with any changes to the group's membership and/or internal regulations. Importantly, by registering as an informal institution, SGs are not subject to taxes or registration fees. They can mobilize internal funds and receive external funds (from MFI's and banks) to lend to members, though they are restricted from lending these funds to non-members. According to the new ministerial order, SGs have six months to begin registering with local authorities.

Additionally, in 2014, BNR initiated a **digital savings group map** that allows visibility of SGs across Rwanda. This map facilitates advocacy efforts, since financial service providers (FSPs) can know which segments have been underserved or left behind and help develop tailored financial products to meet their needs.

**Actors:** SG promoters worked in collaboration with the **Ministry of Finance, BNR, and women SG leaders** to develop an approach to regulate, strengthen, and monitor SGs. Under the new Ministerial Order of 2024, the Ministry of Finance is the lead for SG registration and implementation. BNR is the regulatory authority under the Microfinance Law.

**Implementation:** SG regulation is monitored under BNR and governed under Microfinance Law Category 1 on informal financial services. SG leaders and village agents, many of whom are women, act as the bridge between BNR, Microfinance Institutions, and local authorities, helping the groups with registration, enhancing their financial literacy skills, communicating with local authorities, and connecting members to formal financial services. This model of promoting the leadership of village agents ensures sustainability and continued participation of SG members.

To open a bank account, each group is required to show their registration certificate, stating the group's internal regulation with a list of its members. Once an account is opened with a Microfinance Institution (MFI), SG members can save and receive loans, and the MFI is able to monitor the SG's financial activities/operations. If SG members continue to meet and grow in capacity, each member is eligible to become a client of the bank, contributing toward overall financial inclusion objectives.

## Successes & Challenges

### Successes

- This approach enables SGs to become **stepping stones for members to access formal financial services** with a high level of financial literacy.
- The relationship between SGs that have registered with local authorities and MFIs helps to **establish trust with the formal financial sector**, while also providing support from the government and administrative levels.

- The implementation of the Microfinance Law provides a framework to effectively build and sustain **strategic partnerships with policymakers across different sectors** that impact SGs, contributing to the sustainability and quality of SGs. By complying with the regulation, the vision and priorities of SG promoters will be better aligned with government priorities.

### **Challenges**

- The new Ministerial Order requires all SG practitioners and other actors engaging with SGs to **comply and register within the next 6 months**. This will require a great deal of coordination internally and with the Ministry of Finance and other local authorities. As the process is starting, the Ministry of Finance has started organizing consultation meetings with stakeholders.
- The groups could misinterpret the new Ministerial Order on Tontines. The Ministry of Finance, in collaboration with the SG promoters, will **need to raise awareness and organize capacity-building campaigns**. There will be several areas of support needed from the government in order to ensure that all relevant parties are informed about the order (awareness and communications), provided clear compliance guidance (need for guidelines on how to proceed, required documents, what is needed to comply), and given proper technical support during the registration process (physical, digital, etc.).

### **Current Status**

As of 2024, nearly 92,000 SGs<sup>6</sup> supported by different NGOs were operating in Rwanda, with women representing over 70% of membership.

As we move into the implementation phase of the Ministerial Order on Tontines, there will be a need for the Government, through the Ministry of Finance, to guide all actors involved through the process for registration, including required documents, local authorities' involvement, and methods of registration (physical/ digital) etc.

This Ministerial Order provides potential incentives for SG members and FSPs through facilitation from the government on **data collection, monitoring of financial inclusion trends, consumer protection, participation in the formal financial sector, support with administration of government services, and effective service delivery**.

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<sup>6</sup> Savix Data, September 2024



# Uganda

## Operational Guidelines for Self-Help Groups

### Summary

The Uganda Microfinance Regulatory Authority (UMRA) is an autonomous body established under the Tier 4 Microfinance Institutions (MFIs) and Money Lenders Act of 2016. UMRA is tasked with regulating, licensing, and supervising Tier 4 MFIs and money lenders. Tier 4 MFIs include Savings and Credit Cooperatives (SACCO), Non-Deposit Taking Microfinance Institutions (ND-MFIs), and Self-Help Groups (SHG). SHGs fall under the category of SHGs.

Section 99 of the Tier 4 Microfinance Institutions and Money Lenders Act of 2016 specifies the duties of a responsible officer in a district, referred to as a District Community Development Officer (DCDO). These duties include registering a SHG in the prescribed form, maintaining a register of SHGs, and submitting certain documents to UMRA within one month after the end of each fiscal year, including a copy of the register of Self-Help Groups and an annual report on Self Help Groups in the district.

CARE through the National Policy, Regulatory, and Program Support Project (2020–2022) and with financial support from the Bill and Melinda Gates Foundation, supported UMRA in finalizing the SHG guidelines. These guidelines aim to promote the safety, stability, and sustainability of SHGs and will be implemented by relevant stakeholders.

After extensive stakeholder consultation and analysis, UMRA launched the [Operational Guidelines for SHG](#), which are designed to strengthen, standardize, and support the growth of SHGs across Uganda. They provide a blueprint for the registration process through: 1) outlining how to register and maintain SHG status, 2) detailing the benefits of registration, and, 3) explaining how to access financial services and government programs.



CARE Uganda

## Key Actors, Policies & Practices

**Policy & Process:** The **Tier 4 Microfinance Institutions Act and Money Lenders Act** regulates the microfinance sector in Uganda through formal recognition and registration with local governments. It grants legal status in order to facilitate access to formal financial services. The Act introduces registration and reporting guidelines. This allows SGs to operate informally, albeit in a more supportive enabling environment, thus better addressing data gaps and promoting industry operational standards.

CARE Uganda supported UMRA in conducting wide stakeholder consultations with representatives from civil society, SG members, SG promoters, government officials, the private sector, and NGO partners in preparation for developing guidelines for SGs across the country. These guidelines were meant to achieve a level of minimum standards among groups, strengthening their quality, promoting fair and equitable practices, increasing transparency and accountability, and improving access to financial institutions while fostering public confidence. The guidelines were ultimately launched by the **Ministry of Finance under the Microfinance Regulatory Authority (UMRA)** as part of the **Tier 4 Microfinance Institutions Act and Money Lenders Act**.

The guidelines encompass a set of core principles and provide common definitions of SGs in accordance with existing laws. They outline criteria for group formation, management, and leadership. Additionally, the guidelines offer a rationale and justification for group registration, highlighting benefits such as social protection, linkages to formal financial services, access to government services, and inclusion in a network of registered groups.

The registration process is clearly defined, including the requirements for registration, the registration location, the issuance of a certificate of registration, and the procedures for updating registration status. Although local governments oversee the registration process, consultations have resulted in a recommendation to transfer responsibility for discussing and determining registration fees to the ministerial level.

**Actors:** The **Uganda Microfinance Regulatory Authority (UMRA)** launched the Operational Guidelines for SHG's in 2022 and continues to oversee the implementation of these guidelines. Local Authorities are tasked with receiving and reviewing annual reports from registered groups that include their financial records and other group updates.

**Implementation:** Community Development Officers register, monitor, and compile annual reports on SGs and report to the microfinance regulator. They collect data on number of groups, demographics, location, and affiliated NGOs. Registered groups are encouraged to access financial services from a financial service provider of their choice. The SHG's constitution determines the loan management procedures. Local governments levy a modest annual registration fee for all groups.

## Successes & Challenges

### **Successes**

- The consultation process for the guidelines emphasized the inclusion of all relevant stakeholders in the design, development, and outcomes. This inclusive approach was central to ensuring ownership and sustainability of the guidelines, in line with government processes for policy development.
- These guidelines align with existing government strategies, such as the National Financial Inclusion Strategy and the Financial Literacy Strategy, which are led by the Central Bank. By supporting financial inclusion and economic initiatives, the guidelines have also enhanced government programming and implementation in livelihoods.

### **Challenges**

- Efforts to formalize an informally-operating sector have encountered certain challenges, particularly regarding registration fees. Local authorities are mandated to levy fees to raise local revenue, resulting in varying charges across different areas, some of which are prohibitively expensive for SGs. CARE Uganda is collaborating with the Ministry of Finance, Planning, and Economic Development in order to establish uniform and affordable registration fees for all SGs.
- Building trust among SG members has been challenging, as many group members fear that registration will lead to taxation. To address this concern, efforts are under way to raise awareness about the benefits of regulation. This includes promoting the Operational Guidelines to local governments, communities, and SGs as well as highlighting the government benefits that come with regulation.
- Many members face challenges traveling long distance to sub-counties for formal registration, which can be cost-prohibitive. To address this issue, UMRA is launching a digital registration system. The process is under way with a consultant and is expected to be completed by the year's end.

### **Current Status**

CARE Uganda is collaborating with partners and government authorities to promote the SHG Operational Guidelines and ensure that they are effectively integrated and implemented in practice.

## Annex

### Methodology & Acknowledgements

This guidance is informed by both primary and secondary research, including a literature review of existing legal and regulatory documents, practitioner reports and guidelines, relevant research, and individual interviews with government officials from key ministries, central banks, CARE colleagues, and other partners involved in the influencing process.

#### Author

Margie Lauter (Consultant)

#### Contributor:

Aisha Rahamatali (Senior Manager, Women Economic Justice and Rights, CARE)

#### With additional contribution and insight from:

Marc Nosbach, (Chief of Party SHOUHARDO III Plus, CARE Bangladesh), Glycerie Niyibizi (Financial Inclusion Technical Advisor, CARE Rwanda), Ianitra Florencine (Senior VSLA Officer, CARE Madagascar), Melch Natukunda (Financial Inclusion & Policy Advisor, CARE Uganda), Abdul Mannan Mazumder (Chief of Party, SHOUHARDO III Plus Activity, Bangladesh), Clement Bisai (Senior Technical Advisor Monitoring, Evaluation & Learning-Livelihoods, CARE FWS), Fati Abdou (Deputy Country Director, Economic and Gender Justice, advocacy and Partnership, CARE Côte d'Ivoire), Marie Paule Yao (Advocacy Advisor, CARE Côte d'Ivoire), Chikondi Chabvuta (Regional Advocacy Advisor, CARE Southern Africa), Regina Baiden (Regional Advocacy Advisor CARE West Africa), Pascal Niyitegeka (Senior technical Advisor, VSLA -Food Rights, CARE Global VSLA), Samuel Katembo (KM and MEAL Advisor, CARE), Nick Noronha Rosenbaum (Senior Manager, Insights) Grace Majara (Deputy Director, CARE Global VSLA), Lisette Konian (Advocacy Intern, CARE Global VSLA), Vidhya Sriram (Senior Director, CARE Global VSLA).

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