

ACCESS AFRICA: The Power of Financial Services Program Update – May 2011



Executive Summary

Securing capital to start a business or accruing savings is a near impossible task for millions of people in the developing world. The closest bank is often a day's walk away. To open an account requires proof of identity and an address, which many marginalized women do not have. CARE's ACCESS AFRICA program empowers people – 70 percent of them women – with the skills and knowledge to improve their family finances and access to insurance. The program aims to lift 30 million people and their families out of poverty over the next decade, in 39 sub-Saharan countries.

To date, ACCESS AFRICA OPERATES in 26 countries and continues to expand its reach through a number of approaches, such as training local and international nongovernmental organizations (NGOs), franchisees and faith-based organizations, as well as community partners, in CARE's successful village savings and loan association (VSLA) methodology. We also work to link mature VSLA groups to established financial institutions to increase their access to more capital.

This report highlights the investments CARE has made over the last six months to help families access a wide range of innovative financial services. A summary of key results includes:

- **Scale up of VSLA programming:** CARE has already reached 2.4 million people with VSLA activities. We have expanded activities in countries like Niger and Sierra Leone. We have trained staff from local

community organizations and village agents to help promote the formation of VSLAs and expand the program reach.

- **Pilot a financial literacy curriculum:** CARE is developing a financial literacy curriculum to help VSLA clients attain financial independence and use the formal banking sector to their advantage. CARE is testing the curriculum in Malawi and Rwanda, training master trainers and village agents in both countries to pilot and make necessary adjustments to the curriculum before offering it in other countries.
- **Expand ACCESS AFRICA to explore financial linkages:** CARE is working with M2I Consulting Private Ltd., a consultant in Kenya, to explore financial linkages to improve the quality of life for poor people by extending and developing access to more formal financial services.
- **Foster partnerships to advance programs both locally and globally:** CARE has forged partnerships with academic and private sector partners that allow us to achieve our program impact goals. Through university fellowships, research collaborations and capacity building outreach, CARE is actively engaging with peer organizations to promote VSLA type approaches and with academic institutions to document best practices and program results.

Program Progress and Highlights

1. Scale up VSLA programming

Niger: CARE continues to expand our VSLA work in the country where we first implemented the program. In Niger, we are reaching an additional 2,500 poor people (forming over 300 new VSLA groups in 53 communities) in the Maradi and Zinder regions, providing them with access to savings, credit and insurance services. As part of the process, we trained local partner staff and 21 village agents¹ on the VSLA approach. In addition, 66 new groups include men and boys. In total, 8,332 people VSLA members in Niger. All groups received support on VSLA operations, management training, support for legal recognition and help with drafting group regulations and bylaws. CARE has also implemented a regional VSLA Management Information System (MIS) to collect and analyze data. This information will be distributed among regional stakeholders involved in implementing ACCESS AFRICA.

Sierra Leone: CARE implemented a six-month scale-up project in Bombali and Tonkolili districts that provided 6,323 low-income people with access basic financial services. CARE's ACCESS AFRICA team, along with local partner, Rofutha Development Association (RODA), organized 212 VSLA groups and trained community members (55 percent were women) in our VSLA methodology. In addition, CARE trained 25 village agents to form at least 124 new groups. Each village agent received VSLA cash boxes to provide to new groups to keep savings safe and once the groups repay the cost of the cash box, the village agent can purchase new ones to start even more new groups. Through RODA and village agents, CARE is using the VSLA platform to facilitate community members' access to capital for sustainable businesses, basic health care, labor and inputs for farming, and information on maternal and child health. Thus far, the groups have accumulated total assets worth \$57,491, a cumulative savings of \$48,146 and established social insurance funds² with a total value of \$8,714.

¹Village agents are VSLA members identified by groups who serve as trainers to establish new groups and serve as mentors.

²A social insurance fund is a separate tranche of money that VSLA members contribute to and set aside for emergency loans. Members can borrow from the fund with little or no interest for unexpected costs such as transportation to health clinics, medical expenses or childbirth expenses. Generally, the fund also provides grants to members for funeral expenses in the event of a death in the family.

CARE trained 25 village agents to form community-based organizations (CBOs) that are legally registered to provide VSLA services. We also held a training session conducted by the Masory health post nurse for 25 village agents and eight RODA staff in January 2011 on maternal health issues such as recognizing the danger signs of complicated pregnancies and using a referral system to ensure that women and children seek professional help when needed.



A village agent (center-left) leads a VSLA group activity in Makeni, Sierra Leone.

2. Pilot a financial literacy curriculum

Research from the International Center for Research on Women has shown that significant advances in women's empowerment come not only from access to financial services, but also from financial independence. CARE and our partner organization Microfinance Opportunities (MFO) completed a financial literacy needs assessment and analysis of data and field research in Rwanda to develop new financial education materials for VSLA clients and local organizations working in the same sector. Through focus group discussions and individual interviews with village agents and local partner representative, CARE included the following key themes in the curriculum: money management with focus on strengthening savings and building budgets; saving at financial institutions; understanding and using loans; business skills development; and business planning. The goal is to educate women with practical financial skills, such as accounting and business negotiation, to help them make important decisions to improve their individual livelihoods and contribute to their family's wellbeing.

In Rwanda, CARE trained 15 technical support professionals and field supervisors to become master trainers on the VSLA methodology and financial education curriculum. In Malawi, training for 22 master trainers from six partner organizations working with CARE was conducted in January. These trainers have since trained 24 field officers to deliver the financial education curriculum to 48 VSLA groups in the second quarter of 2011. Finally, the field officers have identified 125 village agents who will be trained in April to roll out the financial education curriculum, once the field officers have completed their training with the VSLA groups. CARE is still forming VSLA groups and plans to roll out the financial literacy component to approximately 30 percent of the groups before July 2011. The financial literacy education curriculum has been produced and translation into the local language is underway.

3. Expand ACCESS AFRICA to explore financial linkages

Under CARE's VSLA program, group members pool their funds and loans are typically accessed by group members to jumpstart and improve their small businesses; however, group resources do not always meet all of the members' financial needs to develop their individual businesses. Loans are limited by the availability of funds in the VSLA cash box, which in turn, depends on the saving ability of the group.

CARE's ACCESS AFRICA team worked with VSLA groups and financial institutions in Kenya to understand the financial needs of VSLAs and assess which types of products financial institutions can provide. The team conducted focus groups with 17 mature VSLA groups, in both urban and remote areas, and with four of the five largest financial service providers to identify appropriate savings and credit models, including mobile models that allow members to make transactions via mobile phones instead of traveling long distances to visit bank branches. These options will help institutions provide financial products to VSLA groups in a cost-efficient manner. Upon completion of the product design, CARE organized a trainer of trainers for 25 representatives from CARE and Plan International on facilitating

linkage between VSLAs and financial institutions. We developed a guidebook to promote these linkages. CARE also developed a detailed plan to roll out a pilot program.

4. Foster partnerships to advance programs both locally and globally

CARE has engaged with peer organizations to promote VSLA approaches and with academic institutions to document best practices and program results. To date, we formed a partnership with the Tepper School of Business at Carnegie Mellon University to supply Masters of Business Administration-level students as interns to CARE's ACCESS AFRICA program. The first set of interns will join CARE in Rwanda in May. We have also formed a strategic partnership with Tufts University to develop and publish research on how Sharia law applies to VSLAs. Sharia law is the code of conduct or religious law of Islam and deals with many topics addressed by secular law, such as crime, politics and economics, along with personal matters.

Finally, CARE's director of the ACCESS AFRICA program, Lauren Hendricks, taught a course for financial regulators from developing countries that highlighted the role of VSLAs in national financial inclusion strategies.

Conclusion

CARE continues to grow as a leader in microfinance programs in Africa, helping poor families attain financial empowerment through a suite of services that were previously beyond their reach. Successful VSLA programs have been scaled up. Training curriculums have been developed. Innovative mobile phone technology is being tested. These efforts help ensure that women and their families can increase their household income, and in turn, pay for health services, education and participate in the development of their communities and nations. On behalf of the women and their families supported by the ACCESS AFRICA program, CARE gratefully acknowledges our donors for their investment to this vital work.