



# SaveAct Savings and Credit Groups and Small Enterprise Development

Understanding opportunities to promote livelihoods and small enterprise development, including in agriculture, through savings and credit groups in a rural setting

FinMark Trust Forum, 29 May 2012

# Why Savings?

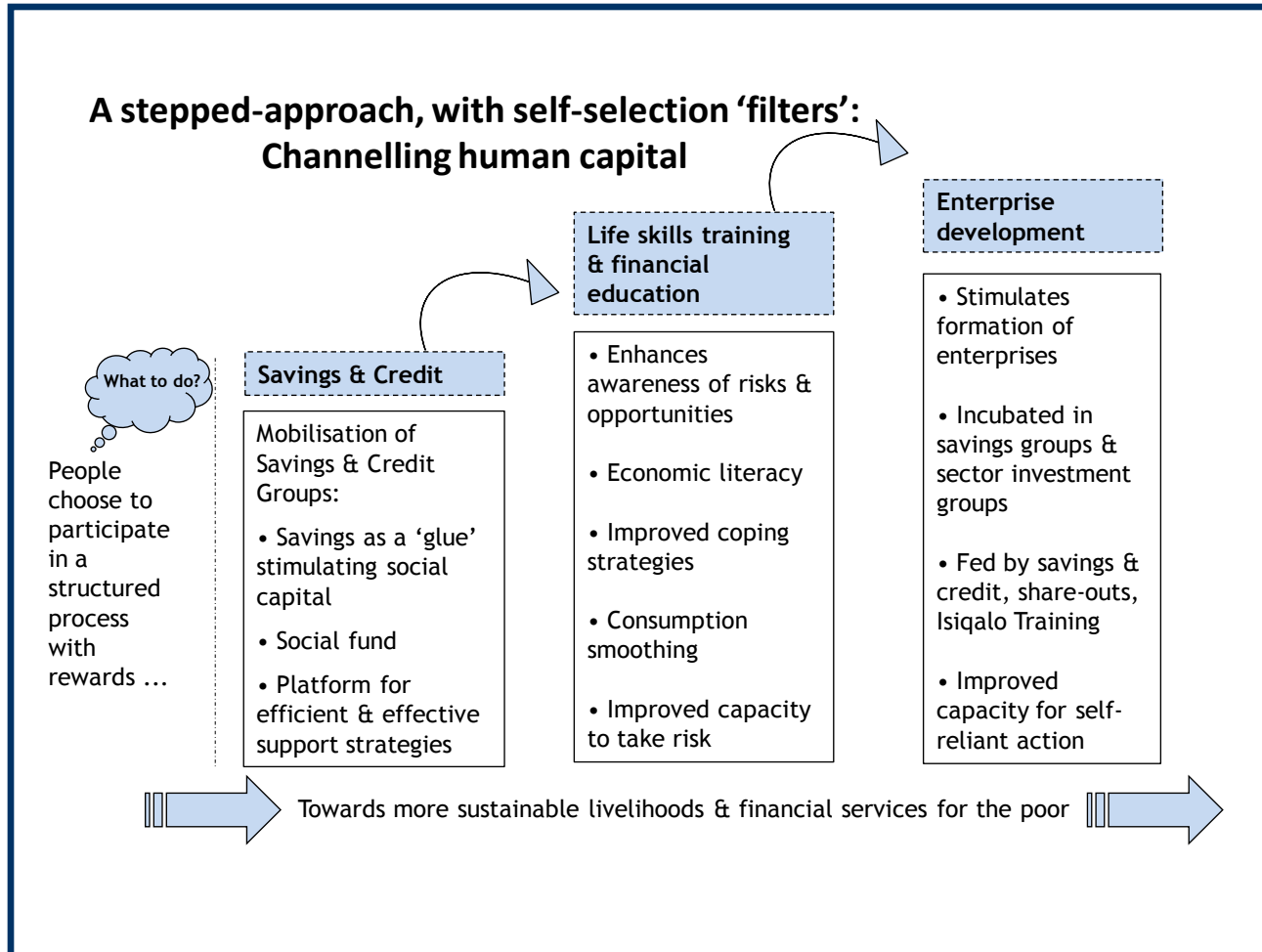


# Who is SaveAct?



Savings and Credit Group (SCG)

# What does SaveAct do?

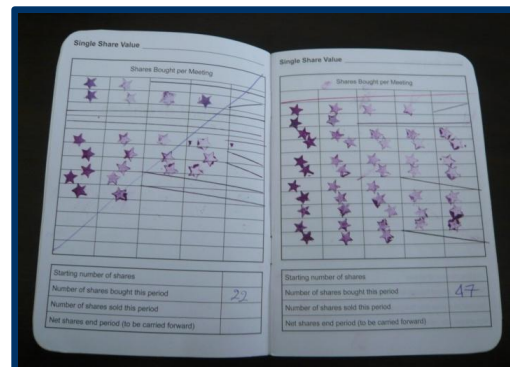


# How do savings groups work?

## The group box

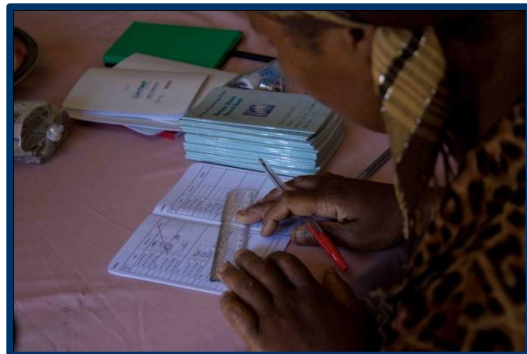


## Recording savings



# How do savings groups work?

## Repaying loans



## Sharing out



# Research Question



How do savings groups support enterprise development, especially in agriculture?

Develop profile of livelihood strategies and enterprise activities among SCG member households

Explore SCG membership and ways in which it contributes to enabling small enterprise activities

Explore use of financial services and potential need for additional services amongst SCG members involved in small enterprise, particularly in agriculture



# Research Sites



Bergville,  
KwaZulu-Natal



Matatiele,  
Eastern Cape



# Research Methodology

## Survey

- Face-to-face interviews with 150 SCG members (x2)

## Group discussions

- 9 discussions using *Participatory Rapid Appraisal* (PRA) tools (x2)

## Key informant interviews

- Semi-structured interviews with NGO partners etc.
- 3 in Bergville, 2 in Matatiele

## Case studies

- Case studies of agricultural entrepreneurs in SCGs
- 5 in Bergville; 8 in Matatiele

# Profile of SCG members



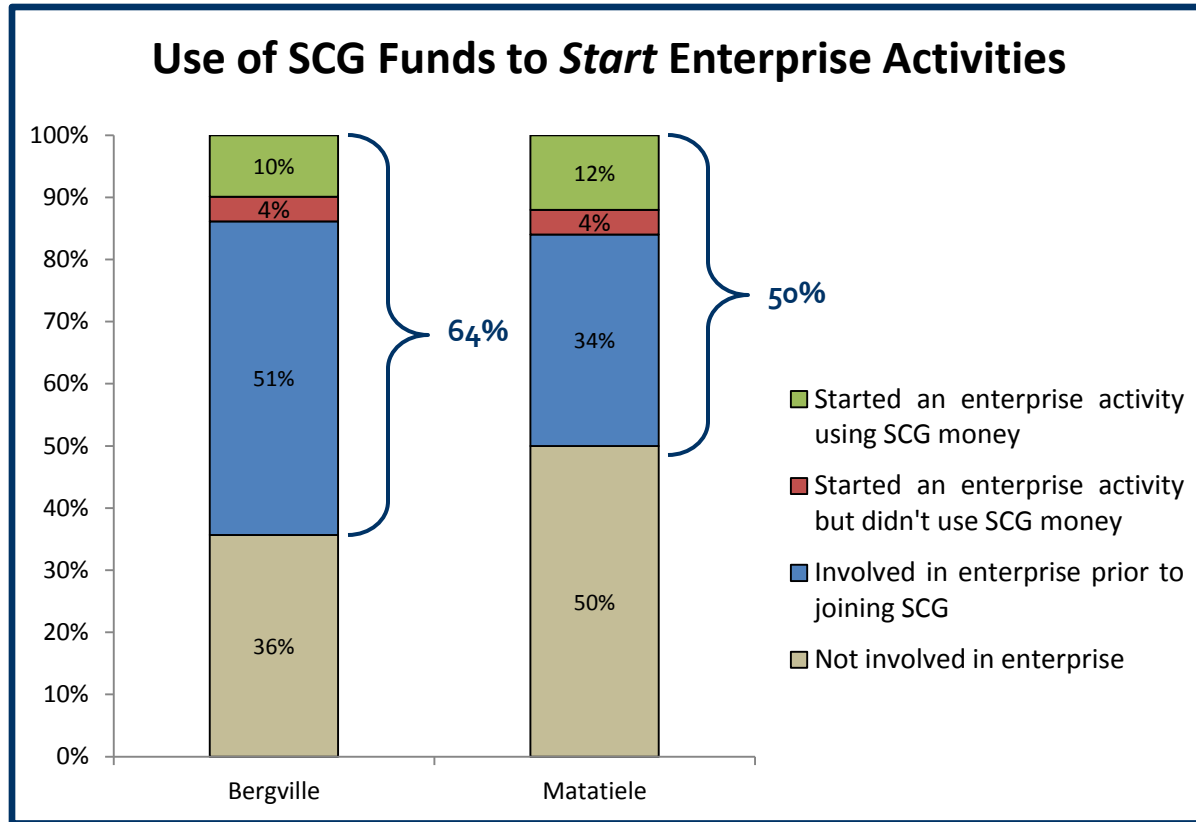
SCG Member Profile	Bergville (N=146)	Matatiele (N=147)
Gender	88% female	91% female
Average age	46 years old	49 years old
Married or have a partner	63%	76%
Household size	6 members	5 members
Involved in own enterprise activities	64%	50%
Grow vegetables/crops	77%	84%
Own poultry and livestock	75%	64%



# How does SCG membership support enterprise development? The findings

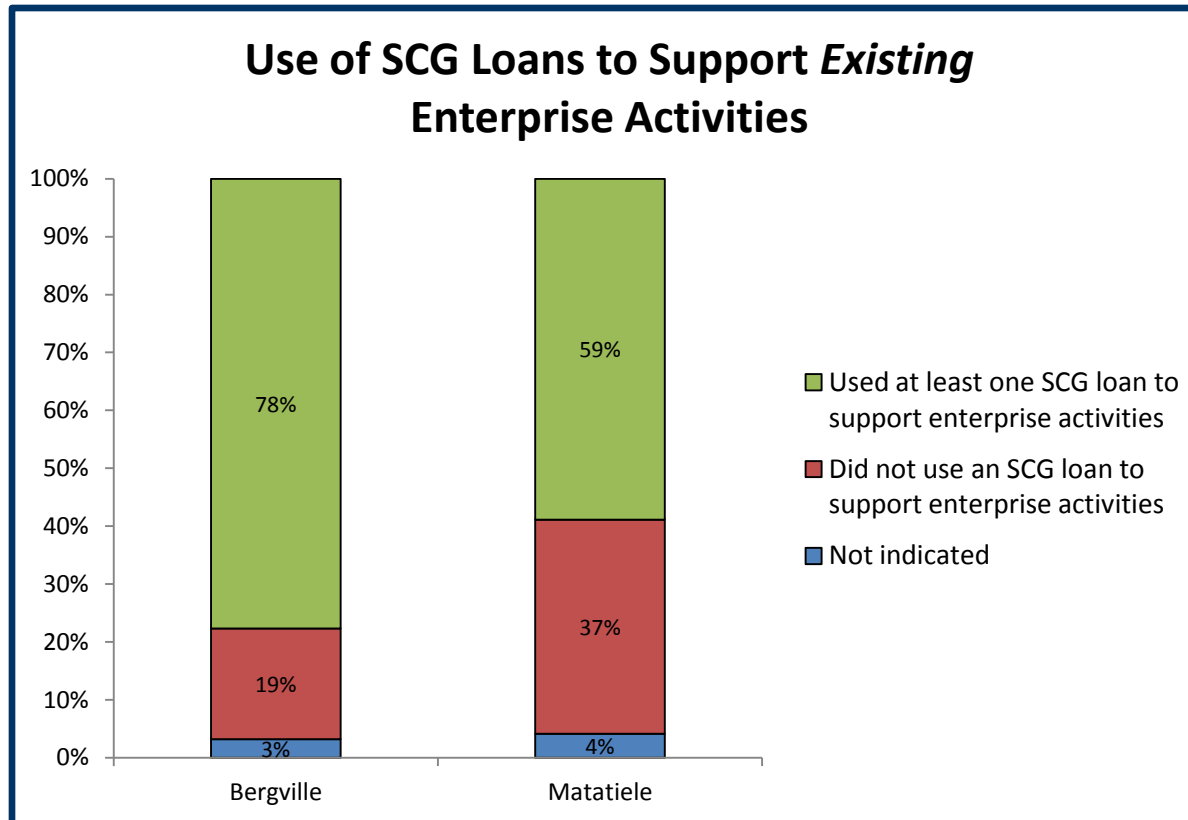


# 1. Access to savings and credit to *start* small enterprise activities



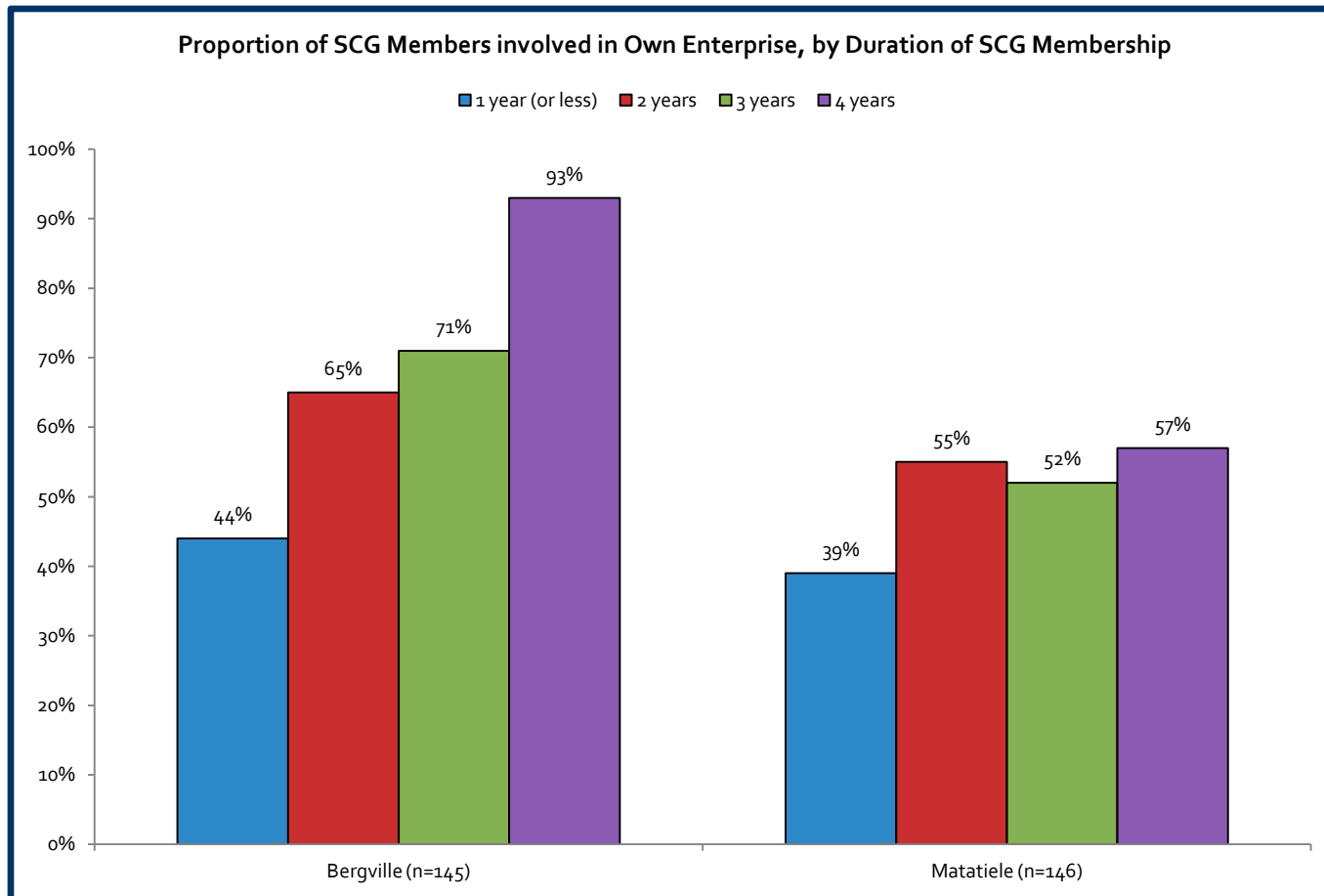
*"[The savings group] has helped me a lot because now I have my own business which I never thought I would."* (46 year old female, sells vegetables in Bergville)

# 1. Access to savings and credit to *support* small enterprise activities

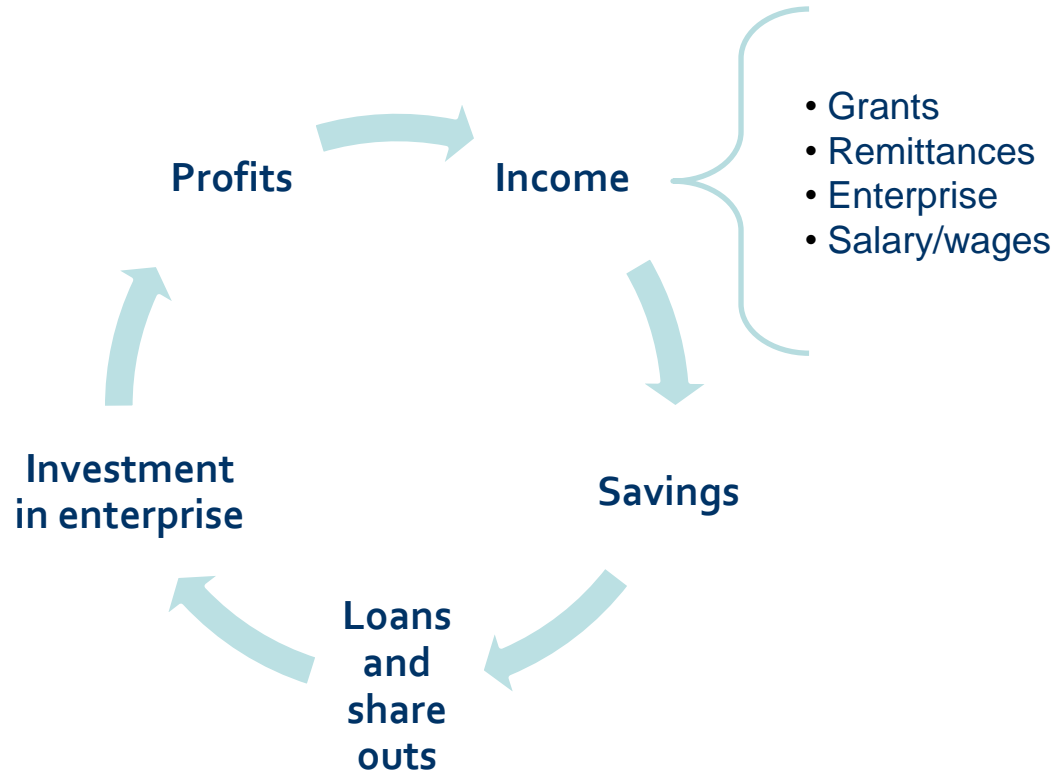


*"Now I am able to buy more material and can fix my sewing machine at any time because I can borrow at the SCG."* (46 year old female in Matatiele, sews and sells clothes)

# 1. Access to savings and credit to *start* and *support* small enterprise activities



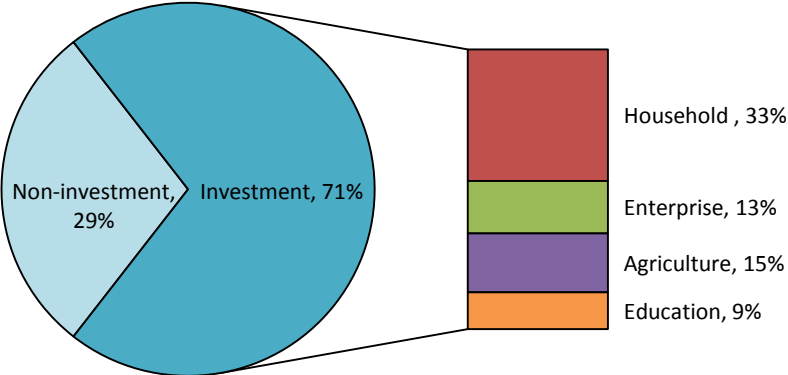
## 2. Upward spiral: virtuous circle of savings and enterprise activities



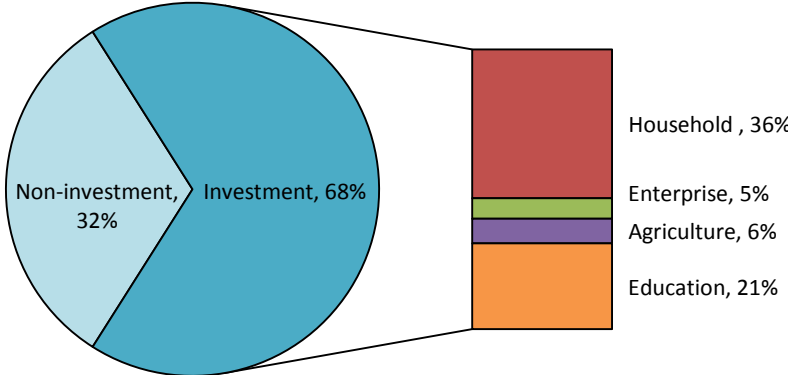
*"Members would borrow money to improve their businesses and they know that they can borrow money from the group if anything in their business is lacking...it is a two-way process because [when] I have sold things, I take the profit and save it to the saving scheme".*  
(Community-based promoter, Bergville)

# 3. Enable investment

### Use of loans (Bergville)

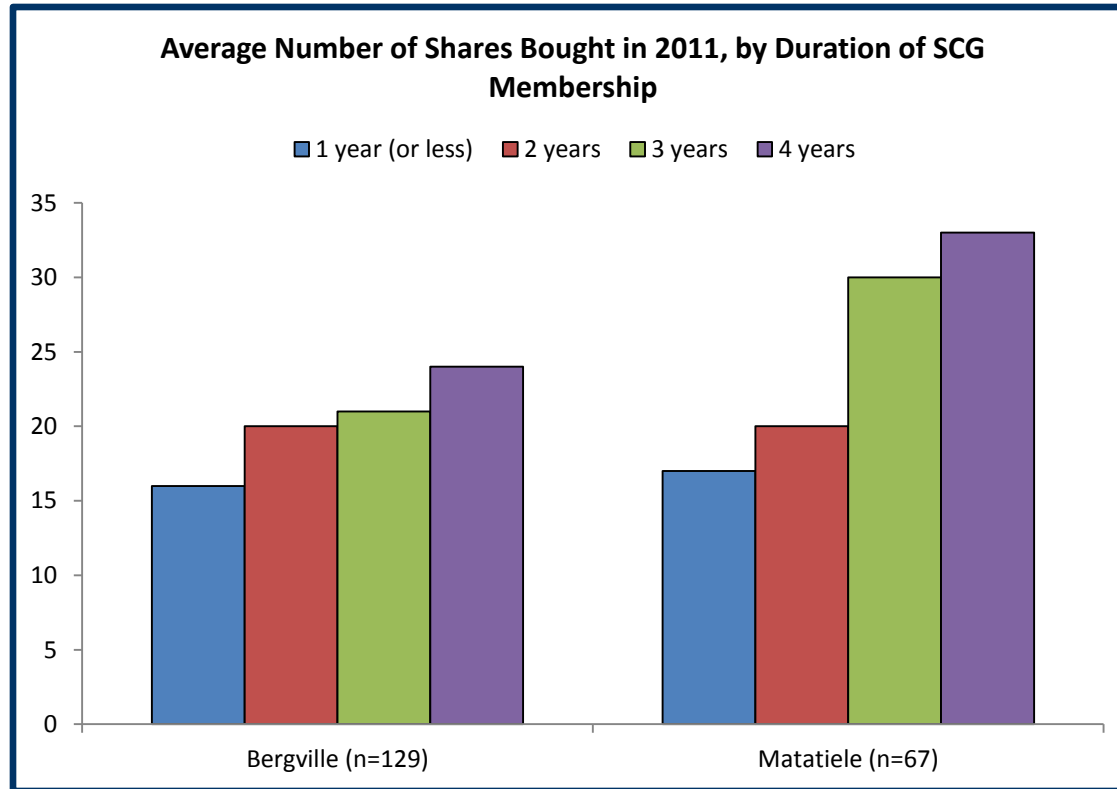


### Use of loans (Matatiele)





# 3. Grow investment



*"[I] was encouraged by what I have done in 2010, therefore I bought more shares in 2011."*  
(59 year old female, Matatiele)

# 3. Enable and grow investment



**Annie** is a 58 year old widow living with her four grandchildren who, through her 4 SCGs:

- Sent two daughters to nursing college in Durban using her December share-out
- Benefited from the bulk buying of fertilizer
- Able to renovate her concrete house, buy a large water tank and buy a small van
- Receives remittances but her savings group membership means she is not dependent on this money and is able to save it
- Financial education convinced her to improve her insurance portfolio –now has life cover and funeral cover for her family

## 4. Build agency and social capital

- Increased financial security
- Sense of ownership of process (transparency)

*"The savings group made me wiser when it comes to money and budgeting"*  
(39 year old female from Bergville)



*"I was taken out of the depression of taking loans from 'mashonisa' which are having high interest"*  
(39 year old male from Matatiele)

## 4. Build agency and social capital

- Trust and mutual support are building blocks of SCGs
- Saving, learning and working together gives members new sense of community and collective power
- Most members say *they* decide how to use loans



*"We now care what happens to one another as members. If you see something that you think will benefit your neighbour then you tell them"*

(36 year old female from Bergville)

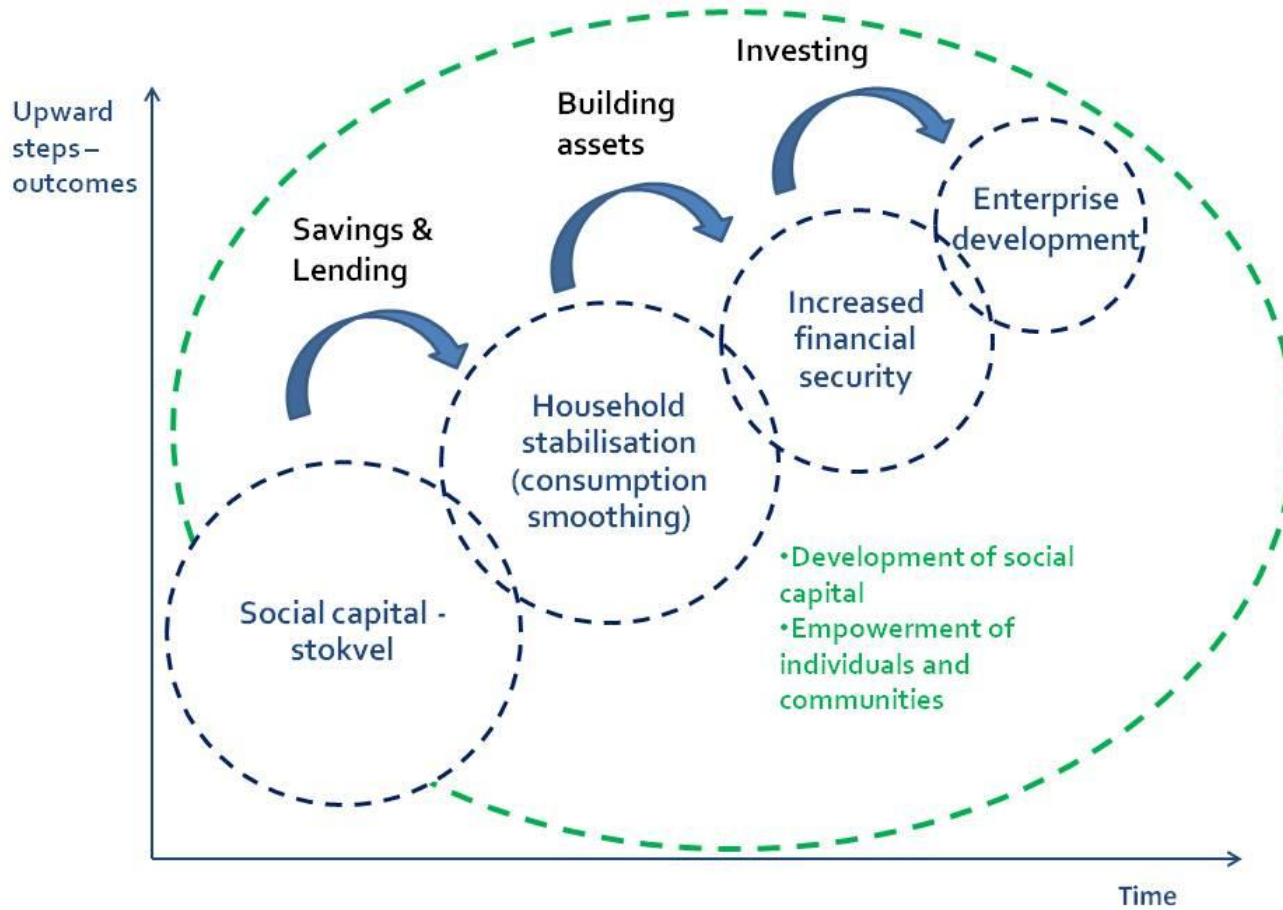
## 4. Empower and build social capital



### Collective action in:

- Bulk buying of fertiliser
- Bulk buying of seeds (potatoes)
- Informal collective activities
  - Growing vegetables collectively
  - Buying food and household assets together
  - Helping each other with building houses (Bergville) or burial services (Matatiele)

# How does SCG membership support enterprise development?



# Recommendations

Continue work on sustainability of approach

- How to sustain the model while scaling up

Explore links to formal financial services

- Transactional level (liquidity management)
- New products (commitment savings, longer term investments)
- Additional credit?

Provide further training support

- Provide further training and support to those involved in small enterprise, particularly in agriculture
- Work with partners and networks

Further research

- Longitudinal study
- Test new financial tools and technology to assist small-holder farmers



**Thank you**