Using Traditional Leadership Structures for Savings Group Formation

Financial Sector Deepening Zambia

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FSD Zambia
Introduction to FSDZ

- Established by DFID in 2013
- Seeks to expand and deepen the financial markets so that all Zambians, particularly low-income families can benefit from financial services.
- Through its informal thematic theme:
  - Grant funding - promote SG scale
  - Master training program
  - Informal linkages
  - Financial inclusion through traditional leadership
**SG Outreach through Traditional Leaders**

- Financial Inclusion through Traditional leadership (FIT) project

- Implemented in Luapula province across 39 Chiefdoms

- Implementation in collaboration with Luapula Provincial Chiefs Council and
  - Ministry of Chief and traditional Affairs
  - Ministry of Community development
  - Private service providers (PSPs) and VAs
  - Religious leaders
  - NGOs
• High poverty levels (80%)

• Limited financial capabilities and low education levels

• Poor market infrastructure

• Digital financial services (DFS) still an untapped opportunity

• Very weak access to financial services

• Very low SG(18%) 36% do not know about SGs
Objectives of FIT Project

• To increase sustainable access and usage of savings group services

• Increase the number of very poor and financial excluded individual and households accessing financial services in SGs,

• Creating sustainable capacity for traditional leaders to ensure financial inclusion for their people.
Objectives of FIT Project

• Working in 39 Chiefdoms covering 697 villages on SG outreach

• 3 main intervention

  Increase traditional leader capacity to expand financial inclusion

  Expanded sustainable saving groups coverage

  Significant operation of sustainable financial education (FE) initiatives
Why work with Traditional Leaders

• Recognized, permanent traditional authority of Chiefs and headmen

• Long term existence with power and influence

• Advocates for economic wellbeing

• Trusted

• Organized LPCC willing to enhance financial inclusion through SGs
Objectives of FIT Project

The Luapula Provincial Chiefs Council’s Five Year Objective

- Good Governance
- Environmental Sustainability
- Gender mainstreaming
- Economic Development
- Sustainable Cultural Development

Saving Groups
Luapula Provincial Chiefs Council (LPCC executive committee)

Chiefdom X financial inclusion committee (chaired by Chief)

Chiefdom Y financial inclusion committee (chaired by Chief)

Chiefdom Z financial inclusion committee (chaired by Chief)

Zonal financial inclusion committee (cluster of village FI committee)

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Village level FI committee (traditional leaders, religious, Govt officials, community-based trainers, NGOs)

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Results

• Chiefs are leading SG awareness meetings in their Chiefdoms

• There is more demand for SG trainings in villages

• Chiefs contribute $20 monthly for LPCC & SG mobilisation work

• 1,800 SGs formed by headmen and CBTs
Training

- Chiefs and headmen confident to advocate and monitor productivity and quality of SGs in their chiefdoms
- More support and cooperation from traditional leaders of SG work
- Request from House of Chiefs to replicate FIT SG work in all the provinces
Challenges so far

- Chiefs Training in a central place is expensive
- Some Traditional leaders demanding to be SG members themselves
- 4 out of 39 Chiefs not participating due to cultural restrictions
- High cost of TOTs in some chiefdoms due to poor communication and road network
Financial Inclusion for traditional leaders project is a unique approach to financial inclusion for rural households.

The SG growth model with traditional leader’s approach is exceptional and sustainable and has potential to reach scale.

Traditional leaders work with partners in the chiefdoms to facilitate SGs.
What’s next?

- Traditional leaders and partners committed to mobilize 3000 SGs in the next 3 years
- Capacity building to strengthen Financial Inclusion Committees
- Capacity building for Traditional leaders in SG methodology and FE
- Traditional leaders in SG outreach competition
End
Using Church Networks for SG Formation: Our Mission (not Market)

World Relief

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World Relief’s Savings for Life program:
Why work with the Church?

- World Relief’s mission to empower the church
- Long-lasting sustainable change
- Culturally appropriate for reaching the vulnerable
How World Relief works with the Church

• Creation of Church Empowerment Zone (CEZ)
• Formation of Church Network Committees (CNC)
• 6 to 12 months of training before integrated programs
# Church Empowerment Process

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**World Relief**
Example from Malawi: Church Led Savings Groups

- 1 Church Network Committee = 1 SFL Technical Committee

- SFL Technical Committee:
  - At least five members
  - Trained by World Relief
  - The TC advises groups on business development
  - Provides the VA means and support for their duties like in community mobilization and supervision of work
  - Reports SFL activities to the CNC
Trainings:

- The Church Network Committees:
  - 3 days - Vision Casting
  - 4 days - Transformation Tree Curriculum
  - 1 day - Resource Mobilization orientation

- The SFL Technical Committee:
  - 4 days - Group leadership and the Savings for Life methodology training
  - 2 days - Financial Literacy and Business Development
  - 1 day - Resource Mobilization training
Working with Volunteers

• World Relief, through the Field Officer, trains and supports the volunteer SFL Technical Committee

• The Technical Committee works with and equips volunteers with skills

• Incentives: t-shirt, bicycle, rain suit, backpack
Cost Effectiveness:

- Yearly budgets for Church Empowerment + Programs = $22k per CNC
- SFL specific costs:
  - Training: 1 CNC costs $1480 + 1 SFL Technical Committee costs $980
  - One SFL Technical Committee oversees an average of 16 groups (320 members) per year
  - $153.75 per group, per year / $7.70 per member, per year
Challenges with this model

• Long term expectations of NGOs

• Requirement of economic resources of the committee to support VAs with incentives

• Need for a strong church structure