Can Savings Groups Help Develop a More Productive Agriculture?

ANANIAS Sentozi
Integrated Programs Director
World Vision Rwanda
SAVING FOR TRANSFORMATION(S4T) ACCESS TO AGRI-LOANS

ANANIAS Sentozi
Integrated Programs Director
World Vision Rwanda
PRESENTATION OUTLINE

- INTRODUCTION
- RATIONALE OF THE MODEL
- WHAT IS NEW
- HOW DOES THE MODEL WORK
- REPLICABILITY
- SUSTAINABILITY
- IMPACT
- CONCLUSION
INTRODUCTION

- The presentation will explore how savings groups as informal financial mechanisms have improved agricultural production and food security for Rwandan households.

- The focus of the session are saving groups embedded within agricultural cooperatives, which, though governed under cooperatives laws and practices, also conduct savings and lending activities through sub groups referred to as Savings for transformation (S4T)

- Savings for Transformation (S4T) is an approach being used by World Vision to facilitate savings and credit in a small-scale and sustainable way
The means to access capital, finances to purchase all the necessary agricultural inputs and assets to provide as collateral to financial institutions to acquire loans hence credit facilities are not easily accessible to small scale farmers.

Household size, household farm size and access to assets are negatively and statistically significant in explaining the low crop productivity among the farmers without access to loans.

Saving groups’ formation is based on the members’ relationships, neighborhoods and location. This has presented a challenge, as it generates some limitations to business motives, membership diversity and the type of innovation that external influences could generate.
WHAT IS NEW?

- Saving Groups model became more productive and impactful, when the idea of S4T was integrated into existing farmer’s producer groups and cooperatives to address the challenges of accessing adequate agriculture inputs and assets on time.

- Through the S4T model, members are only given a loan after presenting a compelling idea on how funds being requested will transform their household.

- Farmers in the same group hold their fellow farmer accountable for the received Loan to be used for the intended purpose which is investing in their farming activities, this increases farmers commitment to make good use of the loan.

- Farmers are empowered to save with bigger plans such as increased loan for bigger farming purposes (Beyond subsistence Farming) and are even linked to MFIs
HOW DOES THE MODEL WORK

AGRO-DEALERS

FARMERS COOPERATIVES

Commercial Producer Groups

Saving Groups

AIF

VFR

AIF

VFR
REPLICABILITY

The approach can easily be replicated.

This is because the approach does not require any academic specialty, other than understanding the concept and building on existing knowledge and skills on how Savings Groups are managed.

Evidence has shown that Savings Groups within producer groups and cooperatives have higher portfolio because they are operating within a structure that has higher goals to raise additional funds that would complement the existing cooperative funds.
SUSTAINABILITY

- The approach is aligned and compliments Government Initiative that encourage all farmers to be in groups commonly known as “TWIGIRE MUHINZI GROUPS”.

- Farmers cooperatives currently exist in all villages across the country and are used as a channel for the introduction of Saving Groups with S4T model embedded within.

- Savings groups are made of people from the same cell who know each other and are able to share skills, expertise and support each other to improve their farming, this doesn’t only impact practicing farmers but the entire community.
IMPACT

- 100% of the farmers benefiting this programme are able to pay health insurance (Mutuelle de santé) for themselves and their children.

- Increased agricultural and rural loans from US$182,736 in Fiscal Year 2013 to US$3,238,062 to date.

- 69% of women were empowered financially through savings for transformation groups but also linkage to microfinance institutions (MFIs).

- 426,834 children impacted from the initiative from 6,098 households.
SGs LINKED TO VFR AND AFRICA IMPROVED FOOD

- Matured Farmers Savings groups are being linked to VFR for Formal Financial Services access (Savings account, Financial Literacy, Credit facilities for Agriculture and livestock and Mobile banking).
- WVR provides a one-time Guarantee fund to VFR to provide loans to Farmers SG’s.
- The Guarantee Fund will be used for a new Maturing Farmer’s SG group.
- Farmers cooperatives (Maize) benefited from training on Cob Model which allowed them to lower post harvest losses hence improved quality of production.
- AIF buys maize on competitive price which gives farmers more income so that they can save money to access agriculture inputs.
AREA OF IMPROVEMENT

- Although there are more women participating in SGs (68%), there is still need to see how their voice (decision making on the use of household finances) can be strengthened.

- Need to strengthen the monitoring of loan beneficiaries from the S4T model, to ensure that they stick to their household transformation plan the way they presented it in applying for the loan.
Lastly but not least, I would like to invite you to visit our booth to learn more about World Vision’s “Savings for Transformation (S4T)Groups”.

- World Vision’s Savings Groups field guide focuses on core minimum standards to allow us to standardize the work that we do to focus on programme quality, enabling higher impact and more sustainability of S4T groups.

- We believe S4T can have a positive effect on livelihoods, assets, nutrition (quantity and variety), access to health services, and school attendance.

- We also believe that development should begin with the poorest and most vulnerable households.