

Promotion of a saving and credit culture in target communities



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List of Abbreviations

Caritas K-MD	Caritas Kiyinda-Mityana
NGO	Non-Government-Organisation
VSLA	Village Savings and Loan Association
CAPCA	Caritas Projects
SACCO	Saving and credit co-operative society
SWOT	Strengths, Weaknesses, Opportunities and Threats

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1. General Information

Caritas Kiyinda-Mityana (Caritas K-MD) is the social service department of the Catholic Diocese of Kiyinda-Mityana, Uganda. The organisation's purpose is to create a self-reliant community engaging in a sustainable and holistic development by implementing a number of programs focusing on social protection, agriculture and livelihood, health, human rights, good governance and capacity building. It covers the geographical area of the Districts of Mityana, Mubende, Kiboga, Kyankwanzi and Gomba.

Through its social development arm, Caritas K-MD has endeavoured to provide different services to its people regardless of religious, gender, political or tribal affiliations. In particular, the diocese seeks to reach out to the poorest of the poor, to vulnerable groups and those that the society has generally discarded. The area where Caritas K-MD works still experiences serious social and economic problems that include a high rate of orphanage, school dropout, delinquency, poor sanitation, poor health conditions, low agricultural productivity, violence against children and women, inadequate support of marginalized groups such as women, environmental degradation and income poverty.

This experience called "*promotion of a saving and credit culture in target communities*" was implemented in 2012 in the sub-counties of Kiganda, Kassanda and Myanzi and in 2015 in the sub-counties of Busimbi, Mangala and Kakindu in the Mityana District. However, now the project has been introduced in more areas within the diocese of Caritas K-MD.



Figure 1: Location of the experience

This good practice can be relevant for other institutions and organisations working in the same area because it shows the importance of the creation of a spirit of togetherness, solidarity and sharing among saving group members to provide a strong pillar of program sustainability in any community. It also shows how to create ownership of the projects since the leaders were all from within the saving groups and it has developed a good channel of communication.



2. Context of the Experience

Caritas K-MD observed negative impacts on the livelihood of their communities due to social and economic problems in the region. Women were often suppressed by their husbands in relation to financial issues and could not save for their own which was often accompanied by domestic violence. Some members of the communities are HIV positive and were missing out on their regular antiretroviral therapy because they could not afford transportation.

Moreover, the base of daily interaction among members of the communities was "everybody on her/his own and God for us all" but Caritas K-MD wanted to show the communities that "together we can" through the implementation and promotion of a saving and credit culture. They hoped that this togetherness would guarantee that members would still meet for common goals of their community once the project phased out and thus guarantee the sustainability of the project goals.

During the implementation of the saving and credit schemes, the organisation also faced problems with bureaucracy which a lot of the beneficiaries from the villages could not manage and understand due to their levels of education as well as the distances. This showed the need of simple loans structures which would come from amongst the members as it is community centred and internally managed.



3. Main Characteristics of the Experience

Facing challenges and social and economic problems in the region, Caritas K-MD decided to promote a saving and lending culture among their communities to support the creation of a resource base from which members could borrow money to sustain their businesses and to provide access to financial assistance for their members without security, especially women.

The project implemented was developed following the SCC V.I. Agro-Project, a Non-Government-Organisation (NGO) operating in Masaka and some parts of the Mpigi District since 2011. The SCC V.I. Agro-Project had intentions to extend their services into the Mubende District and identified Caritas K-MD as a potential partner. Besides supporting communities in tree planting activities, the project included "Village Savings and Loan Association" (VSLA) elements with which Caritas Kiyinda-Mityana worked before and so fitted for the implementation of a similar project.

The Caritas K-MD team studied the SCC V.I. Agro-Project and started their own project in 2012 in Myanzi, Kiganda and Kassanda, sub-counties of the Mubende District. They started with a group of farmers that were working in one of the Caritas Projects (CAPCA) in the Kassanda District. The group was trained in VSLA methodology which included the following:

- How to come up with a constitution for the group?
 - Election of leaders
 - Materials and tools needed were pass books, saving box, padlocks, register book, bags, basins and pens among others
 - Contributions that are made in VSLAs (membership, social fund and shares/personal savings) and how each should be handled
 - Holding of VSLA meetings which were decided by the members themselves according to their convenience
 - Saving and borrowing and setting of the interest by the members in the group ranging from 5-10% per month
- Mode of payments which was take loans and pay back both the principle and interest in a period of three months on a reducing balance system
 - The saving cycle was 12 months and then members gathered for sharing out their accumulated interests as well as the principle. And then the next cycle began the following year

The implementing of the practice was successful and therefore later on introduced in other areas of the diocese.

The meetings among the group members always followed certain characteristics:

- The sitting arrangement during the meetings were in a U-shape
- Leadership (chairperson, vice, secretary, treasury and 3 key keepers) were present
- The 3 key keepers opened the box in front of the group for group activities to begin and called out numbers instead of the names of individuals (pass books are always numbered)
- Members bringing their savings always had to speak loudly for all other members to hear the amount saved by the particular member to avoid any possible misunderstandings
- Asking members per sitting to tell how much they have saved to date
- Informing the members how much has been saved per sitting on the different bags (membership, social fund and group savings) so that for the next sitting they were able to memorise it for transparency
- The meeting did not last for 1½ hours unless there are other things to share agreed upon
- After all the savings and borrowing process have been completed, all the materials were put back in the tool box and the key keeper locked it
- Tools/instruments used were pass books, registers, pens, tool box, padlocks, long ruler, ledger book, etc.



4. Stakeholders and Partners – Roles and Responsibilities

The **direct beneficiaries** of this experience were:

- Communities and beneficiaries of Caritas K-MD
- Caritas K-MD by achieving their organisational goals
- Other development partners which took this practice as a base to start their development initiatives
- Local government by using the group meetings to pass on information
- Banks because many groups have opened up accounts as well as individuals from the groups, of course accompanied by the education from bank officials

Involved in this experience as **motivators** were:

- **Caritas K-MD** by achieving the organisational objective of promoting a self-reliant community
- **Beneficiaries** by creating a saving and borrowing culture, sharing their experiences and knowledge on different disciplines and creating solidarity during trial and joyful moments
- **Banks** by extending their clientele base through accounts opening
- **Local government** by easy service delivery

The **responsibilities** were divided the following:

Beneficiaries

- Holding meetings and electing responsible and committed leaders
- Saving and borrowing while following the VSLA methodology
- Making their constitution with the guidance from the staff of the implementing organisation and setting by-laws
- Registering the group
- Sticking to the group's constitution and by-laws

Caritas K-MD :

- Training groups in VSLA methodology
- Follow-up on group activities
- Going for exposure visits for experience sharing from other organisations implementing the same practice
- Giving re-fresher trainings, in particular to leaders
- Identifying resourceful persons and groups to mentor and train other groups like Bageza SACCO, DCO

Banks:

- Creation of awareness about the existing bank products
- Educating group members about the helpfulness of opening up an account

Local government:

- Awareness creation about government programs
- Group registration



5. Resources

Resources needed to implement this experience were:

Human Resources:

- Communities to create a group of at least 20-30 members
- At least two field officers
- Knowledge on financial literacy and the elements of book-keeping
- Knowledge on VSLA methodology

Material Resources:

- Training manuals and stationery
- Pass books
- Register and a ledger book

Time:

- A day's sitting/meeting should not exceed 1 1/2 hours for the VSLAs unless there are other issues to discuss agreed upon

Financing:

- Facilitation fees for resource persons

- Transport and salary for staff and field officers
- Opening fees for accounts
- Registration fees
- Transport for leader's movements and communication fees



6. Impact of the Experience/ Practice

Impacts of this experience on an **economical** level were that men and women have been able to acquire assets like land and built houses and thus create a financial security among group members. They are now able to find other avenues for income generating activities, bought animals (pigs, goats, and cows) and set up small businesses through the credit schemes. Moreover, they are able to invest their social fund accumulated annually by buying tents and chairs for the group and they can sustain their children in schools through the borrowing culture. The relationship between the implementer, the local government and the group members developed in a very positive way and led to the evolution of some VSLAs up to the level of a cooperative. As a cooperative they now have a better chance of attracting and acquiring bigger funds from the government and other development partners.

On a **social** level the beneficiaries of this experience gained leadership skills and are known and respected in their communities. A reduction of cases of domestic violence could be observed and homes are now in harmony, women are involved in financial decisions and sometimes even the men remind their wives of the group meetings after seeing their relevancies.

The groups created a togetherness and solidarity during joyous moments and the sharing of experience led to the sharing of their problems as well. The chance of changing the environment from home to another place created a room for socialization, especially for women. The communities now have a bigger voice for lobbying and advocacy. For example the Kiganda Cooperative acquired a transformer for their coffee machine through lobbying and advocacy.

In relation to HIV/AIDS Caritas K-MD observed that through the introduction of saving groups,

members with HIV or AIDS have saved and are now able to attend regularly their antiretroviral therapies. Previously, they believed that anytime they were dying but they have managed to save and acquire assets for their family members, pay school fees and have avenues to share with others in the similar situation for a positive living. So far, there are three groups of people with HIV/AIDS, for example Star Sikyomu HIV/AIDS group in Zigoti-Malangala sub-county in the Mityana District.



7. Lessons Learned and Recommendations

Lessons learned from this experience were:

- People often do not have financial resources but cannot deal with them. They need to pull their resources together through saving and then borrow it out to do something bigger than they would on their own
- If the members of the saving and credit schemes do not have trust in the implementer, the practice most likely will fail
- The practice needs a bottom to top approach for it to thrive and be sustainable
- To sustain a group, there must be good and committed leadership
- There must be a strong bond and relationship between the group, implementing partner and the local government
- When people from the same locality come together, their morale of working, saving and borrowing increases since none would wish to be left behind in terms of development
- Forming a sustainable group sharing the same ideology takes time. Patience is the key factor
- Regular visits and follow-ups of the groups are important and checks and balances have to be made to avoid any room for fraud

Therefore, institutions and organisations finding themselves in a similar situation should study methodologies about creating VSLA before implementing the practice. They should make a

survey in the area they wish to introduce the practice to get a better overview and carry out a SWOT- or Stakeholder Analysis.



8. Challenges

The **challenges** during the implementation of this good practice were:

- Violation of constitution and the by-laws by leaders
- Climatic change effects since majority of the group members are farmers
- Illiteracy levels among members have led to embezzlement of members' money by their leaders and brought problems when it came to the calculation of the profits per share as they could not understand them and in the end claimed that the leaders "had eaten their money"
- Fear of responsibility by some members to assume responsibility in the group sometimes due to cultural values. Women feared to lead groups where their in-laws were members
- Poor loan recovery since majority of the members are depending on agriculture and on the mercies of the climate

These challenges have been addressed by holding regular trainings on topics like climate change, migration and the adoption of measures like water harvesting, by planting improved seed which are resistant and by strengthening by-laws and continuous visits for check and balance. Also, Caritas K-MD held trainings about the elementary of book-keeping, VSLA methodology and carried out Functional Adult Literacy Training.



9. Sustainability

For this practice to be sustainable it was important to interact with a strong, vibrant and committed leadership. The group members needed to respect the constitution and by-laws and the organisation needed to count with a transparency and accountability by the group leaders. A strong trust among the group members and regular follow-ups on the group activities as well as re-fresher trainings and a strong financial management system were essential.



10. Experience Sharing/ Up-scaling

To replicate this experience, it is important to act in an environment of political stability where people come from the same locality and ideology. There has to exist a respect for cultural and religious values and nearness to banking institutions. Group members have to respect and follow government guidelines concerning VSLAs.

Other organisation and institutions working in the same area are:

- SCC V.I. Agro-forest (inspiration for this good practice)
- Caritas Kanana-Luweero
- Caritas MADDO (Masaka) and Caritas Kampala

Interested in this experience could be all organisations and institutions dealing with uplifting community livelihoods as well as the local government.