Waiting for Rain,

Reaching for Mangoes

The origins, evolution, and roles of savings groups in rural Swaziland

By Julie Zollmann
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“Bonda entufiumeni vilanzini.”
Those who are lazy must learn from ants how to make a living.
– Swazi Proverb

Members trickle into Nzameya’s first savings group meeting of the year. After disbursing accumulated savings in December, old members are gathering with new ones who hope to join the group. Before the meeting begins members take turns describing how they spent their share outs.1 Doris Dvube, clasping her hands, explains that she bought fertilizer and a new tank to collect rainwater from the roof of her house, providing a back up water source when the community system of taps is not working. Another woman announces that she bought a new cooking pot. A young woman, at once proud and embarrassed, announces she finally was able to construct a latrine on her homestead, catching up belatedly to community standards of sanitation. The women laugh and clap for her.

Being part of a savings group has enabled these women to afford purchases of household durables they never believed possible. The group has helped mothers tackle the daunting costs of school tuition. It has made them feel confident and successful as wives and mothers by allowing them to serve their families meat on Christmas Day. These benefits are clear and undeniable.

1 At the end of every savings cycle, the group fully distributes and closes out the fund. Each individual receives her accumulated savings and her “share” of the group’s accumulated interest. In this paper, I use the term “share out” to refer to the event of distributing the total internal fund. An individual’s “share out” refers to the total lump sum—individual savings plus interest—she receives when the fund is fully liquidated. When the next savings cycle starts, the internal fund begins at zero.
But, these institutions are far from perfect. Similar to the findings of recent microcredit impact evaluations, Swazi savings groups seem to have little effect on new business investments, and they seem to have a very limited role in helping families deal with shocks. Savings group members’ vision of progress means saving bigger sums in their groups, not “graduating” into formal finance. Groups are not immune to the risks of microcredit. A surprisingly large number of members become severely indebted by participating in the group. In some groups, up to 30% of members earn negative returns on their savings. (Appendix B shows one community’s share out calculations.) But, they come back anyway; the benefits of cashflow management are worth the cost.

Issues of trust regularly interfere in group operations. Groups struggle to maintain accurate, honest books, and nearly everyone has a story of losing money to a corrupt group secretary. Surprisingly, the large, more anonymous groups seem to be more disciplined; lower levels of trust force closer adherence to rules laid forth in group constitutions.

Participation in savings groups is far from universal. Most visibly, men are typically absent from rural groups. But so are the very poor, either because local saving rates are set too high by those with more reliable employment or because the very poor have given up pursuits of livelihoods that will earn them the few dollars a month it takes to participate. Some have had to walk away after digging themselves into pits of debt by borrowing from friends, family and moneylenders to keep up with savings contributions and loan repayments. Others simply have no desire to be part of these groups: they have lost money through schemes like this before, they no longer trust these peers who have let them down, or they simply see no need for such a savings mechanism.

Over the past ten years, savings groups have been spreading rapidly throughout rural Swazi communities. Introduced first by enterprising women attempting to replicate groups they had heard of in other countries and Swazi towns, groups are now actively promoted by nearly a dozen NGOs. But both independent and externally-promoted savings groups face many of the same problems. The extent to which NGO support is building stronger, more stable groups is unclear.

The Setting
Swaziland is a small country of 1.1 million people nestled between southern Mozambique and South Africa. The country’s economy is integrated with and dependent on that of South Africa. Its national currency, the Lilangeni (pl. Emalangeni) is pegged to the Rand, and 80% of trade is channeled through South Africa.

Swaziland benefited from growth in the 1980s, primarily due to its location as an investment alternative to its neighbors: war-ravaged Mozambique and apartheid South Africa. The country’s gains during this period are now being reversed. Unlike most countries in the region, growth in Swaziland has stagnated over

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the last ten years, falling from 2.5% between 1980-1994 to just .7% from 1995-2006. The country is designated as a lower middle income country, which to a certain extent masks high levels of inequality and rapidly deteriorating human development. According to the IMF, the 20% richest Swazis account for 66% of national income, and 66% of the population remains poor. Approximately 70% of Swazis are rural subsistence farmers, though many of these families receive supplemental income in the form of remittances from family members who work in the public sector or have migrated to South Africa. While agriculture accounts for 10% of GDP, this is driven by large commercial farms, rather than subsistence farmers who sell little of their produce. The public sector accounts for 16.4% of GDP but 45.4% of formal employment.

Formal financial services are largely inaccessible to the rural poor. In 2003, FinMark Trust estimated that 28.5% of Swazis had savings accounts, though this was concentrated among residents of the country’s larger towns and cities. Those with formal employment and beneficiaries of pension or social welfare schemes have accounts through which they are paid. Banks have done very little to reach out to rural Swazis and those working in the informal sector. Many rural Swazis distrust banks and are frustrated and confused by unclear policies, high minimum balances, and costly transaction fees. Banks, however, have also lost the trust of the urban middle class who resent high charges and foreign ownership. One reason costs are so high is that there is too much cash in the formal financial sector chasing too few viable investment opportunities.

The country’s economic struggles are compounded by the burden of HIV. Swaziland has the world’s highest HIV prevalence, at 26.1% for the entire population. Among pregnant women, prevalence is 42%, with the highest proportion concentrated in women 30-34, among whom 49.1% carry the virus. Life expectancy has plummeted from 60 years in 1997, to just 32 years—half the global average—today.

Survivors, often widowed women themselves, bear the financial burden of caring for those who are sick, paying for funeral expenses, and raising the children of the deceased. More than 40% of households (50% in Shiselweni) are now caring for orphans. Due to reduced adult labor, capital, and lost knowledge, agricultural productivity is collapsing in HIV-affected households. Affected households reduce maize production by an average of 54.2% and cultivated area by 34.2%. Funds earmarked for business investment are often diverted to immediate and pressing needs. The situation is a chronic covariate shock, a slow onset emergency. The number of households not eating for an entire day and selling assets for food has been increasing. Long strained informal social safety nets are showing signs of stress, resulting in less reliable social support and fears of increasing community-level tensions and incidence of crime.

4 Whiteside 2006, cited in reviewing emergencies, 34
5 Whiteside, reviewing emergencies, vi.
Methods

This study focused on savings groups in a four-chiefdom cluster in southern Swaziland’s Shiselweni Region. Three of the chiefdoms—Velebantfu, Nzameya, and Ngudzeni—are on a semi-mountainous plateau, while the fourth, Mpini, is on the eastern foot of the plateau in lowveld terrain that extends to Mozambique. These four rural chiefdoms are connected with the closest town, Hlatikhulu, via a gravel road. The nearest bank branches are located somewhat farther in Nhlangano. Traveling by bus, the 35km or so trip to Hlatikhulu is two hours, while Nhlangano is about two and a half hours.

In consultation with community members and World Vision field staff, I selected four savings groups in a cluster of adjacent chiefdoms in Shiselweni. I was particularly interested in meeting with well-established groups that claimed to have formed independently of NGO assistance. The extent to which this was actually the case varied. One preexisting savings group broke up and reformed under a new constitution following a World Vision training. Another formed as a gardening group and transitioned into a savings group with support from the African Cooperative Action Trust (ACAT). One formed independently several years ago and raised the interest of a business development non-profit, which is helping them develop a sophisticated investment strategy and helping members professionalize their enterprises. The fourth group splintered off from this very large group. While it received no formal training, one of its members works for the local World Vision office, which implements a savings group program. (See Table 1 for comparison of groups.)

I visited each community at least twice. I interviewed the groups in their entirety twice with several days in between. If groups were willing, I reviewed their financial records and noted key figures and trends. I selected multiple individuals from each group for one-on-one interviews and also conducted one-on-one interviews with non-members and members who had left the savings groups in each community. Between two and four group members in each community were also elected by their peers to take photographs to provide visual insights into their experiences with financial management. These members participated in additional interviews to interpret their pictures.

The Origins of Swazi Savings Groups

While rotating savings and credit associations (ROSCAs), called “umholiso” (pl. imiholiso) in siSwati, have been around for decades, accumulating savings and credit associations (ASCAs) are somewhat newer, with the first groups beginning in the early 2000s. These groups, called locally “imihlangano ye Kongka yekubolekisa,” initially started by replicating experiences traveling Swazis observed from friends and relatives in other countries. Often with only a cursory understanding of these other groups’ operations, they developed their own rules and accounting procedures.

While groups continue to self replicate, there are now nearly a dozen NGOs that—for different reasons—form and support savings groups. NGO-formed groups have begun adopting the NGO lexicon calling themselves “ASCAs” to distinguish themselves from groups independent of support from an NGO.
## Table 1: Study Savings Groups

<table>
<thead>
<tr>
<th></th>
<th>Nzameya</th>
<th>Ngudzeni</th>
<th>Velebantfu</th>
<th>Mpini</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Members</td>
<td>40—4 Groups of 10</td>
<td>86</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>NGO Affiliation</td>
<td>World Vision (WV), but the group was initially independent for four years</td>
<td>None for savings activities; receiving business development support from SEDCO</td>
<td>ACAT</td>
<td>None—in part, spin off from Ngudzeni group; WV field worker is a member, but group not under WV supervision</td>
</tr>
<tr>
<td>Years in Operation</td>
<td>1 year with WV; 4 years independent</td>
<td>5</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Required Monthly Savings Share</td>
<td>2 groups save E50; 2 groups save E100; 1 group E20, new 2010</td>
<td>E60 cash</td>
<td>E20 cash</td>
<td>E50 cash</td>
</tr>
<tr>
<td>Other contributions (R=required; O=optional; C=circulating)</td>
<td>ROSCA contribution (equal to your savings share, R, C); E2 Orphan fund (R); E3 Incidents (R); E50 Grocer (C, O)</td>
<td>E50 Grocer (R,C) Additional saving (C, O) E50 One-time trust fund contribution (R) E2 Orphan fund (R)—supplemented with a portion of interest payments</td>
<td>E5 Orphan Fund (R) E10 Social Fund (R, C)</td>
<td>E20 blanket fund (R, C); E50 ROSCA (R,C) Additional savings (C,O)</td>
</tr>
<tr>
<td>Interest Calculations</td>
<td>10% per month on outstanding loans; Members earn only the interest they personally pay in; Uneven savings achieved by individuals overpaying into interest account</td>
<td>10% per month on outstanding loans; Interest distributed to all contributors based on size of savings; On large loans (&gt;E1000) first E100 of interest to orphan fund</td>
<td>10% per month on outstanding loans; Members earn only the interest they personally pay in; Uneven savings not allowed</td>
<td>20% per month on outstanding loans; Members earn only the interest they personally pay in;</td>
</tr>
<tr>
<td>Largest Loan Size</td>
<td>E2825</td>
<td>E15,000 (more possible if borrower capable)</td>
<td>E700 (average closer to E400)</td>
<td>E500 (group set ceiling)</td>
</tr>
<tr>
<td>Bookkeeping</td>
<td>Ledger—WV model</td>
<td>Passbooks—Self-designed</td>
<td>Ledger—Ledger</td>
<td>Ledger—Self designed</td>
</tr>
<tr>
<td>Other Savings Groups in Community</td>
<td>• ACAT savings group; • New “Hand in Hand” group forming for longer term savings • Group that saves for dishes and cutlery • Several women belong to large group in Velebantfu</td>
<td>• 3-4 smaller savings groups (one attached to WV); • 1 group saves exclusively for fertilizer</td>
<td>• Large, established group of 100 members with E290 monthly contribution; • Additional ACAT Savings Group; • About 3 other small, unaffiliated groups</td>
<td>• 3-4 other savings groups in community of similar size, most save less; • Some people belong to Ngudzeni group</td>
</tr>
</tbody>
</table>
The largest savings group-supporting NGO is World Vision, which started its program in 2005, forming 148 groups in six months with high demand from women in the organization's outreach areas. World Vision is interested in savings groups for their potential to address child welfare by empowering rural households, especially women, with financial services to expand livelihood activities. The organization envisions the path out of extreme poverty like a staircase where different intervention inputs are needed at welfare different levels. The destitute, World Vision believes, require relief interventions, like food support, before they can build skills or invest in successful micro enterprises. Savings groups, according to World Vision, are a tool for those a step or two later who are able to benefit from enterprise investment and expansion. The end goal is graduation into formal financial services, including larger loans for more advanced businesses.

Swaziland's oldest microfinance institution, Imbita, began forming savings groups recently to help women save the E50 (US$6.72) joining fee/minimum balance required to access the organization's savings, credit, and insurance services. These groups of at least 10 members save as little as E2-5 per week and are usually able to accumulate the joining fee within three months.

Several other organizations—Alliance of Mayors and Municipal Leaders on HIV/AIDS in Africa (Amicaal), Lutheran Development Services, ACAT, Red Cross, Save the Children, Council of Churches, Church Forum, Caritas, the Ministry of Tinkhundla (local government) and Development, and Hand in Hand—have joined World Vision in promoting savings groups to help meet the financial needs of the caretakers of orphans and vulnerable children at the country's neighborhood care points. The Global Fund project seeks to provide 6,220 caretakers with direct monthly stipends while making capital available for their microbusiness investments via savings groups open to both caretakers and other community members. Each organization has a different approach and expects to achieve somewhat different outcomes. For example, World Vision focuses on child welfare and trains groups primarily through a five-day intensive training for one member of each community and limited follow up support as requested by groups. ACAT and Imbita visit the groups more regularly for ongoing training and support. Hand in Hand has asked groups to save at least six months, in a group bank account, before making loans. They encourage members to lend specifically for business purposes. Unlike the other organizations, Hand in Hand encourages groups to rollover their savings for the long term instead of sharing out in annual cycles.

**Portrait of Savings Groups**

Savings groups in Swaziland almost universally begin in January and close out the fund in December, which tends to be a lean season while families await the harvest. Share out allows them to afford to buy Christmas luxuries, like meat, and also to contribute to the payment of January school tuition, by far the largest expense of the year for most families. In this area, all of the groups save on a monthly basis. The monthly cycle is familiar to most families because those who are formally employed or are receiving some kind of government benefit receive their payments at the

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6 Neighborhood Care Points (NCP) are places where children who are unable to attend school go for a portion of each weekday for 1-2 meals prepared by community caretaker volunteers. Children are kept out of school most often by financial hardship, but also due to interruptions caused by the death of a parent and severe child illnesses. UNICEF, the government, and other NGOs have tried to use these centers—which may be under a tree, at a church, or housed in an independent structure—to deliver a broader range of services to orphans and vulnerable children. Some NCPs offer health screenings, hygiene education, basic informal education/literacy training, and disburse in kind transfers of food and clothing. Nearly every community in Swaziland now has at least one NCP.
end of every month. Many families have a member who is or has worked as a public servant, at a job in one of Swaziland’s larger towns, or in the mining sector in South Africa. They are accustomed to salary and remittance payments at the end of the month that help them make their savings contributions and loan repayments. Local moneylenders (“ema-shyloki”) also follow this monthly schedule for their loans.

Group composition. The groups in this study ranged from 10-86 members. The smallest 10 member group was fairly simple with homogeneous composition. All the members were middle-aged women with very similar livelihoods. The other groups were strikingly heterogeneous. The Nzameya group (40 members) tried to combat the disruptive pressures of a heterogeneous group by dividing into four semi-autonomous sub-groups that each manage their funds separately and save in different increments. They have two groups that save E100 (US$13.30)\(^7\) per month and two that save E50 (US$6.65). One member is trying to start a new subgroup to save E20 (US$3.60) per month. Among the groups in this study, the lowest savings value was E35 per month and the highest (and most frequent) was E100. Some members of the Nzameya group belong to an unstudied group with a monthly contribution of E290 (US$39.20).

Borrowing behavior and interest rates. I observed groups using two different methods to allocate interest back to members. The first, I call savings-based. The group earns interest on funds lent to members and that interest is distributed in proportion to how much each member has saved. This is the method normally associated with savings groups and is similar in principal to how banks enable savers to earn interest. The second, I call borrowing-based, is unusual. At the end of the year, members’ lump sums include their savings contributions plus the interest they personally repaid on any loans they took themselves. If a member does not take a loan, she earns zero interest over the period. In this system every member gets back exactly what she put into the pot (less group losses from unrepaid loans), whether that was in the form of a savings contribution or interest payment. (Appendix A demonstrates this accounting system.) This second method is problematic.

There seems to be pressure on members to save in groups with higher savings levels, sometimes encouraging members to commit beyond their means. Those who have irregular incomes selling aprons\(^8\) or snacks outside of a local school can be in the same group as a salaried teacher. Salaried members tend to be able to better manage large loans. In theory, groups that have these types of members can achieve higher fund utilization and larger returns on savings.

This is exactly what happens in Ngudzeni, the largest study group with 86 members, which uses the savings-based interest method. This group can confidently make loans of E15,000 (US$2,030; bank loans can be obtained starting around US$300) to some of its wealthier members with larger businesses or salaries that ensure repayment. The interest on these loans is distributed back to members of the group proportional to how much each member has saved. Lower income members receive high returns on their savings without having to bear the risk of taking loans they cannot put to profitable use. This group also sometimes has excess liquidity stored in a bank account because the internal fund exceeds member willingness or need to borrow.

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\(^{7}\) At the time of this study, US$1.00= E7.4.

\(^{8}\) The standard attire for married women is a *sidziya* (pl. *tidziya*), normally translated as “apron.” Tidziya come in two forms: “full,” which resembles a dress, though it ties in the back and is often worn over other clothes and “half,” which is more like a standard Western apron draping over the front of a skirt and tying around the waist.
On the other hand, members in the borrowing-based interest system feel compelled to repeatedly take out loans to accumulate interest and grow their lump sum. The three groups using this system have their entire fund constantly in circulation. Members try to evenly distribute the loan pot amongst each other so that everyone has equal opportunity to earn interest. Some members report taking loans strictly for the goal of disciplining them to increase their interest account. One group actually requires every member to take a loan every month. The system may also make the group feel less at risk from bad loans since unrepaid interest is deducted from the borrower’s account rather than the other members’ accounts. But, it also creates an incentive for poor members to borrow beyond their means.

This was a major reason Phumzile Nhlabatsi has not joined a group in Nzameya:

“...My son says that he will lend me E20 to join the new, small group in Nzameya. It is good to join and let the interest grow so you can get many things at the end of the year. But, I am worried. Can I afford to take a loan? If I don’t, I won’t get any interest.”

Indebtedness. Those interviewed estimated that 10-25% of their members are “crying” at the end of the year, either because they had negative returns on savings, ended the year still owing the group money, or taking away the remnants of their savings only to turn it over to other creditors in the community. How prevalent is this phenomenon in reality? In one fairly established group, seven of sixteen members left at the end of the year with less than just the basic E600 (US$81.08) they should have accumulated by the end of the year. In nearly every group, at least one in ten members would end the year still owing the group money. Even in Ngudzeni, where interest is calculated more conventionally according to savings values, over indebtedness within the group was cited as a serious problem.

Especially later in the cycle, people borrow from neighbors and friends to keep up with savings deposits and loan repayments. When they exhaust these interest-free sources of finance, they turn to moneylenders. Moneylenders, most commonly used by those with more regular income streams, charge 30-50% interest per month. They offer some privacy and can lend in larger amounts than neighbors and friends. But, if you cannot repay in the agreed upon time, they can be brutal, far out of what is considered reasonable according to Swazi social norms. One notorious moneylender has been known to harass people on the bus, insisting delinquent borrowers immediately remove and publicly hand over clothing items on the spot if they do not have the money on hand.

“I used to take loans to buy material to make dresses. But I wasn’t able to sell those dresses by the end of every month. I ended up paying double [interest for two months] or more interest. Finally at share out I was able to pay off my debt...Now that I’m out of the group, we [she with other group members] am friends again. I’m building my market stall next to women in that group. I cannot join the group again, but if someone asked me for advice, I would encourage them to join.” Zimbili Cristina Ndlangamandla, Ngudzeni

“You end up owing everyone in the community, plus you owe the group...Some of them in our group, they were crying while we were laughing. They were crying real tears, sisi. LaMalaza9 was one of them. She cried a lot. There were some big disappointments.” Tynah Nhlabatsi

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9 Name changed.
Just joining the group is a stretch for many women: They get their first savings deposit—what they call the “joining fee”—from a friend or relative. This worries Tynah Nhlabatsi:

“You see now that we are starting, members are going around begging others for the joining fee. You need to join at a level that you can continue. It doesn’t make sense. People will not want to join us if they always see us begging.”

Savings values. Three of the four groups I visited allowed for uneven savings with the share value of the monthly savings being a floor. For example, if the share value is E50, you must save at least E50, though you are welcome to contribute E60 or more. Groups allow members to save above this floor either by making additions to their interest bearing savings account (Ngudzeni) or by essentially overpaying interest and recording additional savings in the flexible interest account. For the groups using the borrowing-based interest system, this keeps the accounting fairly simple for uneven savings. For example, if a member in a group with a share value of E50 wants to save E60, the E10 above the share value is recorded as an entry into her interest account. (See Appendix A for an example showing how this is recorded in group ledgers.)

Accounting. Accounting can be contentious in groups and is often cited as the reason past groups fell apart or former members left groups. When groups find a competent secretary they trust, they tend to stick with that secretary for several years. The groups I interviewed all preferred to keep the same secretary for three or four years. In Nzameya, one of the secretaries of a sub-group was believed to have tampered with the books last year. She did not return to the group this year, and a new secretary was appointed.

Groups that have developed their own simple forms of accounting seem to manage their books with somewhat more ease. The large group in Ngudzeni uses a passbook system cleverly devised by their dynamic secretary who has an internationally recognized certificate in accounting from a local training college. Members trust the passbooks and can interpret their personal records themselves.

The other three groups used ledgers. Only a few members in each group could interpret the books. The simpler ledger systems seemed more manageable for groups. The World Vision-trained group started off trying to maintain a ledger with multiple tabs, but were quickly overwhelmed and ended up keeping their entire account for the year on one page. Confusion is evident in the scratched calculations for end of the year distributions.

The lack of transparency in bookkeeping was a common concern raised by members in individual interviews:

“The problem was that when it came time for share out, we found that the books did not balance. We each had to take some away some of our own savings to make it balance…When we looked at the books, we could see that the numbers for some members had been erased and rewritten…The book was sleeping at the house of the secretary instead of in the trunk…That’s why I left the group…That secretary has left the group now. Maybe I’ll join again next month.” Sibongile Simelane

“Our first group ended, because there were a lot of noises. Someone said she borrowed a lot and she was supposed to get a lot of money. She thought she was being dodged…The new group is better because each and everyone counts the money. In our old group, the money was counted only by me [secretary] and the chairman.
There was no transparency. The new one is more fair and open... But, still, in some of the new groups there are problems with the books.” Zanele Bhembe

NZAMEYA, SWAZILAND. Doris Dvube shows fellow savings group members, Nonhlanhla Dlamini and Zodvwa Nhlabatsi, her personal monthly savings and lending plan for the upcoming cycle. Doris is trying to convince her group that individuals should keep a record of their planned and actual savings and loans to improve individuals’ financial planning and provide a check against the group ledger.

In the World Vision group, some members have suggested that every member keep a record of her own to compare to the group ledger and to help her plan her use of savings and loans in advance to meet bigger goals. Many other members objected to this suggestion, concerned about duplicating efforts or perhaps ashamed of their low literacy/numeracy that might inhibit them from maintaining a personal record.

“RUNNING AWAY” with loans. The biggest problem cited in groups—though it did not seem to lead to wholesale group dissolution—was non-repayment of loans. When asking about groups’ problems, this was universally interviewees’ first response. Members complained that others took loans and “ran away” or “disappeared.” The member avoided meetings thereafter, but usually remained in the community. In the groups I visited, most of these delinquent loans were repaid by
the end of the year, but members were still angry that the delinquent member held internal fund money that could have been lent again.

In a society that places a high priority on harmony, confronting those who do not repay and denying people loans they likely cannot afford is extremely uncomfortable. The groups of Nzameya avoid confronting delinquent borrowers. Ngudzeni has a more formal system in which the chairman visits the borrower at regular intervals, first to check on what the problem is, and later to collect agreed upon collateral—like cooking pots—which is pledged for very large loans.

The social tensions created by this can be socially costly:

“Some people took loans last year and ran away. The others talk a lot about them and the gossip was too hurtful.” Tynah Nhlabatsi

She says that the former teachers’ savings group ended because it opened social fissures:

“I also belonged to a group at the school, but it had some disappointments. When some teachers took loans, others would talk and say they had the spirit not to repay the loan. It made us talk badly about each other and we could see that some are more trusted than others. It was not a good spirit to have in the school, so we said, we better stop it.” Tynah Nhlabatsi

Multiple saving funds. Most groups do more than simple savings and lending. They have multiple saving funds earmarked for different purposes. Three of the groups I interviewed and most other savings groups as well have a small, non-circulating fund meant to benefit orphans and vulnerable children. Most often the fund accumulates until the end of the year, when it is given to specific needy children identified by the group.

The Ngudzeni group takes this obligation more seriously. They direct a portion of interest on large loans to this fund in addition to member donations. Essentially they sponsor or adopt specific children, meeting various needs as they arise throughout the year. They pay school tuition, purchase uniforms, and ensure the children have a nice meal at Christmas.

Many groups also have a social fund to pay for unexpected emergencies and crises in members’ groups. The Ngudzeni group uses this to purchase coffins for members who have lost a family member. The Nzameya group, however, designated this fund solely to cover transport costs in the event a member needs to travel to town on group business.

While the wholly independent groups are very proud of their charitable activity, the group in Nzameya that started these funds under World Vision’s direction seems to resent the extra requirements. At the end of the year, at least two sub-groups distributed these funds among themselves, topping up their own dividends, and several members complained about additional funds ratcheting up savings requirements at the first meeting of the new cycle. While World Vision still checks in on the group on occasion to collect information for its Management Information System, the biggest part of its support to the group ended after one member completed World Vision’s five-day training course.

Three of the interviewed groups also earmark a portion of their circulating savings for specific bulk purchases—groceries, dishes, and blankets. For example, the group in Mpini saves E50 per month
for their general savings and E20 per month for a blanket fund. All E70 circulates in loans. At the end of the year, however, E240 of a member’s savings principal will be used to purchase blankets. One member of the group will travel to Durban and buy an equal number of blankets for everyone in the group. These types of savings for bulk purchase schemes also exist outside of lending groups and preceded many members’ participation in the savings groups. Some—especially grocery groups—had a savings component, while others involved a one-time purchase of a desired number of shares in a bulk purchase arrangement.

Two of the four groups I studied also had a ROSCA component. Because members value the frequency of a ROSCA distribution over the size, they subdivide into ROSCA groups of 3-4 members who perpetually rotate and distribute the sum to a single member each month. Normally ROSCA funds are spent immediately on household needs while the accumulating savings allows members to save for larger durable purchases and school tuition. One member explained to me that she will buy one roofing tile each time the ROSCA comes around. When the accumulating fund shares out in December, she will buy cement. By January, she will build a new room on her homestead.

These multiple contributions can add up to very large sums. In Nzameya, members save E100 for their accumulating savings, E100 each month for the ROSCA\textsuperscript{10}, E50 for a grocery fund, E2 for orphans, and E3 for the social fund. In total, they are actually contributing E250 per month (US$33.80). In their first meeting of the new cycle starting in January 2009, the group considered adding on a new “death fund” of E10 per month. Several members objected to adding on any new funds.

Significance of groups. Women see a lot of value in saving up a lump sum of cash. Traditionally, women saved in sealed tins for long periods and broke them open like piggy banks to make large purchases. Men traditionally stored wealth in cows and goats, in which value could only be extracted in large lump sums. For many women, the prospect of saving for a large purchase was enough to motivate them to start a very small business—usually reselling snack foods, baked goods, fruits, and used clothing—just to be capable of joining the group. By selling mangoes, one group insisted, a woman could earn E200 (US$27) per month and join a group. Women seemed comfortable channeling large portions of their earnings through the group. A dressmaker in Mpini reported earning an average of E300 (US$40.50) per month in profits, of which she channeled at least E120 (40%) through her group.

Share out lump sums are most commonly used for school tuition and household durables. Women tend to invest in durables that lighten their workload at home, like water storage tanks, water taps, electrical wiring, dishes, cooking pots, countertops, and cabinets. Members always know how they will spend this money at the end of the year. No one I spoke with set aside any of these funds for long term or precautionary savings. In focus groups and individual interviews, members emphasized the importance of investing their share outs in big and visible durable goods. They felt it was important to demonstrate publicly that the group had enabled them

\textsuperscript{10} Some sub-groups save less. Their ROSCA contribution is fixed to the same level as the ASCA contribution.
to make these kinds of investments, things only the rich can normally afford. They wanted to prove that they were not just wasting time in the group.

Doris Dvube commented, “It’s important to have something to show for what you are doing so that others have faith.”

Nonhlanhla Dlamini’s family discouraged her from joining the group. They thought she was foolishly arrogant thinking she had enough money to keep up with the group:

“People think that those who are joining are those who have money…They used to shout at me, ‘Hey, where are you going? Don’t you know the people in that group have money, unlike you? Why do you go yourself to join? You don’t have money’”

Thandaza Tsabedze in Velebantfu showed me a photo she took of a stack of bricks and explained:

“If you have saved a lot of money, you should think of building a house to show you now have more money. It’s important to show other people that you are being successful, because some people look down on the group and they should realize the importance. Another organization can then be formed. If you see physical evidence, your attitude can be changed. People can see this from you building, but also if they see your children going back to school.”

Gender. There were no male members of savings groups in this area. They are only barred from participating in Ngudzeni. In the other areas, they choose not to participate. Some men want to participate. One woman member said, “My husband agrees with the group. He even wants to join. His only problem is that he does not see any other men there.” Some men said it would be humiliating to join the women’s savings group even if it made financial sense. They said they would like to have a group, but for men only. Some young men asked me to start a men’s group, so that they could join without shame.

Other men see the groups as cute little things women are doing with spare change. They claim that the money circulating in the groups is too small to interest them. This does not, however, keep them from borrowing money from the groups via their wives. Generally, men find it degrading to borrow money. Whenever there is an unmet household need, they send their wives to friends and neighbors to try and collect the needed funds. Interviewed men claimed that this is a cultural norm. It would be humiliating for them to visibly demonstrate that they were unable to meet the needs of their families.
Money is one of many things husbands and wives prefer not to discuss. Men tend to think their financial lives are not their wives’ business. They feel that as household heads they should make independent decisions about the use of the main household income from salaries, cattle, and farming. Women are generally able to make their own decisions about money they generate on their own small plots of land and gardens or through small businesses selling snacks, fruits, chickens, etc. Thandaza Tsabeze explained:

“Hens are like us here in the group. We are working for our children. The female chicken, when she is full, will save some food for the next day. Both the male and female chicken work, but only the female saves. The men at home don’t save, but they might give a little something to their wives to save. The female chicken will do whatever it takes to feed the chicks. She scratches the dirt to pull up things that are buried. The female chicken feels happy because she is taking care of her kids and doesn’t need to stress.”

For school teacher, Busisiwe Hlandze, the group helps her put aside a portion of her paycheck to give her children small luxuries, like a meal with meat and yogurt on Sundays and exposure to the world with a television and a field trip to Nhlangano.
“I decided to use part of the share out to take all my children to Nhlango and pick out their Christmas presents. They had to make a list of the five things they would buy to teach them about budgeting and priorities. They had to start with the needs first and the wants last. When they get into the shops, they always want the things that are glittering. But, I said, ‘No. When you go to the shop to get bread, if you always buy cakes instead, you will go hungry.’ I wanted them to see things like the robots [stop lights], tar roads, and different types of people in town, like whites and Chinese. I wanted them to know how to board a bus and buy something in a big shop. It’s important for them to know that life can be different.”

Many women also prefer not to discuss money with their husbands, because they believe it introduces discord into the marriage and is therefore much better left unspoken. They wait to see how men spend the money and then fill in gaps. For example, most said that it’s men’s job to pay school tuition, but in the end, this is the number one use of women’s savings group funds. The women say that men are fickle about paying tuition. Some do not value education. Some don’t feel money should be spent on children. Generally, both men and women claimed that men will always find money when it comes to cows, and women when it comes to kids. This difference is starkly observed in the investment choices of households headed by female widows, who other women sometimes refer to as “free women.”

<table>
<thead>
<tr>
<th>If my savings group was an animal, it would be</th>
<th>If the bank was an animal, it would be</th>
</tr>
</thead>
<tbody>
<tr>
<td>In individual interviews, I asked participants to compare their savings groups and banks to animals, hoping to understand the different ways the instruments were perceived and used and how they might complement one another. Below are some of the responses:</td>
<td></td>
</tr>
<tr>
<td>The bank would be “A pig, because it just eats and eats, and after some time you kill it. The group is a chicken. The chicken keeps hatching eggs; the pig is just killed. The best thing about the group is that you put a little and it grows.” Nonhlanhla Dlamini</td>
<td></td>
</tr>
<tr>
<td>The savings group is “like a hare, because it is clever.” The bank is “like a cat, because it is portable. You can take it with you wherever you go, wherever you need it.” Zanele Bhembe</td>
<td></td>
</tr>
<tr>
<td>“The bank is important like a lion. You can’t just go to the bank to take money for bread and chickens. You can only go there for big and important things. Whenever you take from your bank account, you must replace it…The savings group is like a donkey, because it works hard for you. Even if you mistreat it, it keeps working without complaint.” Imphilisiwe Mamba</td>
<td></td>
</tr>
<tr>
<td>The bank is like “a turkey, because it makes me happy and doesn’t eat too much.” The group is like “a lion, because it is powerful and useful in the community.” Saralinah Mamba</td>
<td></td>
</tr>
<tr>
<td>The group is like “a cat, because it is useful catching mice around the house.” The bank, “is a snake. It will bite the cat if they ever cross paths!” Esther Masuku</td>
<td></td>
</tr>
</tbody>
</table>

Investment choices. Loans are most often used for consumption needs, followed by working capital. Except for the very large group, no groups reported investments in fixed capital for expanding businesses or making them more productive. In the large group, loans of up to E15,000
could be made, but only to the most wealthy members. This echoes the microfinance impact literature that finds the greatest impact enjoyed by wealthier households with existing businesses. However, women find the consumption smoothing aspects of the groups very helpful. They repeatedly emphasized that the group takes away the “stress” of meeting their families’ basic needs throughout the year. They are even willing to accept negative returns on their savings in exchange for cash flow management in the form of loans, even in small amounts.

Forward to formal finance? Groups rejected the notion harbored by practitioner NGOs that savings groups are a stepping stone to larger, more complex or formal financial instruments. Members were much more confident that their children would save in groups rather than formal banks. Bank accounts are seen as instruments for the employed, and people have little faith that their children will have formal jobs. Women with larger enterprises also have bank accounts, but it is not particularly common. Many dislike banks because of the high transaction fees, minimum balances, fines for dropping below the minimum balance, and lack of clarity about these fee structures. Foreign ownership of most banks reinforces their fear that banks are simply there to exploit Swazis. Few consider banks for loans, though some with government salaries take loans to spread out the tuition burden over the course of the year. Business loans at the bank are generally out of the question for female borrowers. They find banks intimidating, requiring co-signature of a husband or male relative along with collateral, all difficult for women to secure. Even the most prosperous members would prefer to withdraw all funds from the financial system. Dorah Sibaya, secretary of the Ngudzeni group, summed it up in a simple sentence, “Banks cause a lot of confusion.”

The large Ngudzeni group does, however, have a group bank account, which is used to safely store excess cash between meetings and to accumulate what they refer to as their group “trust fund.” All members contributed E50 to start the trust fund. Since then, they have decided to start a complementary group business. In the business, they will generate income first from renting out funeral and party equipment (tents, benches, and cooking pots). With the help of a local NGO, the Small Enterprises Development Company (SEDCO), they have developed a business plan to evolve into a more complex business services company. Several NGOs have been inspired by their work and offered them small grants. They have placed these in their “trust fund,” so that they can be used for intentional, productive investments. As of January 2010, they had accumulated E14,000 (US$1,891).

While there seems to be little vocal interest from groups, some banks have spoken with World Vision about creating linkages with groups. FinCorp has agreed to provide group loans to those groups who can demonstrate a few cycles of strong performance. They are willing to use the groups’ internal records as proof of performance when considering new loan decisions. Similarly, area banks are willing to use the local MFI Imbita’s passbooks as a record of a members’ saving and repayment history when applying for formal loans.

Large groups. There are two very large groups in the area that have garnered reputations for being particularly trustworthy, and serious. Women who are able join these groups even if they live outside of the chiefdom. Members claim that these large groups function particularly well because the members do not know each other as intimately. Because decisions cannot be based on relationships, there is stricter adherence to rules laid out in the constitution. Members are fearful of being expelled from the groups or having collateral seized, so they always go to meetings, always arrive on time, and go to great lengths not to lapse into delinquency. One woman who belongs both
to a small community group and a large group with more diverse membership explained that in the small group a member feels like her peers will be flexible and forgiving. In the larger group where people don’t know you as well, you are always trying to prove yourself so that they will continue to trust you and allow you to remain in the group. The large Ngudzeni group decided early on that to manage a group of 100 members, they would need to adhere closely to their constitution.

Large groups are able to achieve some of the advantages of banks, without the formality. The heterogeneity of members means that net savers’ funds are utilized by net borrowers and both types of members realize net gains.11 Some administrative economies of scale are achieved in Ngudzeni’s group with a star accountant managing the records.

Their size and success attracted SEDCO’s support for their group business. With SEDCOs guidance, they claim to have improved the performance of their small businesses and are now two years into their group business strategic plan. Their new business, Lubambano Investments Ltd., provides:

- Business advisory, production, marketing, and financial management services;
- Bill pay services; and
- Educational (primary and secondary) and business loans.

The group has acquired land for a business center where their savings group members can establish working and marketing facilities. They are also beginning to earn revenue from the rental of special events equipment (tents, benches, and pots) acquired with their trust fund savings. Savings group members are the primary shareholders of the business, though men were also invited to purchase shares. “Next time you come back,” Dorah says, “you will find that Ngudzeni has transformed into a real township through this business.”

Financial gaps. Members can partly diversify their savings through memberships in multiple groups. Most communities have 3-5 groups. About half of the members in the interviewed groups belong to two or three groups, sometimes joining the large groups outside their own chiefdom. But, the maturities of these groups are all the same. Whether or not the groups’ savings and lending activities help families cope with severe shocks is questionable. Savings cannot be withdrawn before the end of the year and is generally earmarked for specific purchases at the onset of the cycle. Loans are available only at monthly meetings, necessitating some planning on behalf of members. The size of these loans is limited depending on the member’s perceived credit worthiness and the size of the internal fund. When hit by a serious shock, such as a death or illness in the family, most members continue to draw on loans and gifts from their social networks, borrowing from high-cost moneylenders, or the sale of assets to meet their needs.

Long-term precautionary savings is almost completely absent among group members and non-members alike. Those with bank accounts use them to accumulate a specified sum and then withdraw everything but the minimum balance regularly. There is no culture of long term savings. Households do not prepare for unforeseen emergencies. Families collect money from friends and family only after disaster strikes. Families with cattle often sell cows during a crisis as well.

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11 Abhijit Sharma and Brett Matthews observed savings group managers in Assam also working explicitly to form groups pooling net savers with “star borrowers” to help savers maximize returns. Their study, “On an Informal Frontier: The ASCAs of Lower Assam” can be found in the forthcoming volume Wilson, K., M. Harper, and M. Griffith. Financial Promise for the Poor: How Groups Build Microsavings. Virginia: Kumarian Press, 2010.
Frequent deaths, however, are causing loan repayment crises within groups, at microfinance institutions, and banks. Funerals are expensive and force borrowers to divert loan money from their businesses to consumption related to the funeral. The local MFI Imbita now requires all borrowers to purchase funeral insurance. The Royal Swazi Insurance Corporation also offers affordable funeral insurance payable annually, which aligns with groups share outs. A private mortuary, Dubs, offers a monthly plan, which is more attractive to salaried employees.

Helpful but Insufficient  What Savings Groups Cannot Do

Savings groups benefit most members. But, the very poor do not belong to groups. According to groups, there are lots of people who are too poor to join, but no one is too rich. Interviews with non-members echoed this challenge. Overwhelmingly women who have never been members feel like they cannot afford to join. Their incomes are too small and irregular to feel confident they could keep up with the level of savings set by their communities. Groups have not been able to fully solve the challenge of accommodating a large range of income levels. One small, heterogeneous group in Velebanfu set a fairly low and manageable monthly savings rate of 35 Emalangeni, but other groups seem to set rates that are significantly higher and difficult to maintain on the income from common livelihood activities, like selling snacks, frozen juices, or reed mats.

Woman after woman, the message was the same: saving is easy, it’s earning money in the first place that’s tough. And what’s so hard about making a few dollars a month? It’s only partly an issue of finance. Finance can only help people take advantage of market opportunities. In rural Swaziland, those opportunities can be frustratingly limited.

“Saving is not a problem. To save is easy. What’s difficult is to bring back the money you have borrowed,” said Sibongile Simelane.

Group members, though, often implied that those who said they couldn’t afford to participate were too lazy to get to work making more money:

“…But you know, sisi, to speak the truth, money is here [points to head] and here [points to hands]. If we use these things we can get money. People think you can get money if you are employed, but it’s not so. You lose that start [paycheck] quickly if you’re not managing it.” Tynah Nhlabatsi

“People who don’t join seem to be lazy…Poor people am save if they have the will. Even if you have nothing else, you have a hoe. You can take your hoe to your neighbor’s farm and work a bit to repay your loans and save for the future.” Saralinah Mamba

But even more deeply, there is a challenge of summoning up the energy, the creativity, and the confidence to go after something that just might be viable after decades of social dislocation owed to migration and rapid systemic change, not to mention the overwhelming scale of death, livelihood stress, and subsequent depression triggered by exceptionally high HIV prevalence.

“When I go to the communities,” Thuli Chapa, World Vision’s Micro Enterprise Development Manager tells me, “I’m a counselor first. We need to attend to the person before talking about money. Women are hurting each other because they are all bleeding in one way or another.” For Chapa, savings groups are about more than financial services; they are about repairing psychological damage and building women’s confidence so that they may climb the steep ladder out of poverty.
Groups could be a part of that process, but it is by no means guaranteed.

Implications

This study is too small to make generalizations about savings groups elsewhere in Swaziland and beyond. It does, however, force one to reflect on assumptions about how groups work and suggests new dimensions we to consider when designing savings groups programs and evaluating the impact of financial services.

Value of qualitative, open ended research. Actual savings practices, stories of defaulters and internal tensions, conflicts over bookkeeping, and members’ layered debt to family members and moneylenders surfaced in informal conversation. Ambiguities and complexity became clearer after meeting the same groups multiple times using multiple methods. More directed research runs the risk of perpetuating assumptions about what groups are actually doing. My hunch is that World Vision’s technical team is unaware that some groups are calculating interest based on how much debt members assume rather than how much they save. If a group says their interest is 10%, do we take the time to ask what that means?

Potential benefits of large groups. Small, homogeneous groups may make sense in some contexts, but how well can these groups really meet individual’s financial needs? There are two large groups in this study area—one in Ngudzeni that I studied and another of more than 100 members in Velebantu that shares members with some of Nzameya’s groups. Members and non-members of these groups both believe that these two groups are the strongest and best savings groups around. They say the groups are serious and disciplined. Perhaps because of their size and decreased intimacy of members, they adhere more closely to the rules. Perhaps large groups achieve economies of scale enabling larger numbers of members to benefit from the best administrators and secretaries in the area. In Ngudzeni, the size of the group makes it able to better serve social needs, such as purchasing coffins for members when a family member dies and helping to meet the basic needs of the area’s most destitute children. Large, heterogeneous groups may do a better job of matching savers and borrowers, such that the very poor who want to focus on savings can realize returns without assuming more risk through loans than they can realistically manage. Another potential benefit, though I’m not sure it’s being realized in these two large groups, is that star entrepreneurs regularly interact with members struggling to start and maintain businesses. There are opportunities for learning and collaboration.

Teaching financial principles not just behaviors. Very few rural Swazis, including some who have been group members for years, are very confident in their ability to manage money. As we waited for group members to arrive for an afternoon meeting one day, my research assistant, Zodvwa said, “I have been listening to all that you are asking and what people are saying, but the truth is, I don’t know if I am good at managing money or not.” We talked through a few money management concepts like trying to use loans for investments that produce returns instead of for consumption, interest rates being a reward for those who allow you to borrow their savings, and the principle of competitive advantage. She excitedly latched onto these ideas and started thinking differently about business opportunities. “You mean that if there are four women hawking second hand clothes from Mozambique, but all of them are selling women’s clothes, maybe you could make more money by selling men’s and boy’s clothes.” Exactly!
The danger of strict savings group models is that they focus on getting the behaviors right without necessarily providing stronger intellectual tools and principles that improve individuals’ abilities to earn and manage money. With so many hardworking, bright, and unemployed high school graduates, I could see an interesting opportunity to recruit and train some of them be local financial planners. They could help small entrepreneurs think strategically about their businesses and coach families to ensure that their financial bases are covered in terms of saving for both investments and shocks while also managing cash flows.

Tradeoffs between scale and flexibility. Organizations like CARE, Oxfam, CRS, and World Vision have been able to rapidly expand groups partly by delivering very standardized models of savings group services. While this may yield huge benefits in terms of efficiency, flexibility is lost. For example, in this area women have built unorthodoxly large groups that are becoming transformative forces. Small groups in Swaziland's stratified rural areas may not be an optimal savings group strategy. More flexible groups might also have a portion of their internal fund that does not liquidate annually. While this widely shared programming principle may be helpful for accountability, it is a less than ideal way to cushion the livelihoods of the poor from severe shocks. It orients members around savings goals for asset purchases. But, especially where groups are an alternative to banks, there is a major gap in terms of precautionary savings.

Reconsidering groups as platforms. In some places, groups may be an obvious way to channel information and additional services into a community. In Swaziland, this does not seem to be a good idea. The very poor are largely excluded from groups. There are multiple groups in the same community that are both affiliated and not affiliated with an NGO. Depending on the nature of the complementary service, introducing it to NGO-affiliated groups only could exacerbate inequality, provoke resentment, or place undue burden on an otherwise successful group content to focus on what it does well—providing very simple financial services to members.

Tempered Expectations on the Role of Finance

One afternoon I stopped to see Nomphumelelo Dlamini and found her resting under a tree with a bouquet of ribbons and silk flowers. A dozen members of her savings group had just paid E50 (US$6.75; half their monthly savings) to receive training on how to make these flower arrangements for weddings. Discouraged, she laughed uncomfortably. “I just spent 50 emalangeni to make this. Where could I possibly sell this?” I couldn’t help but sympathize.

Over in Mpini, Nora Ndlovu complained about her trouble raising chickens. “World Vision taught us how to raise chickens. We got together and bought chicks, but when they were ready to be eaten, no one wanted to buy them. We had to reduce the prices from E40 to E25. It was a waste of chicken feed.”

In Saving Capitalism from the Capitalists Raghuram G. Rajan and Luigi Zingales reflect on the role of finance in the wake of the 2008 financial crisis. “Finance,” they write, “can find and mold the clay of opportunity, but it cannot create the clay itself.” This study suggests that the same measured humility is necessary for considering the role of savings groups in rural livelihoods.
A Tale of Three Women: The Heterogeneity of Savings Group Experiences

Saralinah Mamba is a star entrepreneur in Esivaneni Women’s Association in Ngudzeni. Like other women, she raises chickens, she sews, she grows maize and sells mangoes. But unlike many of her peers, she has shaped these strategies into something reliable, competitive, and year-round. She’s generated enough savings to buy a large freezer where she stores chickens ready for sale. She produces goods to suit the demand of specific customers, including a nearby NGO. She balances her summer businesses like mango selling with winter ones, like sewing track suits. She seeks to fill unmet needs, like welding car repairs and security doors. Resourceful, undefeated, thoughtful, Saralinah has built herself a lovely home and bought herself a car, a purple Rav4 she points to with confidence, but not pride. “Anyone,” she says, “can save if they have the will. Even if you have nothing else, you have a hoe. You can go and work at your neighbor’s place and to repay loans and save for the future.”

Not far away, Langekana Mkhatjwa isn’t so sure. She says she never has money to save. Nearly everything she earns from her farm goes to school tuition for her seven children. She used to sell snacks outside the local school, but even this became too much of a financial burden. She never could manage to keep a consistent flow of working capital to maintain her stock from town. Langekana feels powerless to the forces of nature and relies on the generosity of neighbors to see her through financial woes. Savings groups and banks aren’t for people like her, she tells me. First you have to have money to manage.

Zimbili Cristina Ndlangamandla instructs her teenage son on where to dig in the wooden stakes that will form her new market stall at the bus stop. Here she will resell bananas and mangoes she buys every few weeks from a plantation about 30 kilometers away. She’s learning to make a living for herself, but, for her, the local savings group was no help. Her needs always outpaced her irregular income from selling fruits and dresses. She ended up taking loans from neighbors, friends, and moneylenders to keep up with her savings contributions and loan repayments until she finally ended up leaving the group at the end of last year just barely repaying what she owed to the group and taking no savings away. She would encourage other women to join if they have the money, but, from now on, she’s sticking to saving money in a tin can in the house.

Saralinah, Langekana, and Zimbili are fairly representative of the experience of Swazi women with savings groups. Groups can be powerful vehicles for diversifying and expanding businesses and enabling hefty payment of school tuition and important household durables. But, they are not accessible for all members of society, and for some—more than most observers of savings groups would have expected—they initiate a spiral of indebtedness that leaves up to 50% of members receiving negative returns on savings, owing more than their current savings to external lenders, and, as the groups say, “crying” at the end of the year.
## Appendix A: Example Accounting System

Example of Account Entries for Groups in Which Members Only Receive the Interest They Individually Pay:

### Member 1:

<table>
<thead>
<tr>
<th>Month</th>
<th>Savings</th>
<th>Orphan</th>
<th>Loans</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>100</td>
<td>2</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td>100</td>
<td>2</td>
<td>200</td>
<td>10</td>
</tr>
<tr>
<td>Mar</td>
<td>100</td>
<td>2</td>
<td>300</td>
<td>20</td>
</tr>
<tr>
<td>April</td>
<td>100</td>
<td>2</td>
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<td>30</td>
</tr>
<tr>
<td>May</td>
<td>100</td>
<td>2</td>
<td>400</td>
<td>50</td>
</tr>
<tr>
<td>June</td>
<td>100</td>
<td>2</td>
<td>500</td>
<td>100</td>
</tr>
<tr>
<td>July</td>
<td>100</td>
<td>2</td>
<td>350</td>
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</tr>
<tr>
<td>Aug</td>
<td>100</td>
<td>2</td>
<td>700</td>
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<tr>
<td>Sept</td>
<td>100</td>
<td>2</td>
<td>700</td>
<td>100</td>
</tr>
<tr>
<td>Oct</td>
<td>100</td>
<td>2</td>
<td>200</td>
<td>70</td>
</tr>
<tr>
<td>Nov</td>
<td>100</td>
<td>2</td>
<td>--</td>
<td>20</td>
</tr>
<tr>
<td>Dec</td>
<td>100</td>
<td>2</td>
<td>--</td>
<td>50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1200</strong></td>
<td><strong>24</strong></td>
<td><strong>3650</strong></td>
<td><strong>670</strong></td>
</tr>
</tbody>
</table>

In early months, everyone takes equal portions of the internal fund in loans. Members can pay more than their required interest—this is often far above the required amount. In very late months, many loans are outstanding and the internal fund available for new loans is small. Some groups don’t allow lending in November.

### Share Out Calculation

<table>
<thead>
<tr>
<th>Member</th>
<th>Savings</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1200</td>
<td>670</td>
<td>1,870</td>
</tr>
<tr>
<td>B</td>
<td>1200</td>
<td>520</td>
<td>1,720</td>
</tr>
<tr>
<td>C</td>
<td>1200</td>
<td>700</td>
<td>1,900</td>
</tr>
<tr>
<td>D</td>
<td>1200</td>
<td>1040</td>
<td>2,240</td>
</tr>
<tr>
<td>E</td>
<td>1200</td>
<td>620</td>
<td>1,820</td>
</tr>
<tr>
<td>F</td>
<td>1200</td>
<td>550</td>
<td>1,750</td>
</tr>
<tr>
<td>G</td>
<td>1200</td>
<td>850</td>
<td>2,050</td>
</tr>
<tr>
<td>H</td>
<td>1200</td>
<td>220</td>
<td>1,420</td>
</tr>
<tr>
<td>I</td>
<td>1200</td>
<td>440</td>
<td>1,640</td>
</tr>
<tr>
<td>J</td>
<td>1200</td>
<td>450</td>
<td>1,650</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12,000</strong></td>
<td><strong>6060</strong></td>
<td><strong>18,060</strong></td>
</tr>
</tbody>
</table>
Appendix B: Actual Share Out Values for Mpini Savings Group

This group was saving E50 per month. Members should have saved at least E600 each by December. They also were each depositing E20 per month for a blanket fund. These funds circulated in loans, but were not included in the savings figures below and were taken out of the internal pot before share out. This should have helped increase returns on savings. What happened in reality was that many members could not repay their loans, and balances were deducted from their savings.

<table>
<thead>
<tr>
<th>Savings</th>
<th>Interest</th>
<th>Total</th>
<th>Return on E600 total expected deposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>492</td>
<td>550</td>
<td>1042</td>
<td>74%</td>
</tr>
<tr>
<td>300</td>
<td>600</td>
<td>900</td>
<td>50%</td>
</tr>
<tr>
<td>110</td>
<td>300</td>
<td>410</td>
<td>-32%</td>
</tr>
<tr>
<td>50</td>
<td>370</td>
<td>420</td>
<td>-30%</td>
</tr>
<tr>
<td>460</td>
<td>840</td>
<td>1300</td>
<td>117%</td>
</tr>
<tr>
<td>840</td>
<td>600</td>
<td>1440</td>
<td>140%</td>
</tr>
<tr>
<td>120</td>
<td>350</td>
<td>470</td>
<td>-22%</td>
</tr>
<tr>
<td>300</td>
<td>550</td>
<td>850</td>
<td>42%</td>
</tr>
<tr>
<td>200</td>
<td>150</td>
<td>350</td>
<td>-42%</td>
</tr>
<tr>
<td>460</td>
<td>730</td>
<td>1190</td>
<td>98%</td>
</tr>
<tr>
<td>120</td>
<td>450</td>
<td>570</td>
<td>-5%</td>
</tr>
<tr>
<td>-200</td>
<td>300</td>
<td>100</td>
<td>-83%</td>
</tr>
<tr>
<td>240</td>
<td>450</td>
<td>690</td>
<td>15%</td>
</tr>
<tr>
<td>110</td>
<td>450</td>
<td>560</td>
<td>-7%</td>
</tr>
<tr>
<td>520</td>
<td>600</td>
<td>1120</td>
<td>87%</td>
</tr>
<tr>
<td>450</td>
<td>600</td>
<td>1050</td>
<td>75%</td>
</tr>
<tr>
<td>MEAN</td>
<td></td>
<td>778.875</td>
<td></td>
</tr>
</tbody>
</table>
Appendix C:

My savings group is a colony of ants:
Insights on savings through images and metaphors

As part of my research, members of each participating savings group took a series of photos to help narrate their story of savings and borrowing and provide insights on the nature of their savings group. I provided each savings group with a digital camera, and the groups selected two to four representatives each to take photos over the course of five days. Half of the photographers in each group were asked to take photos depicting how they saved money. The other half were asked to photograph images that represented their thoughts and feelings about savings groups, metaphorical instead of literal pictures. While participants struggled with this latter assignment, photos from all of the participants were useful in understanding their economic lives. A selection of the photos and stories is provided below.

12 Inspiration for this technique came from Olson Zaltman and Associates’ patented ZMET methodology. OZA very generously provided insights on the use of images in research for Fletcher students in December 2009.
Nora Ndlovu, Mpini

World Vision encouraged the women of Nora’s community to raise chickens to earn a better livelihood. They taught them how to raise and care for these white “roaster” chickens, which are somewhat different from their more robust indigenous varieties of “home” chickens. The women invested in the enterprise and pooled resources to purchase baby chicks. Nora took a loan from her group to buy the chicks. While she credits the group for enabling her to make the investment, it hasn’t been as profitable as she hoped. All of the women’s chickens were ready for sale at the same time. With very few buyers, they were forced to cut the price of chickens about 40%, and most of them made a net loss because of the costs of chicks and feed.
Nora recognized that the group could be transformative for some members. One member of her group was able to purchase a water tank at the end of the year. “Can you imagine?” she asked, “A woman from this village was able to purchase a tank! This is very useful at home since water is not always available.”

But for Nora, an important benefit of participating in the group has been the opportunity to make bulk purchases of common needs through the group. Her group has separate funds for the purchase of groceries at the end of the year, for dishes, and for blankets. The dishes hold special social importance, because having extras means that friends and neighbors can borrow them for weddings and funerals. It shows the community that you have “made it” out of economic desperation. In the past, they've also pooled money to buy maize for cooking and fertilizer in bulk.
Thandaza Tsabedze, Velebantfu

“These children are united. If people are of one mind, they will have success. To be one is to help each other when one of you needs help, because you are united. If you are united, you care for a person who is having a problem. For example, if a member comes to the group and explains that she is having trouble paying off her children’s school tuition, the group will give her a loan. If they are not united, someone will be complaining. Some people in the group will feel bad for the person who is struggling, and others won’t care. A person who is in trouble feels happy to be part of our group. She knows that if there is a problem, she doesn’t need to be stressed. She can feel free, because the group will come to her assistance. Without the group, it is difficult to survive. Before the group, this kind of woman depended on relatives. A group becomes united by sharing ideas and by following good leaders. They learn to listen to one another.”
“This woman is dishing out [maize meal]. If you are in an organization, you can support your family. This woman is free; you can see she has no stress, that she is smiling. She has clean clothes, so you know she has soap at home. She has been able to buy maize meal. When the time for famine comes, she will borrow from the group to buy more. She used to go to neighbors for help, but after she joined the group she is surviving better. She is repaying loans by farming, selling things at market, and reselling used clothes. She can afford to borrow, because the interest is not too high.”

“In the group, money is kept safe unlike just leaving it lying around the house where it can be eaten by mice. Money is like food. Mice are the people borrowing money without repaying. The group is like a cat who keeps the food safe from the mice. In the group, the box is a safe place for our money. Since there are three keys, no one can get inside and steal.”

“If you have saved a lot of money, you should think of building a house to show you now have more money. It’s important to show other people that you are being successful, because some people look down on the group and they should realize the importance. Another organization can then be formed. If you see physical evidence, your attitude can be changed. People can see this from you building, but also if they see your children going back to school.”
“If you plant your own mangoes, you can have something nice at home without spending any money.”

“We sell flavored ice to make money...You can sell about E20 worth of ice in one day. Over two days you spend E5 on juice mix and E6.5 on sugar. So, every two days you have E29.50 to keep.”
Dorah Sibaya, Ngudzeni

“In the old days we used to save our money in cattle and grow the herd like interest. These days it’s difficult to do that, because you don’t need a whole cow's-worth of cash at one time and can’t get the money when you need it. Now we are saving our cash in the group.

“The group makes getting money when you need it easy like traveling by car. If you need a bank loan, they will ask for your business plan and cash flow statement. This is difficult, and you have to ask someone to prepare it for you without giving it much thought. In our group, if you ask for a business loan, we will look at your business and try to understand if it is reasonable or not. You can go wherever you like in a car; in the group, you spend your money however you like.”
Tynah Nhlabatsi, Nzameya

For Tynah Nhlabatsi, a well managed group maintained harmony. The group enabled women to set aside their savings in good times to prepare for children’s larger needs in the future, especially school tuition.

“The group is like a colony of ants. The ants are running up and down collecting food during the warm season, because in the winter they will survive on what they have stored. Ants are like us when we store our money for later. We feel happy working for our future.”

“The group is like a family. The mother is like the secretary and the father like the chairperson. The children are the members. It’s important in the home and in the group to have a leader. The leader oversees all the members and helps them solve problems. It’s important for the secretary to keep all the records straight. There can be no group without these two. If there’s no father, there will be no one to solve quarrels and make peace. With the mother, there will be bad records and the money will be short in the end, causing total confusion.”
“The bank is like a refrigerator. You can keep the money in a bank and take it out when you need it and it will still be fresh. You can open something, eat a little and store it for later. You don’t need to eat it right away to prevent it from spoiling. If you don’t put your money in the bank, it will disappear quickly without you noticing.”