Post-Project? No-Project?
Four approaches to savings group sustainability and growth
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Post Project Sustainability: INTERMEDIATING ASSOCIATIONS (IMA)

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WHY IMA?

- De-capitalisation of SGs due to annual share-out
- Small loan fund at the start of cycle
- No possibility for longer-term lending

IMAs are apexes of SGs and address these issues by:

- Mobilising additional capital from member SGs
- Lending to SGs that are short of loan capital
Functions of IMA

➢ Financial intermediation:
  ✓ IMA manages the loan fund consisting of contributions of member SGs
  ✓ lend to member SGs at rates lower than those of member SGs

➢ Other activities:
  ❑ Group-based farming
  ❑ Loan insurance
  ❑ Support to orphans and vulnerable children.
  ❑ Technical support to members, normally agriculture.
IMA STRUCTURE:

IMA organogram at formation

- 5-20 VSLAs
- IMA General Assembly
- Central Committee
- Other *future* committees
- Economic and Planning Committee:
Plan’s Role
- Funds mobilization from donors
- Study on IMA conducted by Hugh Allen
- Capacity building for 2 local NGOs, UHIKI and CODERT (together these NGOs implemented projects sponsored by Plan across 7 districts)
- Evaluation of IMA conducted by external agency
- Documenting best practice
WHAT HAS BEEN ACHIEVED? WHAT'S HAPPENING AFTER PLAN INTERVENTION

- 256 IMAs
- Over 1,700 SG members
- Over $100,000 in loans to SGs
- Over $40,000 in IMA social funds
- Many IMA community projects including support of OVCs, widows and ECCD centers.
- Many IMA projects including forestry, agricultural inputs shops and
- Many SGs projects using funds borrowed from IMAs
- The two NGOs still supporting the IMAs
- New IMAs being created
- More SGs joining IMAs
- More IMAs are getting formal registration and linking to banks
Challenges:

- End of learning process by INGOs
- MIS not being updated
- Capture in some areas by other government-supported structures eg SACCOS in Morogoro
- Poor leadership
- Lack of access to credit from FFIs
Opportunities:

- Sustainability of IMAs: like SGs, IMAs continue to thrive after projects ending
- New government MF policy - opportunity for registration
- Demand for IMA formation still high with new SGs
- New organizations seeking to build on SG experience are interested in IMA
Success stories:

Mapambano ya uchumi IMA in Geita Region invested in forestry and are now harvesting and selling timber. The profits have been used to boost the IMA loan fund as well as help 150 orphans and vulnerable children with school supplies.
Success stories:

MUHIKA IMA in Geita Region invited NMB bank officials to observe their activities and have now opened an account with the bank.
Post-Project Sustainability: Private Service Provider Networks

Marc Bavois
Microfinance Senior Technical Advisor
Catholic Relief Services
• SILC projects in 53 countries since 2006
• Implemented by local, permanent organizations
• All group formation/training by locally-recruited agents
• PSP model since 2008: *free-to-fee transition*
Rationale for PSP Networks

- PSP geographic deployment in a way that leaves ample market post-project

- Implementing organizations do not retain specialized technical staff

- **Need** for ongoing group formation, training and support to achieve market saturation

- **Imperative** for quality control and consumer protection

- **Opportunity** to diversify offerings and add value
PSP Network: An informal association of PSPs who operate in the same area and wish to collaborate

Demand-driven approach

Supportive, not prescriptive
• The project only finances the Introduction Workshop; support and reporting relationship thereafter
• PSPs identify punctual meeting venues (borrowed or hired)
• Rotating cluster meetings in the field
• PSPs self-finance individual costs (transport, meals)
• Network membership fees and IGAs to cover network expenses
• Network-level SILCs in some cases
### Apprenticeship Process

<table>
<thead>
<tr>
<th>Transferable experience</th>
<th>Training needed</th>
<th>Apprentice responsibility</th>
</tr>
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<tbody>
<tr>
<td>Regularly participates in SILC meetings</td>
<td>Effective ways to correct groups</td>
<td>Monitoring group meetings</td>
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<tr>
<td>Secretaries help PSPs with DCFs</td>
<td>How to deal with unusual cases; common mistakes</td>
<td>Data collection</td>
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<tr>
<td>Can explain the benefits of SILC</td>
<td>Tips from PSPs on organizing / managing promotion sessions</td>
<td>Community sensitization</td>
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<tr>
<td>Own group was trained (some time ago)</td>
<td>Training techniques; how to use the FA SILC Guide</td>
<td>Training SILC groups</td>
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Network Results

• Near-universal participation, PSPs willing & able to finance network activities
• EFI: 800+ PSPs in 44 Networks (12-25 members)
• Benefits cited by PSPs include: support for their work; increased income; social network
• Most frequent activities are geared at supporting PSPs
• Spontaneous instances of quality control and consumer protection (proactive and reactive)
Network Results continued

• Networks have begun registering as local organizations
  o credibility and representation
  o hope to attract funding for their activities
• Networks continue to send reports to local implementing organizations
• Increasingly involved in new projects (marketing of sanitation products, agricultural input supplies, last-mile retail of solar products, etc.)
• Up to 30% of PSPs recruit apprentices; some Networks engage apprentices to replace dropout PSPs
• Networks are technically able to certify apprentices
Challenges

• Distance between PSPs: time and cost of gathering for network meetings
• Some level of dependence on dynamic leaders to drive process
• What is the long-term value proposition of PSPs to groups? Networks as currently conceived are only relevant as PSP organizational structures
Three distinct levels of sustainability

1. Group-level – survival and autonomy
2. Agent-level – ongoing service delivery to saturation
3. Area-level – sufficient number of agents (initial, replacement, increase)

Net. contribution

1. Quality control
2. Support
3. Support & apprentices
**Conclusion**

<table>
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<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
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<tr>
<td>▪ Low-cost transfer of project functions to PSPs</td>
<td>▪ Risk of mission drift in search of income</td>
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<td>▪ Balance of PSP and group interests while achieving growth</td>
<td>▪ Unclear end-game for networks, esp. if not checked by stakeholders</td>
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<tr>
<td>▪ Opportunity for future engagement by CRS, ‘parent’ partners and others</td>
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Post project sustainability: Animator Associations Ophavela Mozambique

Anibal de Oliveira Carlos
Director Ophavela
Local NGO Ophavela is created in 2004 in Mozambique

- Specialised in Savings Group promotion
- Trained more than 143,000 members of Savings Groups; 58% women (5/5/2018)
- Operates in Northern Mozambique
- Market leader: largest Savings Group promoter in Mozambique
1. **Sustainability and replication**: to support existing groups and create new groups after end of projects

2. **Quality**: to create a platform for exchange, learning and peer control of animators’ quality and behaviour

3. **Cost reduction**: To reduce costs of savings group promotion during project period; Ophavela negotiates contracts with associations for group formation and supervision of animators’ work.
1. Selection Animators at SG level
2. Animator training
3. Association Creation; business planning
4. Association Registration at district level
5. Creation of Working groups

Steps for association creation
When created? Results?

Under which conditions does Ophavela decide to support the creation of associations?

• When animators are interested and motivated
• When resources exist to support associations’ creation and institution building for at least 2 years

What are results?

• 12 associations, consisting of 303 animators, 42% women
• Most of the associations exist for about 10 years
• Each association covers one district
• Associations exist in 12 out of 18 districts where Ophavela operates
• In 3 districts associations operate without service contract with Ophavela
What do associations do?

- **Create new groups** and support existing groups on demand
- **Provide additional services**, such as facilitation community dialogues (e.g. HIV/AIDs, gender)
- **Supervise** animators’ services and deliver refresher training when needed
- **Monitor** animators’ performance and behaviour according to code of conduct
- **Represent** animators at level of local authorities, NGOs and GOs
- **Intermediate** between savings groups and financial and non-financial service providers; for example, one association act as agent for a mobile money operator
Training

• Training of associations' governing bodies and working groups
• Support to development of business plans, financial management
• Refresher training in Savings Groups methodologies
• Training in community dialogues on transversal themes such as gender and HIV/AIDS

Material support and contracting of services:

• Contribute to construction materials for associations’ offices
• Contract associations for SG formation, supervision of animator performance and behaviour, data collection (SAVIX MIS) and community dialogues
Income sources of associations

- Fee paid by animators: 10% of payments made by groups
- Production and sale of savings groups’ materials
- Contracts for service delivery of Ophavela and other organisations
Office running costs
• Electricity
• Office materials: paper, photocopies
• Security

Costs for meetings
• Travel cost subsidy to animators for attending monthly meetings
• Meals during meetings

Costs in relation to service provision
• Some associations decide to provide performance based subsidies to motivate animators
• Travel costs for supervision of animators’ performance
Advantages Associations

• Continuation of activities in the absence of local presence of Ophavela – after and ‘in between’ projects

• Support to animators and SGs at low costs, during project periods

• Supervision of activities and behaviour. Associations do take action when animators are not following code of conduct, they are expelled from the association

• Legitimisation of animators’ activities to local authorities and penetration in remote areas

• Effective vehicles to transmit knowledge and skills to the communities
• **Support period:** creation and support of Associations need longer term support to be able to run the association and conduct activities – 5 years

• **Business model:**
  1) Associations need service delivery contracts with partners like Ophavela to finance all activities
  2) Weak capacity of associations to mobilise resources from partners; dependency on Ophavela

• **Dispersed location of animators** and public transport is limited; animators travel up to 50 km to attend monthly meetings what is expensive and time consuming

• **Leadership:** often associations depend on a few dynamic individuals, causing problems when one of them leaves
### Conclusion

#### Strengths of association approach

- Low cost partners for Ophavela to increase outreach, support existing groups and supervise animators’ performance during project period.
- Continuation of activities after and ‘in – between’ project periods.
- Strengthening animators’ status in the communities by creating a visible organisation.
- Creation of ownership of SGs activities in communities.
- Associations continue to operate at lower level - when they do not have a service contract with Ophavela or other organisation.

#### Weaknesses

- Need of longer term investment in capacity building.
- Struggling with sustainability – depending on service contracts.
No Project: Master Training Program
Chipili Lumpa Mwaba
Project manager FSDZ
Through its informal finance thematic area FSDZ uses:

- Grant funding to promote SG scale
- Master Training program to facilitate sustainability
- Informal-formal linkages to enhance impact
- Traditional Leadership to test an approach for achieving financial inclusion

About FSDZ

- Non-for-profit Zambian company registered in 2016
- Mandated to expand financial inclusion for all Zambians
- Provide information, knowledge and resources to facilitate innovation and market change
- Currently funded by UKAID and Sida
• Nascent Zambian SG Market
• SG outreach heavily donor dependant
• SG landscape and funding changing towards other innovations
• Significant outreach potential

7% of adults in SGs- finscope 2015
To substantially increase the number of SG Master Trainers in Zambia and to ensure the expansion and sustainability of quality SGs.

Local NGOs

Social entrepreneurs

develop a portfolio of SGs

Transfer knowledge to (CBTs)

Fee for service
Design: Programme Structure

Training Institution

Local NGO (Master trainer)

Social entrepreneurs (Master Trainer)

SGs

CBTs

SGs
Pilot Objectives

• To test proposition that independent Master Trainers, operating as for-profit consultants could
  • produce good quality groups
  • at low cost
  • be financially viable to earn enough income from direct formation of SGs and training CBTs

• Use of training videos:
  • Support the training of Master Trainers, CBTs and SGs;
  • To embed these videos in target communities to provide continued TA to existing groups and
  • Support the spontaneous replication of new groups.
Implementation Process

1. Curriculum development
2. Development of training videos
3. Training workshop
4. Monitoring and Evaluation
Implementation Process

Target:

• 30 Master Trainers
• 1,000 Savings Groups, through networks of CBT
• 2 years implementation
Implementation Process

Master Trainer Profile

Graduates, students, social entrepreneurs, Human Resource, Banking, Accounts, Secretarial, teaching, volunteers and social work

Social entrepreneurs, Human Resource, Banking, Accounts, social work

Social entrepreneurs, community devt experience, Banking, Accounts, social work

40 MTs enrolled
16 did not show up

24 Prospective MTs
14 active MTs
12 formed groups

7 certified
Motivating factors for MTs

- Certification
- Service to the poorest especially women
- Acquisition of facilitation skills
- Financial education training
- Income
- Promoting savings culture

Master Trainer Motivation
Motivating factors for MTs

• Groups appreciate the services and support provided by their respective MTs
• Overall groups struggled to pay the training fee from their loan fund until an education fund was introduced
• 45 Community Based Trainees have been identified (20% CBT income shared with MTs)

80% of MTs earn between $10- $23
Strengths

• Low cost implementation
• No project needed to form SGs
• Good quality groups being formed
• Use of videos reinforce quality
• Spontaneous demand for SG members to become CBTs

Weaknesses

• Design over looked coordination/ networking channels for MTs
• A training institution was not engaged in the pilot phase to demonstrate sustainability
Challenges

• High attrition of Master Trainers
• MTs incurred high market development expenses
• MTs needed minimal operational support costs for transport, communication.
• Clients compared the MTP to other models who pay facilitators.

Next Steps

• The Master Training curriculum has been adopted by the SAVNET
• FSDZ to use the model in Financial Inclusion through Traditional Leadership project
• A Government institution to take up MTP model and offer training to Social entrepreneurs and retirees
• English videos to be produced
• Use SG video training concept to design FE videos
• **MT profile** - The profile of prospective Master Trainer is key to success of program

• Model relies on social entrepreneurs and local NGOs willingness to invest their initial capital in SG formation

• **Education Fund** – **SG with** Weekly meetings make Master Trainer payment easy

• **Master Trainers need coordination and supervision**
  • Groups and MTs cooperated with introduction of data collectors.
  • Creation of MT Watsup group and review meetings to share updates and challenges

• **Master Trainer working with local NGO was more productive** – MT fees used to pay MT wages
Thank you