CHRISTIAN REFORMED WORLD RELIEF COMMITTEE

CRWRC

Letter from
Mwanza, Tanzania

"We are not afraid of the future." - life motto of Czech shoemaker Tomáš Bata

January 2009

Greetings,

There is a bit of a bright spot here in Mwanza that I wanted us to look at again. The ***Sa***vings and ***C***redits ***Co***operative ***S***ocieties, or SACCOS, started here over the past four years are still going strong. About two years ago I gave you an update on this program and some of the successes and trials. You may recall a woman who took the first loan and opened the beer stall? In that case the act of saving and then taking the loan was quite a success, but the application of that loan….well, that wasn't exactly what we would call Kingdom-building. So let's fast forward to today – mid-October 2008 when I just finished some partner staff training.

We focused our time on savings and loan programs from Tanzania. Interest was high and experiences were many – both positive and negative. One person talked about the traditional savings and loan method here in Mwanza called ***ifogohn'go***. That's a Sukuma word and the scheme works like a kitty or a pot where you put some money in and then take some money out. They all agreed it's a scheme with a somewhat "leaky" pot. Someone else told about their experience with an international non-governmental organization that had a scheme which sounded a bit like an infomercial with a 1-800 number at the end of it and "operators standing by". In the end, nobody was impressed with this quick, fix-it-all approach. They said the program had a lot of outside inputs such as cash boxes, one-time trainings, and a startup capital for loans.

Mr. Pamba gets an update from the Chairperson of Balimi SACCOS.

So why are SACCOS so different? Overall, partner development officers are of one mind that the success of the SACCOS rests on the strict Savings First-Savings Focused approach used with every group. So one of the reasons partners here in Mwanza – *ELVD Magu* (East of Lake Victoria Diocese Magu) and *SISA* (Sengerema Informal Sector Association) – achieved the level of success their SACCOS have had up to date is because they started very slowly, and they started with their own money.

You might wonder if your support went to build the loan capital. Well, in a way it did, but not as a direct input into their accounts. Instead, it went into the trainings that leaders and members needed when they joined the SACCOS. Specifically, these were classes on accounting, membership responsibilities, paying dues, attendance, savings, and so forth. Those trainings still continue today as refresher courses for established groups and initial trainings for startup groups.

And the return on that investment (if we can use some business-like terms here) has been good as well. My rough guess would estimate that around $12,000 has come from CRWRC over the last four years to these three partner groups in order that they can arrange training and education for the savings and credits group members and leadership. At last count there were over 800 members in ten groups. Over time, two of these groups were able to actually take a loan from another lending agency and thereby boost their own capital and interest. They put up their own savings to take that loan. In total, there is about $113,000 recycling through the communities at this point. Some of that is saving and some of that is interest. Almost all of it is out as loans.

Balimi SACCOS members prepare to make a deposit into the savings account.

Each member can buy a share. One "share" in the SACCOS is equal to about $10 of savings. And if someone wants to leave the group, they could request their savings (or shares, in other words) plus any interest earned on those shares. So far the people leaving the group have been few. Most often people have wanted to join. According to Mr. Pamba of ELVD, these are people who wanted to watch the group first and see how it went. Perhaps to them it sounded like a good idea but maybe, they thought, it will go bust like so many others. But in the end they see that it is a community-based, saving-focused, locally-led savings and credit scheme that gets people saving and borrowing and improving their lives (*with hopefully fewer beer shops opening!*).

We can also see a glimpse of transformation among the members because they are going against the feeling expressed in a locally common proverb which says, "*To receive is rejoicing; to payback is mourning*". And I guess that is the biggest change of all; the members are putting their money back into the program, even when common wisdom around them says not to. They are repaying their loans. They are building into their community and trusting each other so that their community will last and last together.

Roland Bunch, in his book <u>*Two Ears of Corn*</u>, talked about villager contributions in planning and decisions as a way to increase their commitment to success. I believe that is true and I have seen it happen here in Mwanza. I also believe it is possible to make the same statement about savings. When we are talking about village contributions to the loan program, they are then directly involved and committed to seeing that program succeed. In this case, a successful program grew from a successful process. And in development, a successful process of ownership and commitment will be used for answering tomorrow's questions as well. And that is yet another glimpse of transformation.

peace, Steve