STRENGTHENING RESILIENCE THROUGH ACCESS TO FINANCE

Findings from a comparative study between refugees and host communities in Kigoma
AGENDA

1. Background

2. Create income through provision of lump sums

3. Increase resilience against economic shocks

4. Liquidity

5. Stories from the field
1. **Background**

2. Create income through provision of lump sums

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BACKGROUND

FOCUS GROUPS

- Farmers
- Host communities
- Refugees

RESEARCH DESIGN

- 30 focus groups
- 150 individual interviews
- Savings database
Over one cycle, the average member saves more than 100,000 TZS.
The average loan is **45,000 TZS** and can be 3x their savings
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IMPACT OF SAVINGS GROUPS

2. Create income through provision of lump sums

A. Diversify IGAs
   • Kitchen garden for the dry-season
   • Add livestock

B. Strengthen IGAs
   • Purchase farm inputs
   • Buy in bulk and sell in camps
Farmers use their loans for other activities than they source their money for savings from.
Refugees are not able to diversify.
B. STRENGTHEN IGAs

• Refugees purchase products in bulk
  • Palm Oil
  • Sugar Cane
  • Mandazi

• With a TZS 100,000 loan, refugees report profit of ~TZS 43,000
  • Interest: 5% - 10%
  • Repayment latest after 3 months

• About 1/3 of farmers use loans to purchase seeds/fertilizer
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RESILIENCE TO SHOCKS

• Closure of common market beginning of March
  • Increase in prices
  • Reduction in profits
  • Reduction in working opportunities

• Did savings groups help mitigate the shock?
  • No control group due to barriers to exclusion
  • Synthetic control
SYNTHETIC CONTROL

• Research design
  • Use savings groups not in proximity to common markets
  • Create one artificial savings group that mimics saving behavior of refugees
  • Use artificial group that matches refugees most precisely prior to closure

• Outcome measure
  • What is the predicted saving and credit behavior after treatment?
After the closure of the common market, refugees' savings dropped relative to the host community counterpart.
SYNTHETIC CONTROL - LOANS

Refugees counter economic shocks with loans
1. Background

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LIQUIDITY

Groups keep very little cash in the box relative to the amount of loans that are given out.
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**STORIES FROM THE FIELD**

**CHANGES IN LABOR OPPORTUNITY IN THE REFUGEE CAMP AND HOST COMMUNITY**

### REFUGEES: business scale back

<table>
<thead>
<tr>
<th></th>
<th>Common Market</th>
<th>In-camp Market</th>
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<tbody>
<tr>
<td><strong>Selling price of 20 litres of palm oil</strong></td>
<td>TZS 40,000-45,000 (USD 17.4-19.5)</td>
<td>TZS 55,000-60,000 (USD 23.9-26.1)</td>
</tr>
<tr>
<td><strong>Expected time for selling 20 litres of palm oil</strong></td>
<td>Within 2 hours during a common market day</td>
<td>1-3 weeks</td>
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Tina
- 25-year-old
- Female
- *Tubaramure* in Nduta Camp

### HOST COMMUNITY: a shift in business

<table>
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<th>During Common Market Time</th>
<th>After Common Market Time</th>
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</thead>
<tbody>
<tr>
<td><strong>Business Type</strong></td>
<td>Selling fresh maize</td>
<td>Boda boda business</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>TZS 100,000 (USD 43.5)/week (two common market days)</td>
<td>TZS 10,000-15,000 (USD 4.3-6.5)/week</td>
</tr>
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Herman
- 24-year-old
- Male
- *Upendo Lishe*
Savings groups help members to generate and diversify sources of income.

Before joining the Dushigirame savings group in Nduta, the 32-year-old Naomi did not have any source of income and totally relied on food distribution. Thanks to the savings group, she opened a small tomato business, which has allowed her to diversify her household diet and feel economically independent. (Refugee)

The 43-year-old Justin from the Upendo savings group completely depended on mason work to support his family. After joining the savings group, he bought two chickens and a goat with the loans provided by the group. Egg business now becomes his additional source of income, and he expects to sell the goat after it reproduces. (AGRI)
STORIES FROM THE FIELD
HOW DO SAVINGS GROUPS BENEFIT GROUP MEMBERS?

Savings groups empower women.

The 45-year-old Peragia from the Mshikamano Savings Group said: “Previously if I want to take out a loan from a villager I have to bring my husband. And I didn’t take one because my husband would think I will have more money than him. After joining the savings group, I become more confident and I can cover my own needs without having to kneel down to him and ask for assistance!”

The 58-year-old Agnes is a female leader from the all female savings group Tushirikiane. She told us that with the help of the savings group, she can buy more agricultural inputs and pay labors for her garden. “I am a motivator of the group and I help training other group members. You can see with the mentorship training, women in our group become more confident now.”
STORIES FROM THE FIELD
HOW DO SAVINGS GROUPS BENEFIT GROUP MEMBERS?

Savings groups build ties among group members to help overcome hardship.

The 20-year-old Janet from the *Dushirukubute* Savings Group in the Nyarugusu Camp is a Burundian refugee who divorced her husband because he was repatriated to Burundi.

“Before joining the group, when my children were ill, no one in the neighborhood could help. But now with the help of the social fund, people in my group help each other and they would bring something to my kids when they are sick.”

*Dushirukubute* Savings Group in the Nyarugusu Camp
STORIES FROM THE FIELD
HOW DO SAVINGS GROUPS BENEFIT GROUP MEMBERS?

Savings groups promote communal farming in agri-based community.

*Mapambano* created an *agri-fund* dedicated to financing the farm business owned by the group. The members also decided to save more by *increasing* the share size from TZS 1000 (USD 0.43) to TZS 2500 (USD 1.09).

The women from the *Tushirikiane* savings group said that they became *more confident* after joining the all female group and wanted to buy a farm and livestock as a *group business*. 
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