

TECHNICAL BRIEF

SAVINGS GROUPS AS A CROSS-CUTTING SECTORAL INTERVENTION

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Abstract:

The Enhancing Nutrition Stepping Up Resilience and Enterprise (ENSURE) Development Food Security Activity (DFSA) is a World Vision-led, USAID-funded, seven-year intervention designed to profoundly and sustainably impact 215,000 vulnerable and food-insecure Zimbabweans in Manicaland and Masvingo Provinces. This paper discusses how Savings Groups are using their savings to support three strategic intervention of Maternal and Child Nutrition and Health, Agriculture and Economic Development and Community Resilience.

Focus Group Discussions and Key Informant interviews conducted established that Savings Groups provide sustainability for Care Groups, facilitate the consumption of nutritious foods and construction of sanitation facilities, provide financing for

Producer Marketing Groups and are a catalyst for sustaining asset management groups as well as contributing towards women's economic empowerment. There are opportunities that can strengthen Savings Groups in ENSURE that include access to market and weather information even in the midst of changes in product pricing in a turbulent economic environment. Threats to ENSURE's Savings Groups include hyper-inflation and a decline in membership due to economic challenges.

Considering these challenges, this paper concludes and recommends the need to strengthen Savings Groups through emphasizing adaptability and coping strategies in a highly inflationary environment marred with price distortions, weak currency and unstable weather conditions.

Background

The Enhancing Nutrition Stepping Up Resilience and Enterprise (ENSURE) Development Food Security Activity (DFSA)'s theory of change used Savings Groups as a finance component of the Agriculture and Economic Development objective of the program. During field visits, it was observed through routine checks that Savings Groups were financing all the three strategic objectives (Health and Nutrition, Agriculture and Economic Development and Resilience) of the program.

The project revised its theory of change in FY2017 to reflect the situation presenting in the field—that Savings Groups were the foundation of all the three strategic objectives. The ENSURE project is supporting 2,063 Savings Groups with 16,637 clients (87% women) in six districts of Manicaland and Masvingo Provinces of Zimbabwe (SAVIX 2018). The clients meet regularly, at least once per month, to save and borrow. Savings per client ranges from US\$1 to US\$50 per month, and interest rate on loans varies between 10% and 20% per month. Savings Groups

are organized into clusters, with an average of 15 groups, each group with an average of 8 members.

The clusters are supported by project-trained community facilitators called Cluster Facilitators (CF). Groups have share-outs at the end of each cycle of six months, although some have longer cycles of up to 12 months depending on what they agree upon in their constitution. Share-outs are used for education, health, WASH, food, investing in income generating activities and other social needs such as bereavement.

The de facto currency for the Zimbabwean economy includes the bond notes, RTGS, and mobile money. From October 1 to November 16, 2018, the local value in the parallel market went from 1:1 with the US dollar to about 2.5:1 for the bond currency and 2.6:1 for the RTGS. Unfortunately, with the government domestic debt going from \$2.9 billion in 2016 to \$9.8 billion in 2018, the bond and RTGS rates will likely continue to fall. The

Zimbabwean economy has very limited local bond currency and no US dollars in the rural areas. This makes cash transactions difficult. On the 24th of June, the government ordered that all transactions take place in Zimbabwean dollars. The Zimbabwean dollar is ZWL8.96 to \$1.00 US as of July 2019 (Reserve Bank of Zimbabwe, July 2019). The projection is that the currency will devalue going forward.

Methodology

The research employed a qualitative research methodology, using focus group discussion (FGD) as the main data collection tool (Lune, H., & Berg, B. L., 2016). FGDs were conducted in ENSURE's operating districts, including Chipinge, Buhera, Zaka, Bikita and Chivi. The interviewers met with Savings Groups members participating in Health and Nutrition, Agriculture and Economic Development, and Resilience interventions within the ENSURE program. The size of groups interviewed ranged from 6 to 10 members per group. Key Informant Interviews (KII) were also conducted with cluster facilitators. Data was analyzed through content analysis.

Key Findings

Savings Groups investing in Nutrition and WASH Interventions

In ENSURE, Savings Groups and Care groups were formed concurrently, later there was a deliberate move by the program to encourage Care groups to form Savings Groups. In the November 6 FGD in Bikita Ward 14, ten women stated that Savings Groups are funding nutritional purchases. The participants in the FGD mentioned that they buy nutritious foods after the semi-annual share-out of the groups. Respondents also stated that Savings Groups help them to invest in water, sanitation and hygiene (WASH) through purchase of materials for constructing pit latrines, water containers, and soap for handwashing.

Regarding eating nutritious foods, the Focus Group Discussion members in Ward 12 in Chivi District stated that they invest their Savings Groups revenue into Income Generating Activities (IGAs) which allows them to buy nutritious food such as small fish called kapenta from Lake Kariba. Respondents also explained that Savings Groups also finance the growing of groundnuts and white sorghum which enables them to feed their children, thereby improving protein and carbohydrates intake. Some Savings Groups members who formed Producer and Marketing Groups (PMGs) in Chivi indicated that they grind and package some cereals and legumes they produce into powders which serves as complementary feeding for children less than two years. They dry the white sorghum, crush it, bottle it, and then use it in porridges. They also sell their vegetables to primary schools for the vegetable component of supplementary feeding programs. In

Tanganda ward of Chipinge District, FGD participants said that children were eating eggs now that they are rearing chickens.

Savings Groups provide financing for Producer and Marketing Groups.

In the Rupako Ward, 12 FGD participants said that Savings Groups provide funding for their inputs for agricultural production. The Savings Groups members mentioned that their loans were also used to buy poultry, goats, sorghum seeds, fertilizers, and tomatoes when they are out of season, to sell locally. In the Tanganda Ward of the Chipinge District, FGD participants said the Savings Group is a good base for PMGs which enhance productivity. One member of the Tanganda group had this to say:

“Through Savings Group funds we managed to raise 100 chickens and sold 60 birds to cover the expenses and the 35 birds left was our profit. We also produce eggs and charge US\$9 for 30 eggs or US\$0.30 per egg”

This demonstrates that ENSURE's Savings Groups have promoted a culture of enterprising within the Producer and Marketing Groups. The members revealed that they also invest their savings in buying vegetable seeds and fertilizers and market the produce to schools for meals.

Savings Groups enhance sustainability of Asset Management Groups

Savings Groups have become the consistent funding for maintenance and repair of community assets. In the November 6 visit to the Chemvuu dam and irrigated garden site, FGD participants mentioned that they paid for a burst irrigation pipe with Savings Groups funds. The 56 farmers (22M, 34F) in the garden each pay \$2 a month into the garden Savings Group for maintenance of the dam and garden.

In a visit to the Madzokere dam and irrigation site, five members of the Asset Management Committee who were interviewed mentioned that 56 members of the Savings Groups cluster raised \$290 with a contribution of about \$5 per member. This money was then lent to the community at a low interest of 10% per month. The Committee members also revealed that they paid for the construction of a second trough and a spray gun in their 3.5 hectare garden, which has helped reduce time poverty for women. It has allowed them to take part in other productive and household activities. They also intend to buy a water pump with the \$1,100 remaining in their asset management account. The investment will allow the upper two-thirds of the garden to be irrigated. Presently only the one-third is irrigated via gravity fed channels.

At the Tanganda FGD in Chipinge, the Savings Group paid \$360 to get a filter unblocked. Also, they are paying a security guard at the garden. The group also cited that they contribute \$0.50 per month for security.

Savings Groups promote Gender Equality and Women's Economic Empowerment

Women in the target districts make up 88% of Savings Group members and this has enhanced their economic empowerment and financial liberty, since they now make independent decisions on the income they generate through Savings Groups (SAVIX 2018). Many women have managed to purchase high-value productive assets like cattle, donkeys, and farming implements. Some of these were not possible in the past due to cultural perceptions and beliefs that viewed these productive assets as only for men. This is what one female FGD participant in Bikita had to say:

“Savings Groups have served as a springboard for women's economic empowerment”

The economic empowerment of women has yielded respect from men cognizant of the great contribution they can equally make towards family wellbeing and upkeep. Men have been very supportive of their wives participating in developmental initiatives and this has improved marital relations and family cohesion. Men now help women with household chores to allow the women time to participate in savings groups. A female FGD participant in Buhera says:

“Marital relationships have significantly improved. Husbands now perform domestic chores like cooking, caring for children, fetching water and firewood etc., as women attend savings groups. The community is grateful to ENSURE for such developmental initiatives.”

There were also testimonies around a shift from sole decision-making by men, to joint and sometimes sole decision-making by women (ENSURE Annual Beneficiary Based Survey, 2018). There was a general acknowledgment of the contribution women are making at both household and community level. Women's voices have been amplified and their confidence increased because they can equally be counted on in societal development affairs.

Women in the target districts have been able to pay school fees for both girls and boys using Savings Group proceeds. There is understanding amongst parents on the importance of educating children, especially the girl child.

“ENSURE has the thrust to reduce stunting in the first 1000 days of child development, hence if we send our girls to school, chances of them getting married at a tender age and having stunted children are very slim because focus is mainly on education” said a Care Group Leader who is also a savings group participant.

Impact of the fluid economic environment on Savings Groups

In Buhera, respondents mentioned that a woman dropped out of her group when she borrowed \$200 and could not pay the loan back. This was in line with their constitution, where defaulters are excluded from the group. The respondents added that groups are reducing their savings and interest rates to ensure that members continue saving and accessing loans in the face of economic meltdown. The woman later paid back and joined another group which was saving smaller amounts that she could borrow and repay in time.

Responding to the changing economic environment

In Ward 17 in the Buhera district one FGD participant said that with the steep price increase in inputs in October and the first part of November 2018, her Savings Group may not have sufficient funds for her to borrow to buy her agricultural inputs if they do not invest in assets which can easily be liquidated, such as poultry. Savings groups members indicated that they are exchanging their Zimbabwe RTGS\$ into South African Rands to retain its value. The women also buy assets such as hoes, wheel barrows and rakes which do not readily lose value at the same rate as the RTGS\$

In the Madzokere dam and irrigation site, members stated that some community members have family linkages to South Africa and they buy in bulk from South Africa and store the products for the Christmas season. Participants in the FGD also mentioned that some people commute to South Africa to buy cooking oil to lend to the community. Savings Groups allow members to buy commodities and share them out, which helps them to bounce back from shocks.

Access to weather information

In a visit to the Chemvuu ENSURE dam and irrigated garden site, FGD participants stated that they now have access to weather information. They have been told by the Zimbabwe Metrological Department to expect less than informal rainfall for the growing season. Using Savings Group funds, the farmers have bought storage chemicals to store their grain for two seasons, dug basins to collect water for their crops and are growing small grains (finger millet and sorghum) that are more drought tolerant than maize. The respondents narrated that access to weather information helps them to plan how they can invest in their Savings Group.

Sustainability of Savings Groups through dedicated cluster facilitators.

The USAID Food for Peace (FFP) Country Specific Information for Zimbabwe stated that the ENSURE interventions should

be self-financing and self-replicating (FANTA Study, 2015). The ENSURE Cluster Facilitator model is intended to have existing Savings Groups monitored and new groups formed. When Cluster Facilitators were asked if they will continue to provide services after the project, one cluster facilitator in Ward 17 of the Buhera District stated that she accrued the benefit of being a Savings Group member such as paying school fees and buying agricultural inputs together with other members from the groups she supports. She felt that Savings Groups benefit the communities around them. She was willing to do this without payment from the groups.

Other Cluster Facilitators that were interviewed also stated that they planned to provide the Savings Groups start up and oversight after ENSURE ends. ENSURE's Savings Groups Technical Specialist stated that Cluster Facilitators appreciate being recognized in the community. Cluster Facilitators have reported that if people want information they always consult them.

Recommendation

The sustainability of Savings Groups is the basis for promoting sustainability of the gains made by ENSURE in its three strategic objectives, as well as promoting community resilience. This is key as the ENSURE project begins to phase out. Considering this, there is a need to strengthen Savings Groups through emphasizing adaptability and coping strategies in a highly inflationary environment with price increases and a weak currency.

Conclusion

As ENSURE moves toward finishing, the ENSURE staff are focused on sustainability of interventions. Savings Groups have remained an integral component for sustaining the gains made by ENSURE in Maternal and Child Nutrition and Health, Agriculture and Economic Development and Community Resilience. Well-functioning Savings Groups in ENSURE are more likely to promote resilience in communities against threats such as El Nino induced droughts.

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