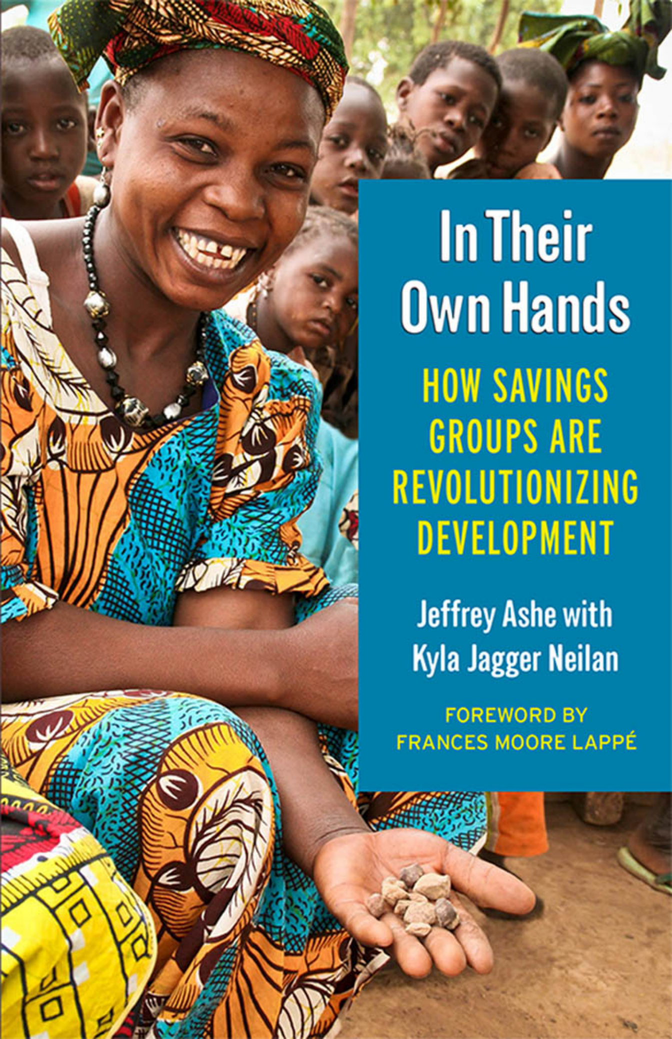
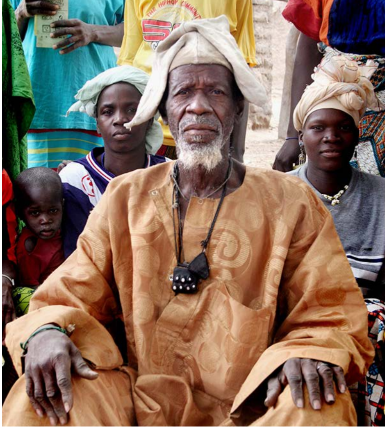


In Their Own Hands

HOW SAVINGS GROUPS ARE REVOLUTIONIZING DEVELOPMENT

Jeffrey Ashe with
Kyla Jagger Neilan

FOREWORD BY
FRANCES MOORE LAPPÉ



Top left: The introduction of Saving for Change in a new community starts with the approval of the village authorities. Top right: The first group is trained by an animator (in blue) from a partner NGO. Middle left: The volunteer replicating agent trains groups, with an illustrated manual to guide the discussion. Below: Each week members gather to save and borrow.

Top left: The box keeper takes the locked cashbox out of hiding and brings it to the group. Top right: The group's officers open the meeting with a recitation of the bylaws. Middle right: Each woman in turn deposits her saving and repays the interest or principal on her loan. Bottom: At the end of the cycle, each member receives back all that she saved, plus her share of the interest.

Top left: Even with low literacy levels, group treasurers created a way of record keeping by placing pebbles in a small bag. Top right: Carrying their wooden stools on their heads, women from one group walk to visit another. Bottom left: Loans are used for many purposes. This woman used her loan to stock her business.

Left: A collective enterprise set up in a Saving for Change group produces *sambal,* a nutritious sauce, in the city marketplace. Above: Two savings group members hug at a Saving for Change meeting in Senegal. Members often teach their daughters to run their own groups. Below: Women in Mali garden collectively and sell what they grow in the market. Their Saving for Change group helps them manage their resources through the seasons.

Above: The man at the left, from an NGO in Cambodia, trains the group secretary to keep records. Below: Group trained in the prevention and treatment of malaria. The blue picture card shows the steps.

Above: Saving for Change youth groups spring up spontaneously, even though fostering them was not part of the program. This group in Cambodia shows how important these groups are to their members. Below: Meetings are communal affairs, with children looking on and sometimes participating. A treasurer counts money while her daughter looks on.

Above: Savings for Change groups often serve as platforms for other community initiatives. In Guatemala, the woman on the right successfully organized the groups in her region to campaign and vote for women mayors in their communities. Below: The secretary and the treasurer of a group in Guatemala keep track of the transactions in their groups. Next page: A Saving for Change meeting is not only about saving and borrowing—it is also a chance to have fun. A Saving for Change member dances for her group in Mali.

More Praise for *In Their Own Hands*

"Jeff Ashe gives us one of his biggest dreams yet. People living in poverty organizing and using their own capital to provide the savings and credit that help them withstand shocks and take advantage of opportunity. What's more, Ashe and Neilan show us that this dream is being realized millions of times and spreading rapidly across the globe."

—Larry Reed-Director, Microcredit Summit Campaign

"Most books on community finance are either anthologies or manuals. This one is neither. A radical departure from other works in the field, *In Their Own Hands* traces the long sweep of financial empowerment via histories viewed through the single lens of one author. The book is essential for any practitioner interested in helping the poor transform small amounts of money into meaningful ways of changing their lives."

—Kim Wilson, Lecturer, International Business and Human Security, The Fletcher School of Law and Diplomacy, Tufts University

"Jeffrey Ashe and Kyla Neilan's new book, *In Their Own Hands*, presents a stunningly simple, thoroughly tested, and visionary new way for the poor to save and borrow. In Mali, the outcome was dramatic: less hunger, ownership of more livestock, and more clout for village women. The remarkable difference with savings groups is *how* they are able to achieve scale—not through building financial institutions as microfinance has done but by catalyzing the problem-solving capacity of the poor. The ideas in this book have the potential to turn the development field on its head."

—Paul Polak, coauthor of *The Business Solution to Poverty* and Chairman, Windhorse International

"I can think of two good reasons to read *In Their Own Hands*. One, if you give a damn about extreme poverty, here is another practical tool in the arsenal of financial inclusion. Two, amidst all the chatter about listening to and capturing the wisdom of impoverished communities and indigenous peoples, this book is a road map on how to do it. The author's economic development career reveals a professional courage from which we can all learn."

—Jonathan C. Lewis, founder and Chair, MCE Social Capital

"Since I met Jeff in Ecuador in the '60s, he's been turning conventional wisdom on its head. He does this now for the financial sector and for the development community grown too comfortable with in-the-box thinking. The title of the book says it all—*In Their Own Hands*. Those of us who want to help need to break from the past, trust the impoverished, and get out of the way so that they can empower themselves to save and be agents of their own development."

—John Hammock, former President, Accion International and Oxfam America

"I have known and admired Jeff Ashe for almost forty years. I consider him—along with Muhammad Yunus—one of the most innovative practitioners of the global microfinance movement. He was my principal mentor in developing the methodology of Village Banking. When in the year 2030 the world celebrates the end of severe poverty on our planet, Jeff's tireless efforts to promote rural savings groups will be heralded as the single most effective, bottom-up strategy for 'leaving nobody behind.' And for the next generation of microfinance practitioners, *In Their Own Hands* will be justly recognized as the best end-poverty textbook ever written."

—John Hatch, founder of FINCA International and cofounder of the Microcredit Summit

"Modern savings groups are an improvement on the self-help tools poor people have always used to manage their money. This short and clearly written book shows how over 100,000 villages in the developing world have come to use and value such groups and why it's important to spread the message to millions more."

—Stuart Rutherford, author of *The Poor and Their Money*, coauthor of *Portfolios of the Poor*, and founder of SafeSave

"Sometimes the most powerful ideas are the simplest. This book shows how a simple way for communities to accumulate savings has taken off—with no new technology nor costly microfinance infrastructure. *In Their Own Hands* turns upside down the most common assumptions about what poor households need and can accomplish."

—Jonathan Morduch, Professor of Public Policy and Economics, Robert F. Wagner Graduate School of Public Service, New York University

In Their Own Hands

This page intentionally left blank

In Their Own Hands

HOW SAVINGS GROUPS ARE REVOLUTIONIZING DEVELOPMENT

Jeffrey Ashe with Kyla Jagger Neilan

BK

Berrett–Koehler Publishers, Inc.
San Francisco
a BK Currents book

OXFAM
America

In Their Own Hands

Berrett-Koehler Publishers, Inc.
235 Montgomery Street, Suite 650
San Francisco, California 94104-2916
Tel: (415) 288-0260, Fax: (415) 362-2512
www.bkconnection.com

Ordering information for print editions
Quantity sales. Special discounts are available on quantity purchases by corporations, associations, and others. For details, contact the "Special Sales Department" at the Berrett-Koehler address above.
Individual sales. Berrett-Koehler publications are available through most bookstores. They can also be ordered directly from Berrett-Koehler: Tel: (800) 929-2929; Fax: (802) 864-7626; www.bkconnection.com
Orders for college textbook/course adoption use. Please contact Berrett-Koehler: Tel: (800) 929-2929; Fax: (802) 864-7626.
Orders by U.S. trade bookstores and wholesalers. Please contact Ingram Publisher Services, Tel: (800) 509-4887; Fax: (800) 838-1149; E-mail: customer.service@ingrampublisherservices.com; or visit www.ingram publisherservices.com/Ordering for details about electronic ordering.

First Edition
Paperback print edition ISBN 978-1-62656-218-9
PDF e-book ISBN 978-1-62656-219-6
IDPF e-book ISBN 978-1-62656-220-2

2014-1

Book design: VJB/Scribe. Copyeditor: John Pierce. Proofreader: Nancy Bell. Index: George Draffan. Map of savings groups in Mali courtesy of Oxfam America; Cartographer: Molly O'Halloran. Cover and color insert photos: Jeffrey Ashe. Photo of Jeffrey Ashe: Alyce Getler. Photo of Kyla Jagger Neilan: Jeff Fidget.

To Alyce, my wife and my life's companion; your love and support have meant the world to me.

This page intentionally left blank

Contents

Foreword: Frances Moore Lappé

Frances Moore Lappé is the cofounder of the Small Planet Institute and author of eighteen books, including *Diet for a Small Planet* and, most recently, *EcoMind: Changing the Way We Think, to Create the World We Want*.

I'll bet most of us wouldn't expect a book about savings groups in developing countries to shake up our ideas about the human condition and our sense of possibility for our world. I didn't—but that's just what this fascinating book has done for me.

My curiosity was first piqued in learning of the meteoric rise of savings groups: in the world's poorest countries, in just six years, membership in village-level savings groups has leaped from one million to ten million members. If there were a speed record among global social movements, the rise of savings groups may have broken it. Remarkably, much of this speed reflects the work of villagers voluntarily teaching other villagers, with only minimal donor help.

For several decades, I've been convinced that a primary cause of many of our worldwide problems in poverty and development is a lack of vision of what can work. Without a believable vision of where we want to go, we feel defeated and powerless.

That's serious. Since solutions to all our biggest problems, from poverty to climate change, are known or just around the corner, I've come to feel there's really just one problem we should be most worried about: the spreading sense of powerlessness to manifest what we already know.

In Their Own Hands helps me refocus my energies to this end.

Jeffrey Ashe appropriately warns us that, "joining a savings group will not lift many out of poverty." Savings groups are no panacea. What comes clear to me in this eye-opening book is that the movement indeed touches the taproot. In the people we meet in this book, I see the beginning of self-organizing power to meet three deep human needs: for connection, for meaning, and for power itself—power understood as our capacity to create and make an imprint.

Powerlessness means feeling vulnerable, dependent, and alone. Savings groups address each of these. They enable members to become more resilient in the face of poverty's assaults—as loans can be used not only to get you through a poor harvest but to purchase supplies for your small business or help if a family member develops malaria or HIV/AIDS. The groups build trusting connections as members create and enforce rules together, and they offer meaning as members enjoy the experience of directly helping one another succeed.

The stories you will read here bury the myth that poor people have too little to save, that expert staff must manage loans, and that financial independence begins with a loan. We learn what might have seemed obvious but apparently has not been: starting a self-help initiative with a loan, i.e. debt, increases one's sense of vulnerability. "Debt equals stress," Ashe reminds us. Starting with savings does the opposite.

If this book's message feels far from the lives of those in developed countries, think again. So many people in the North feel they are victims of a globalizing corporate banking elite, speeding the stream of wealth to the very top. In contrast, all the gains stay close to home in the simple system of savings groups. The control is with the village women, not with moneylenders or bankers.

I believe the qualities that define successful societies are distributed power, transparency in human relationships, and cultures of mutual accountability. Such characteristics make possible what I call "living democracies," everyday cultures of democracy that support life. What astonishes me, as I read *In Their Own Hands*, is that the savings group movement embodies each of these qualities. They are the "nano" versions.

Not many who write about revolutions have experienced one. Ashe's internal "rethink" of the microfinance system led directly to the writing of this book. For twenty years, Ashe explains, he worked in the microfinance movement where local people are not in control. After being a leader in a field for so long, few would have the courage to see, much less acknowledge, a better way and change course.

Ashe's core paradigm shift, which he loves to repeat with a smile, is "They know how." Most aid interventions collapse as soon as outsiders leave, he notes, but the savings group approach transfers some very basic tools and gets out of the way. It enables people to tap into their own ingenuity, determination, and creativity. So it lasts, and it spreads.

"We are on the verge of a revolution in development, where savings groups are just the starting point," Ashe writes. He could be right. Revolutions aren't necessarily noisy, in-your-face disturbances. This quiet and virtually invisible one begins on the inside, and its premise and practice are so incredibly simple that one could easily miss its power. Reading this book, you will not run that risk.

Preface: Ray Offenheiser

Ray Offenheiser is the president of Oxfam America.

When Jeffrey Ashe joined Oxfam America ten years ago, I admit that I had reservations about how his savings group model would sit with Oxfam's rights-based approach to development and our strategic goals. But I recognized the approach as an innovative one, and it was an idea with strong potential to be scaled up. And anything that builds the resilience of women and men living in poverty aligns with Oxfam's mission. So Jeff joined us.

Sometimes it pays to take a chance. I am proud that we at Oxfam took that risk with Jeff.

Saving for Change is one of the most successful development innovations I have witnessed in my career. It turns the traditional notion of microcredit on its head by allowing group members to save before they borrow. The premise of Saving for Change is that the poor are not too poor to save but are instead too poor *not to save*. When neighbors save a few cents together each week, not only do they gain access to basic financial services, but they also build social capital on a foundation of trust and solidarity.

Today, savings groups are reinventing themselves. The by-products of savings have proven to be every bit as valuable as the savings themselves. Gains in social capital, self-confidence, and women's empowerment translate into health and maternity clinics, grain banks, markets, and thousands of thriving small businesses.

Savings groups have unexpectedly created a channel for delivering other benefits to members. Participants drive this process. At their request, Oxfam has used groups as an educational forum, offering training on topics such as business, citizenship, and agriculture in addition to our basic training module. Saving for Change has also become part of a larger effort at Oxfam: our Rural Resilience Initiative—a partnership to innovate and develop better tools to help vulnerable farmers mitigate the risks and consequences of climate change so that they can earn a living and support their families.

What is perhaps most striking about Saving for Change is how it seems to strengthen the capacity of individual village-level savings groups to solve problems: to identify what their communities need, to organize themselves, and to seek solutions independent of aid organizations such as Oxfam. People are learning more about their ability to help themselves. In Mali, women concerned that the nearest health clinic was too far away used their group funds to build a clinic—right there in the village. They convinced each family to contribute one hundred bricks for building and used their newly acquired influence to gain the mayor's support. In Africa and Central America, savings groups are coming together in local associations to hold authorities accountable, ensuring that local government officials honor their development promises. In Senegal, eight women decided to represent their communities by seeking seats on local mining councils. They report that they would never have considered such a role had they not become participants in Saving for Change.

There are countless similar stories. Even the simplest is remarkable, because each traces how the seemingly mundane creation of a savings group can change the lives of dozens—sometimes hundreds, even thousands—of women, children, and men. The task of choosing whose stories to tell must not have been an easy one. But Jeff did just that. Sifting through years of research, rich experiences, and his notebooks, he carefully selected stories that allow the reader to meet the women and men who accompanied him on his journey and are changing the world every day.

When I consider the benefits of Saving for Change—the money saved and loaned, the financial gains, the increase in social capital—I think often of a woman I met in Mali. She was walking to her savings group meeting, a small hand-carved foot stool balanced on her head scarf. The change these women are creating in their lives is impressive, and their business meetings are often infused with an unmistakable air of celebration. What she told me gave me a glimpse of the incalculable benefits that members accrue: "When you miss a meeting," she explained, "you miss the best party of your life."

They certainly have reason to celebrate.

This page intentionally left blank

Beginning a Savings Revolution— They Know How

Two and a half billion people worldwide, most of them in desperately poor, rural communities, need a better way to save and borrow. The overarching and hopeful message of *In Their Own Hands* is that improving financial services for the poor need not be complicated or expensive if responsibility is firmly in the hands of those who directly benefit. Local ownership and control is the essence of "in their own hands" development. As local communities take charge of the financial aspects of their lives, they gain the skills, confidence, and motivation to do more. In the words of Marcia Odell, who taught me that savings groups were possible in Nepal more than a decade ago, "Dependency is not empowering."

In Their Own Hands is a book about learning to be courageous, to take risks, and to make change happen. Rather than critiquing development, *In Their Own Hands* provides clear guidelines for how to develop and carry out initiatives that work.

This is a book for those who are already working for change abroad and at home, seeking a better way to do development that avoids dependency and helps achieve transformative change. Foundations and agencies funding grassroots efforts can use this book as a reference to refocus their efforts away from funding handouts and toward empowering the poor to take responsibility for their own change.

In addition, this book is for anyone who is curious about what it takes to make a difference. Educators will find this book useful as they introduce students to the effort it takes to implement effective grassroots development and the courage and dedication it takes to achieve it.

Savings Groups: Turning Banking on Its Head

Savings groups are a robust, simple, game-changing financial innovation that reaches the village poor by turning banking on its head. Instead of attempting to extend the reach of financial institutions that cannot profitably reach the poor, small groups of community members are trained to manage their own mini-financial institutions. Members save what they can weekly in a communal pot and loan their growing funds to members. Annually, timed for when money is scarcest, the pot is divided according to how much each member saved plus each member's share of the interest. Every cent saved over the cycle plus interest is returned to the members. As a woman in Nepal I interviewed said, "Why pay them when we can pay ourselves?"

The simple model of savings groups is a marked difference from traditional financial institutions—banks, microfinance providers, large credit unions—with their imposing buildings, armies of staff, and complex systems, which rarely reach these rural areas. The principal reason why membership in savings groups has grown from one million to ten million in just six years is that instead of depending on institutions, savings groups tap into the vast, underutilized potential of smart people to solve their own problems.

Through the discipline of weekly saving, community members now have a useful sum of money in hand when cash is scarcest. With their end-of-year payout, they buy food during the "lean season," before the harvest puts food on the table. They may pay school fees, purchase medicine, stock a business, grow more food, or buy a goat or two to fatten and sell. Benefits are not only financial; now that members have their own money to spend, women (most of the group members are women) have gained a measure of independence and benefit from the growing solidarity and mutual assistance among members.

Savings groups are as convenient as meeting under a tree in a village and as flexible as the rules members design for themselves. They are as reliable as their own accounting, which is quite dependable if registers are simple and training is adequate. They are easy for villagers to understand because they build on how women have saved for generations. "These savings groups are like a *tontine* [West African traditional rotating savings group], only better," a woman in Senegal once told me. Instead of working like a traditional *tontine*, with each member in turn receiving her payout of the total collected that meeting, a member of a savings group can take out a loan when and in the amount she wants, as she saves the amount of money she can. Interest is charged on the loans, and fines are levied when members miss meetings or do not pay a loan on time, so when the fund is divided, members receive more money than they saved. More flexibility comes at a cost: the need for better record keeping. Better record keeping is the focus of savings group training and the major task of the local nongovernmental organization (NGO) staff who train these groups.

In the decades that I have been involved in promoting change, I have observed that savings groups are the best example of the power that local ownership and control can have. Savings groups overcome the risks of top-down efforts to improve the lives of the poor. What outsiders create often fails when they leave; what villagers create through *their* efforts persists, evolves, and grows. It follows, then, that our task as outside agents is not to *provide* services, but to catalyze *the capacity of poor communities to resolve their own problems*. After working to promote this type of approach to development for decades, I've identified nine principles needed for success:

- Start small to learn, but plan for scale—if there are thousands of communities, what will have been achieved if only a few are reached?
- Simple is better than complex.
- Build on what is already in place and already widely understood.
- Design for change that persists long after outside agents leave and that spreads from village to village without outside staff.
- Keep costs low: resources are scarce and the scale of poverty is vast.

- Give nothing away: if what is introduced depends on a free handout, it will not spread.
- Insist on local control: if local community members are in charge, new development initiatives will last.
- Establish high performance standards and insist on meeting them.
- Build learning and innovation into program design: it is impossible to get it right the first time.

These principles are described in greater detail in chapter 1.

By adhering to these principles, the number of savings groups could grow fivefold or even tenfold in a decade, from a hundred thousand villages to a million villages. Assuming that savings group membership grows from ten million today to fifty million by 2020, these groups will by then mobilize and largely distribute US$1.25 billion of their own money every year, of which $750 million will be profits from lending. This growth is impressive especially considering that the individuals who are mobilizing resources at this scale are among the poorest people in the world, whose annual income is often less than $500 a year. The poor are not too poor to save.

These lessons of savings group promotion can be applied across the development spectrum, including areas such as agriculture, health, enterprise development, business literacy, education, and advocacy, among others. This task is already underway with promising, scalable results, described in chapter 7.

A savings-based approach will become increasingly necessary as the poorest countries and poorest regions cope with increasing challenges of climate change, scarce and depleted land, and endemic conflict. Given the amount of development assistance that is misspent and the declining amount of aid to the poorest countries overall, the value of a simple, replicable, and sustainable approach can hardly be overestimated. "In their own hands" development works—it builds resilience, reduces chronic hunger, and increases assets. (The impact of membership in a savings group is described in chapter 6.) Although much more is needed—basic infrastructure, markets, government services, good governance, more equitable division of resources—savings groups are a reliably useful starting point.

A Call to Action

Savings groups work. It is time now for the development community, including foundations and bilateral and international agencies, to get behind the expansion of the savings group model. While microfinance works well in the densely populated villages of Bangladesh and in cities and their surrounding communities, it is often not the best answer in scattered rural villages. In countries marked with political strife, collapsing economies, and unchecked inflation, not only do savings groups work, but they work where microfinance fails.

The systems and the institutional capacity are already in place to accomplish this.

The cost for training and supporting savings groups is extraordinarily low. Each group creates its loan fund through weekly savings and tracks its own payments. Securing loan capital, tracking transactions, and ensuring that loans are repaid are the major costs of financial institutions. Once the groups are trained, except for an occasional monitoring visit, they manage themselves. The groups do most of the work—selecting members, electing officers, deciding on their bylaws, creating their own loan fund, deciding who will receive a loan, and making sure loans are repaid.

Compared with what is spent for development every year—US$44.6 billion in 2010 alone for the fifty-four least developed countries[1]—the $150 million per year needed to bring savings groups to fifty million participants over seven years is inexpensive indeed. An investment of about $1,500 in each village, spread over three years, will predictably lead to a decrease in chronic hunger, an increase in assets, and an increase in social capital. If the average village size is about one thousand people, *this works out to $1.50 per person.* And this is only the start: in the fourth, fifth, and sixth years after groups have been trained, I have seen that the groups grow in size, that they save and invest more, and that they launch their own initiatives—training groups for their children, buying grain when the price is low to better survive the lean season, and launching collective enterprises as they reach out to other NGO and development programs. With their economic clout, management skills, and group solidarity, they aspire to more.

I have come to realize that "in their own hands" development may be one of the very few viable paths for jump-starting development in the million or so villages of the world's poorest countries, so why is funding so difficult to secure? Despite the obvious benefits, funding the training of savings groups does not easily fit into the way development is usually carried out. There are scant opportunities for investors. There are no massive development institutions with their thousands of workers and few well-told stories collected by journalist staff to delight and impress donors in order to loosen up their purse strings. In this "neighbors talking to each other" development model, the electronic gizmos that so delight Silicon Valley millionaires are not front and center, although villagers may call each other on their cell phones to organize a meeting. What has occurred is more subtle, but ultimately more profound: villagers are in charge and they follow their own agenda.

What savings group practitioners call the "savings group revolution" is remarkable in that it is almost invisible—a group of people in a rural community sitting under a tree put money in a box, with a few of them taking money out of the box as loans to attend to urgent needs. Each group has what it needs to survive, to grow, to evolve, and to self-replicate. Savings groups may just be the most effective use of a "smart subsidy" on record, where so many positive benefits can be achieved at such a small cost. Once the basic structure of the savings group model is introduced to a rural community by an outside agency—usually a local nonprofit—the groups do virtually everything, including training more groups.

What is needed are the will and the resources to achieve the benefits that expanding the outreach of savings groups would provide. This small investment would not only provide a safe and convenient place to save and easy access to small loans, but it would enable savings groups to help slow, or potentially even reverse, an increasing spiral into debt for the world's poor. Savings groups can also serve as a launching pad for development initiatives that communities undertake on their own and sometimes with the help of a local nonprofit or government program.

The Savings Group Movement

Oxfam America, Freedom from Hunger, CARE, Catholic Relief Services (CRS), Plan International, the Aga Khan Foundation, Pact, and many other international and local organizations have made the promotion of savings groups a central tenet of their development strategies. Today, there are savings groups with ten million members living in at least a hundred thousand villages in sixty-five countries. Six years ago, there were just one million savings group members. As Frances Moore Lappé describes in the foreword, the growth in savings group membership must have set a speed record. I know of no other development initiative that has grown so quickly and in so many countries that shows the broad applicability of this methodology across nations, cultures, and religions.

In 1971, Moira Eknes and her team at CARE developed the first savings groups in a remote corner of Niger. It was only decades later, in 2008, that a major investment by the Bill & Melinda Gates Foundation helped spur rapid growth in the field, attracting more funders, including MasterCard Foundation, USAID (the US government's development agency), and the Inter-American Development Bank, as well as high net worth individuals and a number of smaller foundations.

This massive scale-up has been achieved not through building financial institutions, as microfinance has done, or by transacting finance in the cloud, as mobile banking is doing now, but by catalyzing the problem-solving capacity of the poor to lead their own development, with a little transitory support from an outside agency. Paying the local staff to train groups is virtually the only expense other than research, the training of trainers, advocacy, and developing new products.

Although savings groups are uniquely designed to effectively reach the world's poorest, they aren't able to address every financial need in these areas. Both microfinance and mobile money have a unique role to play in expanding financial inclusion. Savings groups are most appropriate for the rural or urban poor, who need a place to save more than they need a loan and are beyond the reach of financial institutions. Microfinance is best suited for those with a business large enough to benefit from a loan and in areas where there is more economic activity. Members of savings groups whose needs are greater than the group can finance often take out loans from financial institutions.

Between 1980 and today, microfinance has grown from a few scattered projects carried out by NGOs to two hundred million borrowers today. Credit unions reach a similar number. Mobile money facilitates remittances from workers in the city to their relatives in the villages and extends the reach of financial institutions. Everyone can work together to provide financial inclusion for the two and a half billion who need a better way to save and borrow. If nonprofits introduce this improved way to manage finances that savings groups represent in a scattering of villages throughout a region, we may learn that new savings groups have sprung up spontaneously to fill in the gaps between groups that were trained by paid staff.

In Their Own Hands: Empowerment as Development

In Their Own Hands is the story of how I came to see the impact of savings groups—once I learned how they worked, I never turned back. This book is about how we can learn from the power of savings groups and apply the principles I learned over years of working in this field to move development forward.

Before I learned about savings groups, I had designed, managed, and evaluated microfinance institutions for twenty years. While microfinance was working well in urban areas, I concluded that it was not serving the rural poor. I built from what I learned in Nepal, and later in India and Zimbabwe, to launch and lead the Oxfam America/Freedom from Hunger Saving for Change initiative that has, since 2005, trained and supported savings groups with 650,000 women members in thousands of villages across Mali, Senegal, Cambodia, El Salvador, and Guatemala.

Through this experience, I have learned that the poor are not too poor to save, that there is enough savings potential within a group of twenty people to meet most needs within a small community, and that small sums can make a big difference. Once groups have mastered the mechanics of savings and lending, they begin to ask, "What's next?" With a reserve of savings and the knowledge that they can easily access small loans to meet an immediate need, they gradually come to believe tomorrow can be different from today. The disciplined hard work of saving every week and running a group has made a difference.

FROM MICROFINANCE TO MICROSAVINGS: A PERSONAL JOURNEY

I have worked in microfinance almost from its inception in the early 1980s, working to create and evaluate microfinance institutions (MFIs) in thirty-five countries, including the United States. Through my position at Acción International, I joined the movement to create a "best practice" model of microfinance project design: large-scale, well-managed, permanent financial institutions that provide credit (and sometimes savings and other services) to those not reached by traditional banks.

As I continued to design microfinance projects in eastern Europe, Africa, Asia, and Latin America, I began to look closely at the different self-managed savings and lending clubs that poor people around the world used to meet their basic financial needs. People joined *zadrugas* in Bosnia, *equibs* in Ethiopia and Eritrea, *tandas* in Mexico, *cadenas* in Colombia, *tontine*s in West Africa, *chit funds* in India, *merry-go-rounds* in East Africa, and *partners* in Jamaica. These are only a few of the hundreds of variations of what are technically referred to as Rotating Savings and Credit Associations

(ROSCAs). In *The Poor and Their Money*, Stuart Rutherford and Sukhwinder Arora call this process "the world's most efficient and cheapest financial intermediary device" because "at each round the savings of many are transformed instantaneously, with no middlemen and no transaction costs, into lump sums for one person."[2]

As the 1990s went on, I continued designing and evaluating microfinance programs, but I kept returning to a fundamental question: Why do we start with microloans (i.e., microdebt) and not savings? Wouldn't the security of savings be better than the stress of repaying a loan? Poor borrowers, I could see, often used their high-interest microfinance debt for consumption and emergencies instead of investing in profitable businesses that could pay their loans' interest. These borrowers struggled to repay. I saw that debt often equals stress.

Then, in 2000, I heard Marcia Odell, then the director of Pact's Women's Empowerment Program in Nepal, give a speech at Brandeis University. It forever changed my understanding of microfinance. I learned that savings-led microfinance was not only possible but was already being implemented in Nepal. The Women's Empowerment Program (WEP) worked through savings and lending groups, whose members mobilized their own savings and made loans to one another. I traveled to Nepal three times to document the model, which led me to evaluate similar initiatives in India and Zimbabwe over the next two years. These programs, even though they were developed independently and were not aware of each other, were organized on the same principles—the groups saved to build a loan fund, loans were made from the growing fund as members needed them, and the groups distributed the profits from lending to the members. *There was no link to a financial institution or any injection of outside capital into the group fund.*

Understanding how these programs worked became an obsession of mine. These savings-led initiatives had remarkable success, reaching poor villagers, most of them women, at low cost and on a large scale, with the profits from loans paid to the group members. Savings groups start with savings—building assets rather than debt. Trained groups of community members, not financial institutions, manage transactions.

SAVING FOR CHANGE

In late 2004, I was hired to introduce savings groups to Oxfam America's Community Finance Department as the department's director. I worked hard to ensure that Oxfam's version of "community finance" reached populations that financial institutions, even the most innovative microfinance institutions, had scarcely touched. Saving for Change, our name for this model, was designed to support Oxfam's work to "right the wrongs of poverty, hunger, and injustice." Oxfam's focus is on the world's poorest communities, with an approach to work through local partner organizations. My colleagues and I at Oxfam, along with Kathleen Stack and her colleagues at Freedom from Hunger, another advocate for self-help solutions to end hunger, developed Saving for Change. Saving for Change capitalized on the unique skills of local nonprofits (NGOs): outreach, training, and hands-on support. This program set local grassroots nonprofits at the heart of our design and built on what they already did so well: delivering services and training in poor and often remote villages.

Our mission was to develop a locally controlled, easily accessible, scalable approach to improving financial inclusion to reach a population that microfinance as it is traditionally conceived never will. No money can be made on weekly savings deposits of twenty-five cents and fifty dollar loans, the scale of the transactions that the poor most often need. We calculated that in Mali alone, a country with a population of nearly sixteen million,[3] the potential market for savings group membership was substantially greater than one million members, just counting women, who were the target for Saving for Change membership. We chose to target women because Saving for Change was more than just a better way to save and borrow—we wanted to provide opportunities for women to develop their organizational and leadership skills in a forum where they could discuss issues of importance to them.

Eight years later, nearly 450,000 women had joined Saving for Change groups in Mali, in addition to the 143,000 villagers in Mali who had joined similar projects sponsored by CARE, the 40,000 who were part of Plan International projects, and the 30,000 who had joined groups trained by CRS. By early 2014, a total of 695,589 savings group members were trained in Mali among the four organizations.[4] To put this in perspective, this figure is larger than the entire population of Boston, and it puts savings group membership in Mali into the top ranks of microfinance outreach worldwide—this was financial inclusion without financial institutions.

Speaking just of the Saving for Change part of this expansion into Mali, we achieved this level of outreach (450,000) with a staff that never exceeded 203 people. This included a staff of trainers (animators) and their supervisors working for ten local NGOs and a team of four Malians who made up the technical unit. The number of staff working with groups is now one-third of that number, with virtually no sign that the groups are faltering. The groups were taught to manage themselves and to share what they had learned, and so they did. While the ratio of staff to borrowers is typically 1 to 300 for a financial institution, the ratio for Saving for Change in Mali was 1 to 2,000 during the high-growth stage. Since village volunteers increasingly took the lead for training and supporting groups, this ratio has grown to about six thousand group members for every NGO staff person.

Savings groups are hardly a perfect solution, and some groups function better than others. One limitation is that the amount that each group can save and distribute each year is small—about $500 in countries like Mali—so loan size is limited. Another limitation is that it takes a lot of time and effort to meet every week. Members do not seem to mind in the dry season, when there is more time and a savings group meeting is the perfect excuse to get together, but time is limited when the rains come and all are busy in the fields. There is also always the chance that someone with higher status will have an easier time getting a loan.

With that said, 95 percent of the groups trained in Mali since 2005 continue today. Despite these problems, groups have been able to resolve their difficulties, and they keep coming back week after week and year after year.

Joining a savings group will not lift many out of poverty—no development initiative can deliver on that promise—but regular savings and a reserve of cash can help reduce life's uncertainties.

ASSESSING THE PERFORMANCE OF SAVING FOR CHANGE IN MALI

In 2006, the local Saving for Change team in Mali—including representatives from Oxfam America, Freedom from Hunger, and the Strømme Foundation, our donor and collaborator in identifying initial partners—and I carried out the first assessment of Saving for Change. This assessment was a chance to see how—and if—Saving for Change actually worked for its members. I had managed and evaluated dozens of programs before, but it is different when you are checking on your own initiative, especially when it is new and unorthodox. I felt a little nervous as the plane touched down in Bamako, Mali's capital.

Mali, one of the poorest countries in the world, is a landlocked country in West Africa, with its northern half firmly planted in the Sahara Desert, and its southern part, where we implemented the Saving for Change training, in the semiarid Sahel. The team climbed into a program vehicle, left Bamako, and drove through a flat plateau of scrub grasses dotted with intermittent, colossal baobab trees. We left the main road and veered sharply onto a rutted, rocky dirt track. Two hours later, we came upon the cluster of mud houses that marked the first village stop on our ten-day assessment trip.

We exchanged appropriate greetings with village leaders and staff of the local NGO (trained by the Oxfam America and Freedom from Hunger team),[5] and then the savings group meeting began. I followed along as best I could, knowing the general order of business and receiving a few helpful whispered translations from Mariame Coulibaly, a local Saving for Change staffer who worked for the Strømme Foundation.

The women repeated their bylaws in unison, as they did every week. The officers took attendance, opened the cashbox, and reported the total to the members—it had to be the same as when the box was closed at the end of the last meeting, ensuring that no transactions occurred during the week. Once the women had each contributed their savings and earlier loans from the fund were repaid, the secretary announced the new total in the cashbox. The group president then asked if anyone wanted to request a loan. A few placed one of their sandals in front of them or raised their hands to indicate they did, and a lively discussion ensued, with the borrowers explaining how the loans would be used and the rest of the group debating the likelihood they would be repaid. By the end of the meeting, most of money in the box was loaned out.

As the discussion wrapped up, the trainer from the local NGO carrying out Saving for Change in this region, the "animator," led us to a meal prepared by one of the groups. I assumed we would be getting back into the car to head to the next village after lunch, but instead the animator brought us to watch another group meeting in another part of the village. When that meeting finished, she had us wait to attend a third, and then a fourth. As another efficiently run Saving for

Change meeting unfolded before me, I was concerned. Had the animator we had contracted with through the local NGO to seed savings groups in twenty nearby villages merely stayed put, thoroughly organizing this one place at the expense of all the others?

It turned out that this village had eleven Saving for Change groups, with a combined membership of about 250 women. It was an impressive number. I interrupted a conversation transpiring in Bambara between the Malian staff and the animator before she took us to sit through another meeting. She assured me that she had indeed trained groups in surrounding villages, as she had been expected to do. In fact, the animator had organized only one group in this village. The rest of the groups were trained by Salimata Coulibaly.

Salimata, or Sali, was the president of the first Saving for Change group in the village. Unlike most of the women there, Sali attended school up to the eighth grade. She ran a small kiosk selling necessities such as matches, salt, sugar, and tea. Sali was small, lean, and intense. She wore glasses and a tightly tied *hijab* wrapped around her face, which contrasted with the flowing scarves and head wraps that most other women wore. Sali was all business. I had been impressed with how smoothly she directed her group. I was more impressed as I realized that she had cultivated that same impeccable order in ten more.

"How did you do it?" I asked Sali through a translator. She explained that it was not so difficult; she simply repeated each weekly lesson the animator taught her group as it formed, reviewing with ten other groups how to choose members, elect officers, craft bylaws, and keep records. Sali would meet with each of the ten groups she organized in turn and pass on what she had learned.

"Why did you do it?" I asked. A year later a group making a video that featured Sali asked her this same question. She answered:

> I want better development for my village. The women trust me a lot. That's why they always come to me for advice. It is with great joy that I share my knowledge with them. I would like to have this program reach everyone. There are some villages that have not been reached. I would really, really want to have these women receive the learning we have received.[6]

During that first assessment, Sali took us to task, saying we needed to do a better job teaching the women to keep records. Since most of the women in her groups were illiterate, Sali explained, they ask their husbands to step in and handle record keeping. Sali declared, "Sooner or later, the men will steal from us."[7] We took this request to heart and later introduced a record-keeping system based entirely on oral recall so that groups without a single literate member could keep their own records.

The groups Sali Coulibaly organized were, to my eye, equal to those groups created by the animator, a trained and paid NGO staff member. I began to believe that even at this early stage we were on the right track. Our vision was that some group members would volunteer to train new groups in their villages within two years, as I had seen elsewhere.

Having volunteers train and support the groups is the cornerstone of both controlling costs and ensuring that the groups continue beyond the scope of the project. The volunteers live in the village, but the paid staff will soon go on to another village. Within months after the first group was formed in her village, Sali was training new groups with no special guidance or training from Saving for Change.

If Sali had taken it upon herself to organize groups in her village, perhaps other leaders were training groups in their villages. I asked her supervisor what the animator team had told him about groups replicating spontaneously. He said that while Sali was unique in the number of groups she had trained, he knew of several other volunteer replicators who had each already trained a group or two. The next day, in a new village a half-day's drive away, Fatoumata Traoré, an animator from another local NGO, reported that she too knew of many villages where group leaders were training groups.

Nine years later, we know that of the 18,700 groups in place in Mali today, volunteers trained well over half of them. We now incorporate volunteers, whom we came to call "replicating agents," as an integral part of our strategy. What emerged on its own in a few villages that first year with a little extra training and encouragement (and no payment), we were able to duplicate in thousands of villages.

Sali Coulibaly saw something in Saving for Change that inspired her to teach the idea to her peers. Her story was emblematic of the underlying ethos we tried to build into Saving for Change: ownership. Each group was managed by its members, using their own money to build assets collectively that they could access throughout the year in the form of loans. Annually, dividends that included their year-long savings and the interest garnered from the loans were distributed back to the members. Our theory was that if members owned and operated the groups, members could adapt their groups to fit their specific financial needs. We hoped this would lead members to value the groups as a resource so much that they would decide to share their knowledge with others. Sali manifested this hope tenfold.

The savings group practitioners, operating quietly in the rural backwaters of the world's poorest countries, are demonstrating that what is needed is a disciplined commitment to savings.

Savings groups are not the end point, only a beginning. We are on the verge of a savings group revolution.

CHAPTER 1

Guiding Principles for Saving for Change

After years of promoting savings groups, I have identified nine principles that explain why the number of savings groups has grown so quickly, how they have replicated organically, and why these groups survive in the face of economic and political crises, armed insurgencies, drought, and hyperinflation. These same principles could be applied to any development initiative attempting to reach not just hundreds but thousands—even millions—of people at minimum cost in a way that is robust enough to continue long after outside staffing and funding has ended.

Start With a Vision of Scale, and Design for Viral Replication

Sir Fazle Hasan Abed, the founder of Bangladesh-based BRAC, the world's largest NGO, said, "Small is beautiful, but big is necessary." Every rural community is unique, but our task was to build a "good enough" intervention that could be duplicated widely. The sign of a well-implemented good idea is that others adopt it as their own. In Mali, well over half of the groups currently in place were trained by volunteers. Recall the conversation with Sali Coulibaly.

Less Is More, and the Simpler the Better

The key is to introduce a new idea and get out of the way as soon as those you are assisting can do it themselves. With too many visits and too much help, the groups remain dependent. My team developed a solution that met villagers' needs and was to be run by women in rural communities who had little or no formal schooling. For them, sticks, seeds, and pebbles were used to quickly tally outstanding loans, a system that proved to be far more accurate than written records. Simplicity translates into scale, low cost, and the spread of ideas by word of mouth.

Build on What Is Already in Place

Savings groups improve on traditional revolving savings groups—ROSCAs—which are already widely understood in the communities where we work. While savings groups and ROSCAs share the requirement that groups select their members, save regularly, and hold each other accountable, savings groups add variable savings, taking out loans when and in the amounts desired, improved record keeping, charging interest on small loans, and greater transparency. I knew we were on the right track when, after a few minutes of describing Saving for Change to a woman in Senegal, she responded, "I understand how this works. It's like a *tontine*, only better."

Be Sustainable

While many development programs have no lasting impact, approximately 95 percent of the Saving for Change groups in Mali, some of them trained almost ten years ago, are still saving and lending. Most are visited only every few months or not at all. While operating independently, these groups have survived a coup, an insurgency in the north, a major drought, skyrocketing food prices, influxes of displaced people, and faltering institutions, so there is little reason to believe they will weaken in the future.

Keep Costs Low

There are never enough resources. For an initiative to grow quickly and organically, costs must be low. For Saving for Change in Mali, support totaled $1,500 per village, which included training several groups and then progressively less frequent monitoring over three years. The documented impact justifies the modest cost—a decrease in chronic hunger, increased assets, more savings, reaching the poorest, and word-of-mouth replication within the village and neighboring villages as volunteers from established groups trained groups on their own account.

No Giveaways

Dependency kills innovation and restricts the viral spread of ideas. Alfred Hamadziripi, the Zimbabwean director of the CARE Village Savings and Loan Association (VSLA) program, told me of the disastrous first months of the program in his country. Each group received a matching grant equivalent to the amount they saved. The groups saved, received the match, and disbanded. Their motivation was to receive a handout, not the disciplined business of mobilizing and managing their own savings. CARE dropped the matching requirement in Zimbabwe, and the number of groups soared. In Saving for Change, the “no-giveaway” rule also means that groups pay for accounting forms and cashboxes. If there are no giveaways, those who choose to join groups fully recognize that the eventual success (or failure) of the venture is entirely in their own hands.

Insist on Local Control

Garnering local ownership can be a challenge, but it is a necessity. Local control allows the community to drive instead of only being along for the ride. The genius of savings group programs is that they can be carried out by local NGOs that devolve the responsibility for training more groups to volunteers. If groups depend on the presence of an outside staff person, they will disband when the outsider leaves.

Establish High Performance Standards and Insist on Meeting These Standards

Meeting high performance standards must matter in development work as much as it does in the business world. Know the targets that you want to reach and ensure that you get there. For example, each team of ten paid animators and a supervisor is tasked to introduce Saving for Change to three hundred villages with a combined population of three hundred thousand inhabitants. There were clear objectives for each team and each paid staff person. Each team was required to facilitate the training of eight hundred groups, of which two hundred were trained by the staff—one per village—and the remaining six hundred were trained by volunteer replicating agents who would train and support more groups after the staff was reassigned to another cluster of villages. Once objectives are clear, achieving them is much easier.

Embrace Learning and Innovation

Allowing for local control and respecting community input means constant improvement. Innovations from one village can spread only if the model is flexible and everyone involved is committed to learning. Using the principles of appreciative inquiry, NGO staff were periodically brought together and went through an exercise in which they were asked to define success in specific terms—a growing savings rate, excellent record keeping, and high attendance at meetings, among others. They were asked to rate how well the groups they were working with were meeting these objectives and then to come up with a plan for improving performance in any areas that lagged. Finally, to bridge the gap between planning and action, staff members were asked to commit to a specific action when they got on their motorcycles the next day to start to resolve this issue and to specify how success would be measured.

These principles are remarkably simple. In essence, each reflects the title of this book: *In Their Own Hands: How Savings Groups Are Revolutionizing Development*. If we truly believe that “they know how” and that our presence is to serve as a transitory catalyst of change, then the rest follows—scale, simplicity, building on what is there, sustainability, low cost, no giveaways, local control, setting standards, and embracing learning. I believe that this is the surest path to reaching the more than two billion people who could benefit and underpins my assertion that improving the lives of the poor need not be as complicated and costly as we once feared.

CHAPTER 2

A Group Meeting

The following tale of a savings group meeting is a sketch drawn from many sources. The village Kouloukoura and its economy, environment, and social structures were crafted from a composite of villages in its region that have been closely studied by Oxfam America, Freedom from Hunger, Innovations for Poverty Action, and the University of Arizona's Bureau of Applied Research in Anthropology. The characters featured here are themselves composite sketches, drawn from case studies of and interviews with savings group members and data that indicates what a typical group in this area may look like, including its members' livelihoods, family structures, and finances.

Kouloukoura

Bintou was thinking about rain as she wiped sweat off her forehead and put down the short hoe she used for weeding. Hours before noon, the day was already hot. Bintou lives in Kouloukoura, Mali, a midsize village of a few thousand people located in Mali's expansive Koulikoro region. The region is tucked below the Sahara desert to the north, where agriculture gives way to cattle herding. Kouloukoura, like many of Mali's villages south of the desert, receives enough rainfall

Location of Mali in Africa

for villagers to cultivate many crops; the size of the harvest, though, is extremely vulnerable to the impacts of seasonal rains and drought.

Bintou was eager to cut short her time in the field to attend her Saving for Change meeting, even if it meant forgoing an hour or two of work she could do before the sun got unbearable. She hadn't seen some of the women in her group since the last meeting and was excited for the chance to catch up. She made one last sweeping glance over her fruiting tomato plants before bending down to hoist a wicker basket onto her head, overflowing with peanuts she'd brought out of storage earlier that morning. She walked briskly down a well-trampled path of off-white, hard sand, glancing across the small cornfields and tight stands of trees near her home.

As she walked, Bintou poked her head in the entryways of neighbors busy inside the low walls of their household yards. Each wall surrounded an open-air living space bordered by a few mud houses with thatched or tin roofs, round thatched granaries, and shoulder-high, open-roofed latrines and bathing rooms. Some of the yards had small gardens like Bintou's within their walls or just outside. Most were bustling with little kids and three generations of women cooking over pots perched on stones, over coals fueled by firewood the women had collected earlier. Other women pounded millet in big wooden mortars with heavy four-foot-long pestles. In one yard, two teenagers were throwing the pestles into the air and seeing how many times they could clap their hands before catching the mortar as it fell. The rhythmic knock of the mortar provided a steady beat under everyone else's movements.

At this time of morning, most men were out tending their corn and millet fields, while the women were up and about, finishing chores before heading out to the fields to join their husbands. Of course, they still had time to pause and ask after Bintou's health and that of her family as she went by.

A Savings Group Meeting

Bintou was one of the last to arrive at the mango tree where the meeting was held, so she quickly found her place in the circle of twenty-one women and sat down among the group, emptying the basket of peanuts in front of her. Some other women in the group were also shelling peanuts, while others held their young children. Everyone sat on *pagnes*, colorful, multifunctional cloth wraps that serve as skirts and wrap-around baby carriers. Bintou leaned over to grasp hands and say hello to her friends and then pulled a handful of peanuts out of the pile and began to shell them, dropping the raw, hulled nuts back into her basket.

The group was sitting in the center of the village, the mango tree casting just enough shade to make the meeting pleasant as the hot morning sun climbed into the sky. With everyone settled, Aminata, the group's president, raised her voice to ask the first question. "Is everyone here?" she said in Bambara, the dominant language in the region, turning to the person on her right. Each woman made the same motion, confirming that the person who always sat next to her was indeed there. "What is our group called?" she sang out. The group replied, "*Benkadi*," meaning solidarity.[1] Aminata continued through the group's opening process, a ritual that laid out the agreed-upon ground rules and expectations at every meeting. Restating the rules upfront tended to keep disagreements and confusion to a minimum, especially since the group had no written charter, which could alienate members who could not read.

"What is our goal?" President Aminata asked.

The members called back, "To divide what we have saved all year among ourselves."

"How much do we save each week? What is the fine for not saving? What is the fine for missing a meeting?" Aminata continued, pausing after each question for the group's reply. When the group had stated aloud the terms for loans they had agreed to and a reminder of the meeting time and place, the president called for the collection of savings.

Oral Accounting

Three women stood up. One held a key aloft as she stepped to the middle of the circle, while another bent down to pick up a metal box by her feet and brought it to the first. The president asked the group to announce the amount of money that should be in the box: 14,400 of the West African franc, abbreviated CFA (US$30).[2] The two women unlocked the box and placed it down so that the third woman could count the money. There was respectful silence while she worked. She announced, "14,400 CFA." The first two women sat back in their places while the third, the cashier, remained with the box.

Next, the president asked to collect the fines owed from the last meeting for absences, tardiness, missing a savings deposit, and late loan payments. Failing to bring one's savings deposit meant having to pay a 50 CFA fine (10 cents) the next week in addition to bringing both weeks' savings. Being late cost another 25 CFA and an absence cost 50 CFA (5 and 10 cents, respectively) unless the member sent along her savings and a good excuse with another member.

A few women raised their hands and in turn called out the fine owed by the woman sitting to their immediate right.

Group members always sat in the same order, so each person could act as a "helper" for the one next to her. When the president called the name of a woman who owed money, the woman stood, occasionally to the ribbing of her fellow group members if she was one of those who teased back. The group was serious about money but easy on each other. They repeated the amount of their fines and handed it to the cashier, who announced the payment to the group fund. Hearing each step made every member a participant in the accounting, ensuring that everyone could follow along and understand.[3]

After the fines came the savings. While most women saved a single share of 100 CFA ($0.20) per week, many committed at the beginning of the yearlong savings cycle to bringing two, three, or up to five times that amount. When the fund was divided, those who saved more would receive two to five times the dividend of a woman who saved only one share. When it was her turn, Bintou stepped to the cashier and placed 200 CFA—two shares—in the palm of the cashier, who counted it and placed it in the box. She sat back down and grabbed another handful of peanuts.

Collecting savings and fees was the last part of the short weekly meetings, which usually dissolved into an impromptu party before everyone had to head back to work. Once a month the group held an extended meeting for paying old loans and taking out new ones and for hosting topical discussions and trainings. This was one of those longer meetings. Each member with an outstanding loan paid the interest on her loan, 100 CFA for every 1,000 CFA borrowed, or 10 percent per month. They decided to charge each other this high interest rate so that they could build the loan fund more quickly and receive a larger payout when the fund was divided. Once the interest was paid, those whose loans were due that meeting repaid them in full. Most of the loans were small, under twenty dollars; fifty dollars would be considered a large loan for the group. The majority of women repaid within one month, although some loans were for two or three months, and agricultural loans extended over as many as six months. After loan business concluded, the cashier counted and announced the amounts of savings, fines, and loans collected and the new total in the cashbox—26,000 CFA (about US$53). This was how much they could lend out this meeting.

Requesting Loans

The president then asked whether anyone would like to take a loan. Three women raised their hands, including Bintou. President Aminata called on her to speak first. Bintou pushed aside the pile of peanuts at her feet and stepped around her basket to stand in the center of the circle. She explained to the group that she needed a loan of 5,000 CFA to buy smoked fish and onions here in Kouloukoura to sell at the big weekly market in Soma. For the past year she'd sold these in Soma along with bags of roasted peanuts. With the loan, she could purchase more stock and expand the business. It had been a loan from her Saving for Change group that had allowed Bintou to begin selling in the Soma market last year.

The president thanked Bintou and asked for the next person to speak. Kadija stepped to the middle of the circle. This was the first time Kadija approached the group for a loan; she had been too afraid of the interest charges to ever take one before. She joined the savings group to build a savings account and to take advantage of the interest garnered from the loans of others. She had joined also to handle emergencies such as she faced today.

Kadija explained to the group that her husband was very ill, stuck in bed with a fever. He had not been able to work in their millet field for more than a week and had missed a chance to sell a goat at the Soma market. The family was running low on rice and millet stores, and Kadija didn't have cash to buy more. She requested an emergency loan to buy a bag of grain, to be paid back when her husband recovered. Kadija valued her privacy and her pride, so she hesitated to bring her family's needs up for group discussion, but she appreciated her ability to do so. Her savings group was more discreet and reliable than asking her family or, worse, begging or going without.[4]

Several women responded with blessings and murmurs of good wishes for her husband's recovery. Aminata spoke up, telling Kadija that *Benkadi* did not charge interest for loans in emergencies, and borrowers could pay the loan back at their own pace.[5] The members of *Benkadi* prioritized emergency loans for helping members in need.[6] Group members earned access to this safety net when each week they tightened their already narrow budgets and skimmed a few cents off their regular household purchases, depositing the money in the group fund. The effort other members put into gathering their savings validated each other's economic struggles, while the buffer their savings and loans created to deal with risks like these motivated each to save more.[7]

Finally, Tabika explain her loan request. Tabika was one of the busier merchants of the group, supported by two sons in Bamako and a husband with steady income as a nurse at a community health center in a nearby village. Her youngest child, barely a year old, was wrapped in a *pagne* tied as a sling around her torso, resting his head drowsily on her shoulder. Tabika saved four shares in her Saving for Change group and regularly took out loans. She said her son was visiting from Bamako soon and she would like a two-month loan of 20,000 CFA ($40) to give him money to buy children's clothes, which she would sell here and in Soma. Tabika already had an outstanding loan from a few weeks earlier for buying sweet potatoes to sell as French fries. She said the new loan would not interfere with paying back the first loan because she would separate them to make record keeping easier. She had begun taking overlapping loans very early in the savings cycle and had always paid on time.

LOAN 1: SUPPORTING A STRUGGLING BUSINESS

When everyone who wanted to take out a loan had finished explaining her needs, President Aminata opened each request to discussion in turn. She began again with Bintou. Bintou stood in the middle of the circle, listening to the discussion going on around her. Occasionally the group decided not to lend to someone or to ask a member to come to the next meeting with a revised plan more likely to result in timely payback. Other times they had to offer loans smaller than requested, depending on the amount of money available in the group fund at the time. Since it was their own savings that they were lending, the group was understandably cautious. That said, the members generally wanted to make loans because the loans would be repaid with interest. The more loans they make that are successfully repaid, the more money they accrue at the end of the savings cycle.

Bintou hoped her previous experience selling in the market would convince her fellow group members that she could easily make enough profits to pay back the loan and its interest, as well as earn a profit for herself and her family. One woman in particular disagreed. Assiatou argued that Bintou had missed her savings contributions at least once before, at the end of the lean season last year, before her family's harvest had come in. She wondered aloud how well Bintou fit her business—including the long walk to and from the Soma market—around all her household chores, agricultural labor, and childcare, as the season wore on.

Another woman responded to Aminata. Fanta was well respected because of her age and because she was the oldest woman in her large extended family, which included her husband and six children, a younger co-wife and her four children, and her husband's two younger brothers, their wives, and their children. Like Tabika, one of her sons worked in Bamako and her husband earned a regular salary, working as a schoolteacher, so her family had more money and was more educated than most in the village. She managed that household and her own garden and found time to cook and sell hot meals outside her home most evenings, stocking up on ingredients with regular loans from her savings group, where she saved five shares per week. Fanta's opinion mattered, so when Fanta told the group that she'd seen Bintou sell out of her wares in the Soma market before, those who had been skeptical eased off. In the savings group, personal relationships replaced collateral as assurance that borrowers would repay their loans. Those who trusted Fanta believed in Bintou. Since Fanta was already well respected in the group, her endorsement meant a lot to the other members.

At this point President Aminata stood and asked the group's members whether they thought Bintou should get her loan. A chorus of "*Awo*," yes in Bambara, went up, and Aminata looked pointedly at those who had expressed disagreement earlier. Assiatou and a few others nodded yes.

LOAN 2: EMERGENCY FOOD CRISIS

Aminata brought Kadija's request to the group. For the savings group, giving emergency loans to members in need filled many with pride. They could provide financial support to their friends and neighbors when what each could give individually would not have been enough. Kadija's loan request received no opposition. Instead, a few women who knew Kadija's family offered to bring a few bowlfuls of millet to her home before the market, to ensure that the family had enough to eat.

Kadija thanked everyone for her fortune to receive such generosity. Silently, she worried about repaying the kindness because, unlike Bintou and others in the group, Kadija rarely made or grew enough of anything to sell. Often she barely managed to make the weekly savings contribution, a few times struggling to pay fines for late payments on top of the regular deposits. She had skipped a meal that day and was tired from working in her family's farm plot without her husband's help over the past few days. She sat down heavily, grateful, tired, and already running the math in her head. With millet to make it to market day, she could buy enough grain with the loan to feed her family for another few weeks. She prayed that would be enough time for her husband to get better. Her family often ran out of food toward the end of the *soudure* dry season, just before harvest, but this was early, and it did not bode well for the leanest period.[8] She wondered whether she would need to sell one of her husband's goats herself and whether he would let her.

LOAN 3: SUCCESSFUL BUSINESS

Finally, Tabika stood up, the child tied to her back now awake and playing with her hair. Immediately, someone brought up Tabika's outstanding loan. This didn't faze her, and Tabika waited for a following speaker to remind the group that all year Tabika had loans that overlapped and had always paid them back on time. There had been one occasion several months ago when Tabika's youngest child, barely an infant at the time, was sick with malaria. She had spent most of her loan money on medications and then become ill herself, unable to buy the ingredients to prepare the meals she sold. Even then, Tabika's husband had stepped in and given her money to make her regular payment.[9] Besides being grateful to his wife and for her ability to access the money they needed to care for their infant, Tabika's husband wanted to be sure that she remained in good standing with her savings group because it had taken on such an important role in their family's budget.

With a good record and visible, profitable businesses providing assurance, the group did not need to discuss Tabika's request for long before agreeing to it.

Tabika thanked the group and sat down, conducting mental calculations of her own. Though her enterprises were some of the most successful of the group, Tabika's trading had plateaued. She spent her loans on purchasing stock to trade, but her profits were constantly redirected to consumption needs for herself and her family. She was stuck in a pattern of taking out repeated loans to sustain the same activities as when she first joined her group.[10]

At the same time, while Tabika's economic growth had stalled in the short term, she knew her savings and loans had enabled her to make economic decisions from a stable foundation upon which a better livelihood could be built—she could plan ahead knowing she had access to loans now and a share-out coming at the end of the year. This stability had a noticeable effect. Households in rural Mali operate in a climate of extreme and chronic vulnerability; unforeseen calamities such as malaria or drought regularly undermine planning for the long term. Perhaps over time, Tabika might be able to absorb greater risk and reinvest more and more of her earnings into a bigger business.

Loan Disbursements

Aminata announced the names of the three women receiving loans. Each walked toward the cashier, who announced the amount as she handed the money over. She calculated the 10 percent monthly interest on the loan, to be paid each month until the end of the loan, when the principal is due. Bintou pledged the amount aloud to the group: "I am taking a loan of 7,500 CFA for one month. I am going to pay the loan and 750 CFA in interest at the loan meeting next month." Bintou's helper repeated the message, committing it to memory.

The other borrowers went through the same process, though Kadija's loan had no interest and it was understood that her payback date could be extended if need be. It was expected that she would do her best to pay back the loan before the group's annual share-out. At the share-out, they would collect all outstanding loans and disburse the entire sum, including savings, interest, fines, and earnings from collective income-generating projects such as working as a group on a neighbor's field for a day.

Once the loans were handed out, the cashier recounted the money left in the box and announced the total. Everyone joined hands and repeated the number together before the cashbox was closed and locked by Aminata. The money management portion of the meeting was over.

Malaria Education

At this point a woman seated across the circle from President Aminata stood up.[11] Djeneba had been quietly watching the group's interactions. Djeneba was the group's animator, the staff member of a local NGO who had arrived in Kouloukoura the previous year tasked with forming a Saving for Change group if the community was interested. She had spent the meeting reflecting on when she first organized these women into *Benkadi*. She had led introductory meetings with community leaders and later with villagers to explain the savings group idea, ask questions about the community's financial practices and needs, and gauge enthusiasm for forming a group.

The members of *Benkadi* were the women who had been most excited to try out the new group saving idea. Many were slightly better off or more socially connected in the village, better positioned to risk trying the new idea.[12] Most had already pooled money together before in smaller cash "merry-go-round" groups called *tontines*, the traditional rotating savings associations common in Malian villages. In a *tontine*, members contribute a set amount of money to a pool that goes home with a different member in turn at each meeting. The simple mechanism enables its members to gather a usefully large sum of money for major purchases such as school fees or business investments, while requiring only small contributions at a time—particularly useful where members lack safe places to store growing cash savings and where the options for credit are nonexistent or perceived as usurious.

The Saving for Change idea sounded to them like an improvement on the basic *tontine*, turning weekly contributions into interest-garnering savings and allowing for flexible loan requests in different amounts and timeframes, a major difference from the rigidity of the *tontine* schedule.

Importantly, the Saving for Change model still kept all money management within the group. Unlike the microfinance institutions that some households turned to, Saving for Change groups brought in no outside money. The interest on loans stayed with the group members, and no external collector would come to threaten a member who couldn't pay. Unlike the microfinance institutions, too, Saving for Change had protections built in to ensure transparency through oral record keeping, so all of the members understood the group's processes and finances, keeping everyone engaged and in control. Regular meetings reminded people to save each week. The familiarity of the group with its members helped ensure that loans were repaid—and it left enough flexibility that the group could respond to emergencies, as it had for Kadija today.

The animator, Djeneba, remembered how exciting it had been when she started training groups. For the first six months of their weekly meetings, she led them through discussions so that they could decide on their responsibilities as members and come up with group rules guiding interest rates and fines. They set a collective goal (to divide their group fund, which would have grown larger from interest collected over the year) and elected a president, key holders, and a cashbox keeper. During this planning time, they were regularly saving their shares, so by the second month of meetings they had saved enough capital to begin lending. The first loans were a big relief to the cashbox holder, who immediately saw the benefit of disbursing the savings into the hands of members, diversifying the responsibility for protecting the money (and generating interest income too, of course).

After a few months of weekly savings meetings and monthly lending meetings, the group handled more and more of the process itself, with Djeneba receding into the background. The key to group survival would rest on the animator's ability to ensure that group members had confidence in themselves and the motivation to make the group work so that it could continue to operate without her.[13] After six months, Djeneba reduced her visits to every other week, and after nine months, the group rarely had any need to look to her for help solving a question, so she visited just for the monthly extended loan meetings.

Now, a year later, the meetings seemed to run themselves. Djeneba usually visited only quarterly, when she recorded data about the group for her NGO, a Malian nonprofit that collected records on its Saving for Change groups for Oxfam America, which oversaw the overall program. The compiled data helped Oxfam America monitor the group's progress and improve the program over time. Right now, though, Djeneba was halfway through a three-month additional training program for the group, a seven-session malaria prevention course. Malaria is a primary cause of death in young children in Mali and a leading cause of illness and its resulting loss of labor and income for all Malians.[14] Many a group member's business dream had been diverted when a malaria emergency forced a borrower like Tabika to spend loan capital on medicines or when exhaustion from the illness prevented a woman from implementing her plans. Most group members had survived the deaths of siblings or children. Because of the disease's impact on their lives, many savings group members already had a strong understanding of malaria, but they welcomed the informed explanations from the NGO-trained animator.

After greeting the women, Djeneba launched into her training on malaria prevention, following a curriculum developed by Freedom from Hunger, Oxfam's partner in Saving for Change. Instead of lecturing, she used the facilitation skills she'd practiced to generate dialogue. Djeneba encouraged the women to brainstorm and discuss ideas, allowing them to use their own judgment to evaluate why something like an insecticide-treated bed net would help protect from malaria-causing mosquitoes. Djeneba added that better nutrition and prenatal care could help make pregnant women, infants, and children stronger and more able to survive a bout of malaria, though not prevent it. She stepped in to dispel myths, such as that eating certain foods repelled mosquitoes. She asked the women what preventive tactics they used now and why.

"Is prevention better than treatment? Does the medicine always work? Can you always afford the medicine?" she asked the women, putting each question up for debate. "Who is most at risk for malaria?" Djeneba reminded them that infants and young children are most likely to die from malaria and that pregnant women who get infected are also at risk for anemia, low birth weight, or difficult births. Her goal was not to force everyone to always use bed nets but to ensure that the women learned enough to make educated choices about malaria prevention and treatment.

As she wrapped up, she told them that next month she'd discuss how to treat a bed net with insecticide so that they could do it at home, which is cheaper than buying a pretreated net. Djeneba thanked the women for their engagement and let them know she would stay after the meeting if anyone wanted to talk to her.

Replicating Agent Training

The training session concluded. President Aminata stood up once more. She thanked the members for coming to the meeting and reminded them of the time and location of next week's meeting. The women broke up into little groups, chatting, while a few with pressing tasks hurried home. The women who had brought things to work on, like Bintou had her peanuts, gathered up baskets or tied cloths into bundles, squatting down to hoist heavy loads on top of their heads.

Djeneba stepped away from a conversation with President Aminata to catch Bintou as she left the mango tree. Bintou put a hand up to steady the peanut basket as she turned back, curious and a little nervous—she had been awarded a lot of loan money that afternoon. What if the group had made a mistake and Djeneba was about to correct it?

Djeneba instead launched into a proposal.[15] She had just attended a "training for trainers" course taught by her NGO. They had asked animators like her to find Saving for Change members who had the dedication, open-mindedness, and passion to organize more women in their villages into Saving for Change groups and teach the skills to run their meetings themselves. She asked Bintou if she would like to train new groups in her village. Would Bintou like to become a replicating agent?

Bintou asked what the work entailed. Djeneba explained that if she agreed, they would go together to speak with Bintou's husband and get his agreement too before moving forward. Then Bintou would be invited to a three-day training with other replicating agents, where she would learn the process of organizing a group. She would receive a picture-based manual that leads replicating agents step by step through the process of forming a group.

Many women in Bintou's village had already approached Djeneba about forming them into a new Saving for Change group. As a replicating agent, Bintou would take on this task—she would help the women form a group, go over the steps of a meeting, and guide them to set their rules. Then she would attend their meetings as Djeneba did for *Benkadi*, helping members practice the steps, intervening less and less as the members learned to run the group themselves.

Bintou thought for a moment, considering the suggestion. Her small business had grown since she started selling vegetables with her first loan last year. With the added money from the business and share-outs, her family was eating better, even during the lean seasons when her family's grain storage was used up. With that first loan, Bintou found she could focus on increasing the yield in her garden by purchasing fertilizer and that she could afford the cost of travel to the bigger market to develop her trading business. Bintou had noticed a transformative difference in her life as loans and share-outs allowed her new business to grow. She still felt as though she worked all the time, but her labor had been paying off lately. Bintou knew she could spare a few hours per week to help other women in her village experience the same changes in their lives.

Djeneba emphasized that while animators may have technical knowledge, replicating agents come from the communities they organize, so they have a deeper knowledge of their neighbors' circumstances and needs. Djeneba explained that replicating agents are volunteers—Bintou wouldn't be paid—but her fellow villagers would respect her for this work. For some other replicating agents, newly trained groups had even volunteered a day of labor in the agent's garden to thank her and keep her motivated. This was an important role.

Bintou nodded slowly. Saving for Change was important to her. Members gained the ability to meet some of their families' endless immediate needs, smoothing the harshest valleys of their variable incomes; at the same time, many like Bintou could begin to save enough money to invest in a business, one that could someday be profitable enough to substantially alter their living conditions. Bintou could see that through these weekly savings and loans for small businesses, the group helped its members be better off. Emergency loans helped them weather illness and disaster, so they could avoid selling precious assets such as livestock or expensive farm equipment when circumstances might otherwise have forced them to sell livestock, or a plow, or a donkey-pulled cart. The changes in Bintou's life and the lives of her fellow group members were small, but they were significant. Life was less stressful now.

She agreed with Djeneba to go speak with her husband. She liked the idea of spreading this idea, helping to form savings groups.

Thank You For Reading

Did you like this excerpt? Tell us your thoughts:
bkcommunity@bkpub.com

Berrett-Koehler Publishers