

AFRICAN YOUTH SAVINGS GROUPS: A PATHWAY FOR ECONOMIC STRENGTHENING THROUGH SAVINGS AND DECENT WORK

ACTION RESEARCH REPORT

THE BANTWANA INITIATIVE OF WORLD EDUCATION, INC.

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Cover photo:

AYEDI beneficiary poses by her food stand.

Credit: Rebecca Sliwoski

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Executive Summary

Uganda has one of the youngest populations and highest youth unemployment rates in the world, with over 78% of its population below the age of 30. Eight (8) million of these youth are between the ages of 15-30.¹ Hazardous labor remains of primary concern for youth in Uganda,² particularly for out-of-school, low-literacy youth that do not have opportunities to return to school.

From December 2013 to June 2018, the Bantwana Initiative of World Education, Inc. (WEI/Bantwana), with the Government of Uganda (GoU) and local partners,³ implemented the African Youth Empowerment and Development Initiative (AYEDI). The program aimed to reduce youth engagement in hazardous labor and to increase decent work opportunities for 4,277 adolescent youth (ages 14-17) in four high-poverty districts in eastern and northern Uganda.⁴

To mitigate the economic 'push' factors of hazardous labor, AYEDI supported caregivers of beneficiaries to participate in savings groups and initially encouraged their youth to join them. However, youth participation in these savings groups was inconsistent and not well understood.

WEI/Bantwana conducted preliminary research to better understand youths' preferences and motivations to save. The findings from this research informed the development and study of two savings models: youth-led savings groups and caregiver savings groups. This report provides an analysis and evaluation of the two savings group models, examines effective mobilization techniques and retention of youth in these groups, explores the relationship between savings groups and hazardous labor, and examines gender differences in savings group participation.

Results from the data show that youth strongly preferred to join the youth-led savings groups. Both models provided similar benefits in regard to promoting savings culture and enhancing the ability to save for goals. Each youth-led savings group was linked to and secured by an adult savings group, so that youth in both groups could benefit from accelerated, passive savings growth over time. There was, however, a divergence between the two models related to non-financial benefits. In youth-led savings groups, lower savings requirements removed entry barriers for many youth; youth in these groups had greater self-direction and benefited from privacy that protected youth against caregivers demanding that youth contribute their savings to the household purse. Alternatively, youth in caregiver savings groups benefited from the knowledge and wisdom of older members as well as increased interaction with adults, which reportedly improved relationships between caregivers and youth.

Mobilization of youth was proven to be most effective through key influencers, such as trusted local government officials, AYEDI project staff, caregivers, siblings, and peers that were actively participating in or saw value in savings groups. These influencers were also instrumental in positively shifting youths' attitudes and behaviors related to hazardous work.

¹ Youth Map, International Youth Foundation, 2013.

² An estimated 10% of the adolescent population is engaged hazardous labor (ILO 2012).

³ Uganda Women's Effort to Save Orphans (UWESO); Straight Talk Foundation (STF); RECO Industries

⁴ Bugiri and Iganga in the East; Gulu and Lira in the North

Savings group sensitization discussions during meetings around the dangers of hazardous labor reinforced the message and positive transformation of youths' attitudes.

The report also illustrates the differences in societal expectations, spending habits, and perspectives between girls and boys. Boys were perceived as less responsible and more easily swayed away from savings by negative influences. It was found that girls were expected to complete household chores, care for young siblings, and contribute to the household purse. In some cases, relationships between caregivers and youth improved as a result of these savings groups. In others, however, tensions increased due to the increased expectation of youth to contribute to household expenses from their savings.

Overall, both models provided a multitude of positive benefits for both youth and caregivers. However, challenges also remained. Positive aspects of both models should be considered when expanding or refining the design of savings group models for adolescent youth.

Recommendations discussed include:

- Tailoring savings groups to the context of adolescents, including gender differences
- Ensuring adequate training, coaching, and mentoring of community cadres that support savings groups
- Mobilizing youth through key influencers in the community, including peers
- Integrating financial literacy and basic business skills into savings group models
- Engaging caregivers and youth early to negotiate time, youth savings, and youth investment schemes to avoid tension later on
- Including language in savings group constitutions to reinforce restrictions on youth participation in hazardous work

Adolescent Youth Savings Groups: A Pathway for Economic Strengthening Through Savings and Decent Work

HAZARDOUS LABOR CONTEXT IN UGANDA

Uganda has one of the youngest populations and highest youth unemployment rates in the world, with over 78% of its population below the age of 30. Eight (8) million of these youth are between the ages of 15-30.⁵

Although Uganda's economic forecast is promising, its youth⁶ are ill-prepared to obtain decent work and are vulnerable to hazardous labor, primarily due to low primary and secondary school completion rates; lack of parental/guardian support; inadequate technical and/or soft skills and the entrepreneurial perspective needed to identify local market opportunities; negative perceptions about youth held by others; and pervasive poverty. With a growth rate at 3.2 percent annually, Uganda faces significant challenges in meeting its young people's needs today and in the future.

From 2014-2018, the Bantwana Initiative of World Education, Inc. (WEI/Bantwana), with the Government of Uganda (GoU) and local partners,⁷ implemented the African Youth Empowerment and Development Initiative (AYEDI). The program aimed to reduce youth engagement in hazardous labor and to increase decent work opportunities for 4,277 adolescent youth (ages 14-17) in four high poverty districts in eastern and northern Uganda.⁸ Aligned with the Government of Uganda's Skilling Uganda framework, the AYEDI project built and strengthened existing non-formal and vocational education governmental structures and approaches. AYEDI also leveraged and strengthened local government and community structures to sensitize communities and small-scale employers about the dangers of child labor and to address child labor cases in communities. AYEDI supported government and communities to uphold and strengthen existing laws that protect children while introducing new norms that challenge the widespread acceptability of child labor in urban and rural settings.

⁵ Youth Map, International Youth Foundation, 2013.

⁶ In Uganda, youth includes young people aged 15- 30 (YouthMap, 2011)

⁷ Uganda Women's Effort to Save Orphan (UWESO), Straight Talk Foundation (STF), RECO Industries

⁸ Bugiri and Iganga in the East; Gulu and Lira in the North

THE AYEDI PROJECT

Engagement in hazardous labor is a complex phenomenon with individual, familial, and systemic implications. WEI/Bantwana and AYEDI partners worked across these levels with influential, involved stakeholders. The AYEDI team conducted a series of layered activities, sequenced to build on and reinforce one another, that guided youth through exercises and technical trainings that enabled self-discovery. AYEDI's integrated package of life skills, livelihoods, and work-readiness skills aimed to reduce hazardous labor risks while preparing youth to find decent work in Uganda's emerging economy.

Following engagement in the Clubs and career selection, youth selected one of three educational pathways for additional training and support. The Integrated Functional Literacy for Youth (IFLY) pathway coupled practical field-based skills in modern farming or small business management with financial literacy, entrepreneurship and work readiness skills. Tailored to adolescent appropriate trades, the competence-based Non-Formal Education Apprenticeship pathway enabled youth to earn a certificate that linked to Uganda's national framework and recognized by the government and industry. Youth were supported by business mentors through internships or work placements and/or were to set up and establish their own businesses. A small number of eligible youth were supported to persist in secondary school through the Secondary School Education Block Grant (SSBG) pathway.

To mitigate the economic 'push' factors of hazardous labor, AYEDI also supported caregivers to participate in savings groups, where they learned basic financial literacy and household budgeting complemented by market-based income generating skills. AYEDI also used savings groups to sensitize caregivers to the dangers of child labor. To promote joint learning and savings, AYEDI initially, encouraged youth to join their caregivers in savings groups. While some youth and caregivers were receptive, youth saving group participation overall was inconsistent and not well understood.

Rationale for Adolescent Youth Savings Groups

Since the 1990s, international development organizations have initiated and supported savings groups to promote financial inclusion, investment and savings habits, and the prevention of hazardous and exploitative labor. Commonly referred to as Village Savings and Loan Associations (VSLAs), savings groups are traditionally comprised of 15-30 self-selected members who meet on a regular basis to save money in a common fund that is used by group members for loans with agreed-upon terms for repayment with interest.

The evidence-base of the positive impact of adult savings groups on household economic resiliency is well known.⁹ Less is known about the efficacy of adolescent savings groups, particularly for out-of-school youth with low literacy and numeracy skills. Uganda's youth bulge, high poverty, early pregnancy and early marriage rates have contributed to large numbers of out-of-school adolescent youth¹⁰. Due to a range of factors, the majority of these youth are not in a position to return to

⁹ The Evidence Based Story of Savings Groups: A Synthesis of Seven Randomized Control Trials. Megan Gash and Kathleen Odell. SEEP Publication 2013.

¹⁰ Adolescent Girls Vulnerability Index, Population Council/UNICEF 2013. At enrollment, 82% of the 4277 14-17 year old AYEDI youth had been out of school for at least one year (AYEDI program data, 2016).

school. In addition to practical technical and work readiness skills that help youth find decent work, these youth need and want to learn how to save.

WEI/Bantwana conducted primary research with AYEDI youth to better understand youth interest and preferences for saving. Findings showed that adolescent youth were interested in learning to save, building financial literacy and business skills, and understanding how to borrow and invest. Youth were also concerned about losing their savings,¹¹ walking long distances for savings group meetings, and loan restrictions for youth under age 18¹². Some youth were interested in joining adult savings groups, while others preferred to form savings groups only with their same-age peers. These findings informed WEI/Bantwana's action research study exploring two savings group models aimed to promoting positive financial habits and preventing hazardous labor among youth: youth-led Savings and Investment Clubs (SAICs) and youth/adult VSLAs.

STUDY OBJECTIVES

This study was designed to 1) explore the successes and challenges of the youth-led Savings and Investment Clubs (SAICs) and youth/adult VSLA models; 2) understand how to effectively mobilize and retain youth in savings groups; 3) explore the relationship between adolescent savings and engagement in hazardous labor; and 4) explore how gender shaped youth participation in savings groups.

METHODOLOGY

The study team conducted focus group discussions (FGDs) with youth, ages 15-17, in all four target districts as well as individual key informant (KIIs) interviews with both AYEDI youth and caregiver participants. The study relied mainly on qualitative research methods to tease out in-depth and comprehensive information, which allows for a more thorough understanding of the youths' experience in the savings groups. The study team use mixed and single-gender FGDs, dependent on the nature of the questions. For example, the team used single-gender sessions to discuss sensitive topics like spending habits, participation in hazardous labor, and relationships with caregivers. In addition, the data generated both by the FDGs and the KIIs was supplemented by quantitative information generated for the AYEDI end line study.¹³ Qualitative data were supported by individual case studies from across all four districts. The study took place between September 2017 and May 2018. The specific characteristics of FGD and KII participants are included in the Annex.

¹¹ Either through theft or stealing by other members. Poor performance of past VSLAs in youth communities also impacted youth's concerns and fears.

¹² Ugandan law restricts youth under 18 from borrowing.

¹³ The end line study will be available on www.bantwana.org following finalization.

KEY FINDINGS

Over the course of the study, a total of 262 youth across all four AYEDI districts participated in 10 savings groups. Youth reported benefits and challenges with both savings group models.

- Eighty percent (80%) of youth preferred to join youth-led savings groups.
- Nearly 85% of all youth were retained in savings groups throughout the study
- Ninety-seven percent (97%) of youth savings group members were actively saving an average of 19,219 UGX (~\$5 USD) per month
- All youth reported adherence to the savings group constitution forbidding participation in hazardous labor. Positive peer pressure from youths savings group leaders was an important factor in youth adherence to safe work.
- Youth primarily earned savings through their existing income generating activities (31%), working for others (29%), selling agricultural products (28.6%), or from their caregivers (8%).
- Youth were effectively mobilized to join saving groups by trusted adults and peers – caregivers, AYEDI facilitators, local government officials, and peers – using messages that reinforced youth’s desire to learn to save, accelerate savings, and learn basic business management skills
- Youth were motivated to stay in savings groups for financial and social benefits. These included accumulating savings, learning how to invest in individual or joint businesses, learning leadership skills, socializing with respected peers, and strengthening bonds with caregivers
- Boys and girls participated in saving at nearly the same rate,¹⁴ though boys and girls have unique challenges to savings and savings group participation.

Successes and Challenges of Youth-Led and Youth/Adult Savings Models

Youth-led and youth/adult savings models had common and distinct features. Both models adhered to tested principles of self-selection, were governed by constitutions that forbade hazardous labor participation by youth, and included sessions on hazardous labor dangers. In accordance with Ugandan law, youth under the age of 18 could not take out loans. Both models allowed for the inclusion of a social welfare (emergency) fund.¹⁵ AYEDI trained members in both groups in basic financial literacy, budgeting, and small business management. In each model, savings cycles were set to last between 9-12 months.

Youth-led and youth/adult savings groups typically included 15-30 members. Youth in both models actively participated in the development of the savings group constitution. Youth appreciated how the constitution ensured equal treatment and bound all members to the same agreement. Some youth were also motivated by the monthly stamping in the [savings] passbooks to regularly show accrued savings.

“Youth are motivated to save more due to the [10%] interest accrued on their saving. This multiplies savings faster inspires youth to save.”

- Caregiver in Gulu District

¹⁴ Girls represented 55% of savings group members.

¹⁵ A social welfare fund is separate fund used by members for emergencies (health, education, etc.). Timing and interest repayment rates are determined by individual groups.

Both models addressed restrictions on borrowing by youth under the age of 18. To increase the interest on their savings, the youth saved their money in an AYEDI-supported, secure adult savings group¹⁶. While youth under the age of 18¹⁷ did not engage in borrowing themselves, borrowing by adult members accelerated savings from interest accumulated from loan repayments. To enable youth access to small but important capital for business investment, both models enabled youth to withdraw up to 50% of their savings before the cycle's share-out. Youth caregivers could also access loans to invest in joint income generating activities with their youth.

YOUTH-LED SAVINGS AND INVESTMENT CLUB MODEL (SAIC)

The distinct elements of SAICs attracted and motivated youth to join youth-led groups. While groups were open to all youth, the group management committee chose its members. Only youth who were perceived by other youth management committee members as trustworthy and patient, self-driven, and respectful in nature were invited and allowed to join the group. The SAIC then selected three “Savings Ambassadors” who represented the group in the adult VSLA to which they were linked. Criteria for weekly savings were set by individual groups. For youth, the threshold for savings was typically lower than for adult groups, which youth appreciated. Both group instituted fines for late payments. Most SAICs embedded a welfare fund to address emergencies. Though the amount of this fund was quite small, it was greatly appreciated by fellow youth.

Under the SAIC model, youth learned to manage their own savings, and at the same time, their savings were secured through the adult VSLA. Youth benefitted from SAIC officer and advisory roles that built their skills and confidence. Youth appreciated basic financial literacy and business skills taught by AYEDI-trained Community-Based Trainers (CBTs). Youth who had already initiated their own businesses shared their knowledge and experiences among the other group members. Some SAIC members began group enterprises; other members joined existing efforts that were managed and implemented by other SAIC group members. In addition to specific saving and business training, CBTs facilitated discussions among SAIC members on new business ideas and how to overcome the challenges of managing IGAs. CBTs also facilitated study tours with other, successful SAICs to strengthen youths’ network and to share lessons between struggling and better-functioning clubs.

SAIC members appreciated the absence of adult “interference” in youth-led groups. Youth felt comfortable to interact with one other, share their experiences, discuss issues of common interest, and ask each other for advice. SAIC members also appreciated privacy and protection from caregivers who they feared would expect a significant portion of youths’ savings to contribute to household expenses.

“Saving has helped me because AYEDI first educated us on how to save and why we have to save. I take responsibility to use the money for my business. I have a small shop and saving has helped me to maintain it.”

-SAIC Youth

¹⁶ Adult borrowers generate interest from loans, that, in turn, increase the value of saved shared for youth.

¹⁷ Youth that turn 18 are encouraged to join adult VSLAs to participate in borrowing.

Youth/Adult VSLAs

Youth reported positive benefits and challenges with their experience in youth/adult VSLAs. Youth enjoyed learning with adults and the respect they earned through active development of the constitution and as officers. Youth could also take up leadership positions as an assistant secretary, an assistant treasurer, or a vice chairperson, which built their skills and respect from their families and communities. Some youth felt more secure in an adult VSLA, where they felt adults were more dependable and trustworthy. Youth enjoyed learning and engaging in a predominantly adult environment, which helped youth build confidence. Youth appreciated saving, discussing finances, business and livelihoods opportunities with their caregivers and other adults. Youth also appreciated discussions about hazardous labor dangers, which led to more honest discussion around work and resource allocation with caregivers. These dialogues strengthened relationships between youth and caregivers, which seemed to strengthen family cohesion. Youth felt the adult members were supportive, and they perceived themselves as full partners in these initiatives.

While some youth enjoyed interacting with adults, others expressed dissatisfaction with their engagement in caregiver VSLAs. Youth resented 'being lectured' by adults about how to use their money or 'being treated like children.' Some youth did not want their caregivers to know how much they were able to save, as they worried that caregivers expected them to contribute their savings to cover household expenses.

18 year-old Bagula Alamadhan is the eighth (8th) out of 10 children in the household. His father passed away when he was five and since then, his mother has been raising all 10 children on her own. Bagula's mother managed to cater for his school until he completed his O-level and could not support him any further.

"Being one of many children in my household, I could not just sit at home. I had to find work so that I could earn some money and support my mother with the household necessities and also cater for my own needs."

Bagula says that he joined his friends who were siphoning fuel in the trailers in Idudi Town Center along the Jinja Busia highway. He was engaged in this exploitative sector for two years, and on an average day, he would earn between 2,000 to 5,000 UGX (~\$1.50 USD). Bagula notes that he could basically cater for his needs, and but he was not happy with this job, because it was dangerous.

His mother learned about AYEDI and encouraged him to join. He joined the AYEDI youth club in Idudi C village (Idudi C Lucky Club). Through the club activities, Bagula learned many things, but, most importantly, he learned how to set a career plan to set up a business in his area, as he believed that this would pull him out of the fuel siphoning.

After three months, he decided to join AYEDI's IFLY pathway and enroll in a youth savings group to save money and learn business skills. He was excited by his share-out amount of 265,000 UGX (~\$75 USD) at the end of the cycle. His mother topped this up with an additional 250,000 UGX (~\$70 USD), and he used this money to start his mobile money business. "I am always busy now with my business. I no longer siphon fuel. I am a happy man now because I earn money in a decent way," reported Bagula.

Youth from both savings group models experienced challenges as described below:

- **Time management:** Some youth struggled with SAIC meetings, which took up more time than expected or than youth were able to manage. Youth wanted more time for learning key skills, like basic financial literacy and business management.
- **Group leadership:** Youth struggled with group leaders who were not trustworthy or had poor recordkeeping skills.
- **Misaligned savings cycles:** Youth-led clubs and the adult VSLAs to which the youth-led clubs were linked did not always operate on the same cycle, which complicated share-out dates and access to savings for youth.
- **Fines for saving noncompliance:** Some youth saw fines for noncompliance as a necessary consequence to instill discipline and to ensure equal treatment of all members. Others felt it unfair to impose fines on youth at the same level as adults.
- **Absenteeism and dropout:** Due to responsibilities at home, seasonal work in agriculture, and childrearing responsibilities, some youth missed meetings or dropped out altogether. Young mothers, in particular, were challenged to attend all meetings. Some youth could not earn enough money for saving.
- **Welfare fund:** In some groups, youth felt health emergencies among the youth or their family members consumed a major bulk of the welfare fund. This frustrated group members and weakened their motivation to save.
- **Negative perceptions of youth:** Some adults were cautious about welcoming youth as group members due to a general mistrust and negative perception of youth

Participation in Savings Groups

Youth used range of strategies to save. Savings were mainly generated through selling agricultural produce, earnings from existing businesses, money from caregivers and other relatives, or paid work in different sectors. The savings group members invested their savings in various businesses, such as poultry keeping, goat rearing, hairdressing salons, and shoe-making. The youth were able to use the generated profits to expand or re-stock their businesses, while leaving some funds for covering their basic needs.

Overall, all youth participants in both savings groups models were motivated to join groups to save and accelerate their savings with additional income generated from loans returned with interest. Youth members appreciated the friendships and support of their peers that they found in the groups, particularly for sharing and solving problems together. Members were highly motivated by peers that met their savings goals and enjoyed helping and supporting each other in times of need. Youth also reported some cases of joining fellow members as employees or business partners. This created a sense of motivation, loyalty, and commitment among the group members.

Group members from both models also enjoyed learning new leadership and business skills: youth savings group officers took their responsibilities seriously and enjoyed learning leadership, management, record keeping, and financial literacy skills. Youth applied these skills when starting their businesses as well as in their day-to-day lives.

Youth savings group members noted that they had less time for leisure activities as they worked more hours and spent substantial time in group meetings. Some youth who were interested in continuing their formal education saved to go back to school. Some youth have returned to school and reported that their caregivers are now supporting them with school fees and other school costs. Other youth are now using their savings to start or expand their business initiatives. Some members who already had one business used the savings to initiate additional small enterprises to diversify their income sources.

Mobilization Strategies for Enrollment and Retention in Youth Savings Groups

Youth were successfully mobilized by trusted adults and peers. These mobilizers included local government leaders who were well-known in the community and respected by community members and youth; AYEDI IFLY facilitators who were trusted by youth and familiar with the youths' financial needs and situations at home; and caregivers, siblings, and peers who were VSLA members and used their influence and savings success to influence youth to join groups. Youth were highly motivated to join groups to associate themselves with peers who were both socially and economically active in their localities.

Youth joined groups with an urgent desire to save. The youth felt that savings would open up future options and would allow them to save and invest their money wisely, instead of spending it on unnecessary goods and leisure activities. Another main motivating factor for youth was social connections and support from their peers. Most youth were eager to start their own business enterprises but acknowledged that they did not have the capital or self-discipline for saving without the groups. The savings group members push each other to save and focus on their longer term goals.

“After we had completed the IFLY pathway, we were clustered into groups of eight members and were given 300,000 UGX (~\$80 USD) per group to start a business. Our group decided to venture into rice trade. We started the business and managed to accumulate about 600,000 UGX (~\$160 USD) while also paying ourselves some pocket money out of the profits. My mother and I then joined a VSLA group where I could save my share of the business earnings.”

-AYEDI youth, 18, Jinja

Youth Retention

Nearly 85% of youth were retained in savings groups during the course of the study. Long distances to savings group meetings impacted youth participation, despite efforts to locate groups near villages where youth lived. Some youth dropped out because they could not meet minimum savings requirements. Other youth dropped out following urban migration in search of decent work. With support from the AYEDI team, some youth successfully negotiated with caregivers to release them from household responsibilities and free up time for them to attend savings group meetings. Some caregivers “topped up” youth savings to accelerate savings accumulation. Monthly increases in savings, the savings success of their peers, and the ability to access funds for investing income generating activities also motivated youth to continue savings in groups.

“Before joining the club, I used to spend my money on things like buying chapatti and sodas for eating and drinking, but now I first consider what to add in my salon and my weekly savings. Then I spend only some of the profits.”

-Savings group member

Adolescent Savings and Hazardous Work

Though the study findings do not empirically link savings groups to the prevention of hazardous labor, reports from youth, caregivers, and other stakeholders suggested that child labor sensitization, motivation, commitment, peer and caregiver support, and the acceleration of savings motivated youth to think differently about hazardous work.

Savings constitutions forbidding hazardous labor also seemed to fuel commitment. Youth agreed to stay away from work in child labor hot spot areas (e.g. fishing, digging swamps, pitting latrines, and making bricks) and agreed to limit the hours and conditions under which they work. The adult VSLA constitutions also required caregivers to refrain from engaging their children in hazardous labor which seemed to reinforce positive shifts away from child labor engagement.

Positive peer pressure also helped keep youth away from hazardous labor. Youth feared expulsion from the group if group leaders learned that they had engaged in hazardous work. Overall, youth thought that child labor sensitization in savings groups, along with other AYEDI sensitization activities, contributed to shifts in youth and communities related to the acceptability of child labor in general. At the close of this study, no youth reported engagement in hazardous labor.

Eighteen-year old Mugoya Salimu from Bugiri District dropped out of school in P6 (~age 13) when his family could no longer pay his school fees for him and his six siblings. Salimu resorted to petty trade, loading maize/rice trucks, and other types of hazardous work to earn money to contribute to the household income.

Salimu heard about AYEDI from a community resource person. He enrolled in a youth club where he learned about local income generating opportunities (career guidance), leadership, life skills, and adolescent sexual and reproductive health. He later enrolled in the IFLY pathway where he learned entrepreneurship and agribusiness, financial literacy, and other work readiness skills like communication and teamwork.

Salimu was most interested in starting his own business. Supported by his parents and the AYEDI team, Salimu and four other youth started a chapatti business. To purchase the essential materials for starting this business, AYEDI supported the group with 320,000 UGX (~\$80 USD) as start-up capital.

Over time, other members left, and Salimu remained alone to manage the business. With hard work, perseverance, and support, Salimu saved enough money to diversify the business and purchase two goats. Overall, his daily profits from both the chapatti business and from the goat rearing totaled around 15,000 UGX (~\$4 USD) per day.

In addition to managing both business initiatives, Salimu joined a savings group. Earning from his business allowed him to support his basic needs, contribute to household expenses, and save. Salimu has also taken a loan from the group to boost his business. His parents are very proud of him, and he is no longer engaged in hazardous labor.

Boys and girls felt that savings groups help them learn to reduce their spending and learned how to manage their spending on daily needs while also saving for the future. Learning to save and basic financial literacy helped youth think differently about money. Rather than spending money on 'luxuries', youth think about how to use money to generate additional funds through business expansion. Many youth reported that they now think carefully about what they spend. A sense of responsibility and obligation to other group members also increased their motivation to save.

“I am in the shoe selling business. I use my savings as an investment fund and to purchase more shoes. I can see my shop progressing.”

“My food stall has now doubled in terms of capital as a result of my participation in the savings group. I can now see myself becoming a noble business lady in this village.”

“Before joining the club, I used to just sit (“kulambala”) and move with my friend doing nothing the whole day. But now I have to work hard to get money for savings in the group.”

Youth savings group members

The Impact of youth Savings Group Participation on Caregivers

The benefits of youth savings groups also extended to caregivers. Some caregivers were now more careful with spending to ensure they could contribute to their children’s savings. Many youth felt that their caregivers no longer perceived them as “beggars,” “dependents,” or “lazy,” as they are now able to cover their own basic needs, make some contributions to household expenses, and serve as role models for their younger siblings.

Though many youth reported increased trust and improved relationships with their caregivers, not all caregivers were pleased with their children’s participation in savings groups. Some caregivers resented the time youth needed for savings group meetings. Others stopped supporting the youths’ needs, believing that if youth were able to save, they could also take care of their own needs.

“Before joining the savings group, we had limited awareness of the savings and investment platforms available for youth to save but since the introduction of the SAIC, many youth are now aware of the available financial platforms and services in their locality.” - Caregiver

“In some instances the youth save more than their caregivers as they have fewer responsibilities and therefore they just need to be trained and counseled in business skills to excel.” - Community Development Officer

The Influence of Gender on Savings Group Participation

Girls represented a slight majority of saving group participants (55%). Young mothers were highly motivated to join the savings groups to find ways to support their children. Most girls also struggled with limited work opportunities; lack of time to attend the group meetings as they spend most of their time in attending to their children or other family members; and low income. Some respondents suggested that boys had a poor attitude towards the Clubs and savings groups due to high negative peer influence, a tendency to spend money on gambling and girlfriends, and lack of discipline in saving for a long period of time.

“Boys like engaging in activities that can lead to quick satisfaction such as money to drink and entice girls into love affairs. For us ladies we have several responsibilities including caring for our kids hence joining clubs where we can access funds for investments.”

- Adolescent girl saving group member

Both boys and girls appeared serious about expanding their livelihood opportunities and felt they had improved their spending and saving habits. Both girls and boys focused on spending their money on necessary items, such as clothes, food, paraffin, medicine for themselves and for other household members, livestock for farming, and garden supplies. Boys said that they spent less money on leisure activities, alcohol, gambling, and gifts for their girlfriends. Girls noted that they had expenses related to their menses.

Many caregivers were appreciative and supportive of their children. Many caregivers saw their youth as examples and role models to the young siblings at home, who saw their older sisters and brothers thriving and able to invest in their own business enterprises. Boys and girls appreciate that they are now perceived as responsible breadwinners and community members. Some caregivers shared concerns about negative peer influences on boys and only support their daughters to join savings clubs, which boys resented.

Girls' group experience was mixed depending on group leadership and group culture. Some girls enjoyed strengthened social supports from other group members and enjoyed sharing challenges and future aspirations. These girls appreciated advice and support from the group leaders and other group members and appreciated the 'inclusive' culture of the groups. They also appreciated flexible savings rates which allowed members who earned a very low income to participate and save. Girls reported that their approach towards their future prospects had also changed. They felt more confident in their abilities to provide for themselves and for their young children, without engaging in hazardous labor.

Conversely, some girls felt that they were not respected by the group leaders and others in the group. Girls also noted clashes and tension with their caregivers around their expected household chores and the money used for savings. Some girls suggested that they, rather than their brothers, were expected to step up and contribute from their earnings by their caregivers.

Eighteen year-old Kagoya Asia lives with her mother and five siblings. When Kagoya was in P6, she had to drop out of school because her mother could no longer pay her school fees. Kagoya started working in petty trade to earn income for the family.

Kagoya joined AYEDI, and after completing the Club package and IFLY pathway, she joined a youth-led savings group along with four other girls. She and the girls also formed an IFLY business group. With initial capital of 320,000 UGX (~\$80 USD), the girls started a fish and vegetable business. After three months, the group accumulated a profit of 400,000 UGX (~\$110 USD). One member used part of the profit to return to school. Kagoya used some of her profit to contribute to her savings group and is continuing to save regularly. The balance was used to boost the group business.

Kagoya is proud that she can contribute to the family income by covering the costs of her basic needs. Her mother is proud of her achievements and that Kagoya is no longer engaged in hazardous work.

Among Loy, now 18 years old, lives with her parents and extended family. To support the family income, Loy was working in agriculture and mining. The hours were long, and the work was hard. She joined AYEDI with the hope of learning skills that would allow her to find different work and earn more money. Loy learned modern agriculture, financial literacy, and work-readiness skills through AYEDI's IFLY pathway.

Following her completion of IFLY, Loy started her own maize garden and was able to earn 100,000 UGX (~\$25 USD) from the first harvest. She then used the money to purchase two piglets that she is now rearing. Through her small enterprises and savings, Loy has accumulated 60,000 UGX, which she will use to invest in a tailoring course. Eventually, she will purchase a sewing machine. Loy will continue in agriculture, but she also is interested in becoming an expert tailor, in order to diversify her income streams.

Recommendations

Overall, both savings group models offer opportunities for adolescent youth to save and learn valuable financial literacy and business skills that can reduce their risk to hazardous labor and promote economic resiliency for themselves and their families. This study finding suggest that adolescent youth are motivated and capable of saving and investing in savings groups that reflect their motivations and context, offer financial and business training, and provide continuous mentoring and support from caregivers and other trusted adults and peers. Girls and boys may experience different challenges based on expectations of their peers, their caregivers and society. In consideration of the achievements and the remaining challenges, WEI/Bantwana makes the following recommendations:

- Expand promising practices of both models. Youth/adult VSLAs can strengthen bonds and cooperation between adolescent youth and their caregivers, and strengthen respect for youth participants by adult members. Both savings models addressed the age limitation on borrowing by securing youth-led savings in adult VSLAs to accelerate savings accumulation and allowing youth to access 50% of their savings for business investment during the savings cycle. Youth emphasized integrated financial literacy and basic business skills training as a critical part of their saving experience.
- Tailor approaches to the unique needs of adolescent girls and boys. These include considerations around time for young mothers and girls, savings group location, minimum share criteria, attitudes towards girls holding leadership positions, and understanding of differences in spending needs, habits, and pressures of girls and boys. Consider additional issues of urban migration and effective strategies for mobilizing and retaining girls and boys.
- Engage youth caregivers early to solicit input, manage expectations, and broker agreements between youth and their caregivers. Open discussions upfront can reduce tensions related to how time needed to attend to meetings, where money for saving will come from, and how savings will be used. Consider/integrate opportunities for caregivers and youth to engage in joint investment in income generation activities; joint learning about savings, financial literacy, and business management; and open discussion on household resource allocation.
- Negative experiences and poor perceptions of savings groups by youth and adults weakened initial interest and reluctance by youth to join groups. These perceptions shifted as both adults and youth saw their neighbors and peers benefitting from groups. Ensure savings group facilitators (community-based trainers [CBTs]) are well-trained to support tested adolescent youth savings group models and include regular reflection sessions to address implementation challenges. Ensure that youth-led savings linked to adult savings groups start

their saving cycles at the same time so that savings cycles progress at the same pace and youth members have adequate time to save before share-out.

- Establish savings group constitutions to reinforce restrictions on hazardous labor participation or other child protection priorities. Youth felt a responsibility to uphold agreements outlined in savings constitutions. Peer pressure from respected peers also motivated youth to adhere. Use savings groups as platforms to sensitize youth and adults to the dangers and consequences of exploitative and hazardous labor, and/or other social concerns.
- Leverage youth motivation to save for mobilization and retention. Adolescent youth are motivated to join savings groups to save, gain financial literacy skills, take advantage of opportunities to start their own business, access funds to meet their basic needs, socialize and learn from their peers, and gain the respect of their peers, caregivers, and other adults in the community. These benefits can be packaged for community and youth sensitization efforts to build interest, enthusiasm, and motivation in youth to join and stay in savings groups.
- Leverage influential adults and respected peers to mobilize and retain youth for youth savings groups to help mitigate negative perceptions or past experiences that inhibit interest by youth. Retaining youth in savings groups requires ongoing support and encouragement from peers, caregivers, and other adults in the community

ANNEX I:

Action research study respondents

The table below shows the category, district, title and number of respondents included in this study.

Respondents	Districts					Total	Gender	
	Bugiri	Iganga	Lira	Gulu	Kampala		F	M
AYEDI staff	2	4	3	3	1	13	04	09
CBT	1	2	2	2	0	07	04	03
AYEDI youth	3	29	35	10	0	77	42	35
Caregivers, community volunteers, VSLA members, AYEDI Club patrons	08	10	06	08	0	32	26	06
Community Stakeholders	2	3	2	2	0	09	02	07
Total	50	66	38	43	01	138	78	60

