SDI SAVINGS CONFERENCE - NAIROBI, KENYA: 04 - 06 February 2012

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Background

The workshop was organized with a view to provide SDI affiliates an opportunity to reflect and share around the savings ritual and it therefore drew participants from twelve countries namely South Africa, Namibia, Zimbabwe, Malawi, Botswana, Ghana, Zambia, Kenya, Uganda, Tanzania, India and Sri Lanka. In view of the above-cited objective, the workshop thus sought to discuss each individual affiliate's practical experiences around savings targeting the following;

- Savings systems and procedures
- Savings structure versus Federation structure
- Savings and slum upgrading
- Linking savings and UPFs

Theme 1 - Savings Procedures and Systems

Kenya Presentation

The Kenyans outlined their savings processes and in particular detailed the collection process and the various tools in place for record-keeping. For instance, they explained that they were using charts as a strategy for information sharing within savings schemes. They also indicated that instead of practicing daily savings some schemes were doing weekly collections and some groups were taking the money to the bank whilst others were loaning out the savings. There were different forms of savings across the Kenyan Federation (Mundane) and these dependent on the need in each locality. In Mathare, for example, the priority area that had inspired savings is water but this had in turn led to negotiations on land.

Field Visit to Mukuru Settlement

The groups in Mukuru started in 2007 initially with a mere 7 members but a year later the membership had grown to 400 families. In order to manage the groups effectively in view of the huge numbers of families, the Federation has divided the land into 27 zones with each zone have its own zone leader. Whilst some groups save daily others save on a weekly basis. On average members save Sh10.00 per day. The Mukuru Federation secured a loan of Sh55million from Ecobank to buy a piece of land measuring 23 acres and equivalent to 2500 plots. The Federation also accessed a loan amounting to Sh13million from the urban poor fund - Akiba Mashinani Trust (AMT) and on average each family pays Sh3000.00/month towards a loan of Sh45,500.00 (US$600.00). As a way of reducing costs for the development, the Federation has proposed bulk procurement for the materials. Other affiliates also made suggestions for cutting costs such as adoption of incremental loans and developing shell housing units instead of a complete house as was the case in Zimbabwe and cross-subsidization from the Ghanaian experiences. In Tanzania, for instance, under the Chamazi Project the Federation assessed first the rentals that were being by members to estimate their affordability.

Zambia Presentation

The Zambians narrated the process indicating that they two collectors and three treasurers per every scheme and the savings were either banked or kept in a cash-box. Loans were given out during meetings and were charged an interest of 10%. Participation was a key consideration when giving out these loans and the repayments were done weekly. A new system of promoting 'savings for purpose' had been adopted following an exchange visit to Malawi. In practice, this meant making needs-based contributions for a period of 6 months after which the money would be shared amongst the members so that they could meet household needs.

Sri Lanka Presentation
In Sri Lanka, they reported that they have the Women Development Bank which operate using a micro-finance model. The women's groups are mostly rural and they save weekly with a membership of 10 - 15 members/group. A total of 5 women's groups make up the Primary Branch and . Besides, recording the savings in the booklet, the members also give out receipts to members as proof of savings. Their loan system has two types of loans namely the small consumptive loans hundred rupees (R100.00) and the bigger loans of five hundred rupees (R500.00). Initially, the groups were providing money for the construction loans but they had now switched to disbursing the required building materials after incidences of misappropriation of funds.

Theme 2 - How does Saving structure link with Federation structure

Indian Presentation
The evolution and characterization of the Indian savings has been strongly linked with the geography of the poor communities. Thus overtime slum dwellers have federated on the basis of their location and the related challenges like encroachment into reserves. This phenomenon has resulted in the emergence of the Railway Slum Dwellers Federation, Airport Slum Dwellers Federation and the Pavement Dwellers Federation. The Indians reported that Mahila Milan (Women's Organization) was formed in 1988 by women from pavements following a series of evictions. Savings were used by Mahila Milan to build strong relationships amongst the poor women and initially 9 women's groups were formed. In addition, savings were also a unifying factor when there were no evictions with one collector serving 15 - 20 families. In 1987, contacts with other Asian groups were developed and later in 1991 the first links with South Africa were made. The savings process taught us that when you collect small money from a lot of people you create a big organization. Our engagement with NSDF also taught us enough lessons particularly to 'think big' through focusing on such issues as land and housing. This thrust resulted in two sets of savings that is, daily needs savings and the more long term savings on land, toilets and houses.

Uganda Presentation
The Ugandans outlined that at the scheme level, their groups were led by a chairperson, treasurer and secretary. The schemes were then followed by the networks which are constituted by groups. Each network has a co-ordinator and the latter takes up network issues to the regional level. The unit of organization for the groups is the settlement and the collectors work on a rotation basis. A total of 9 components help to drive Federation programmes namely; Savings, Loans, Urban Poor Fund, Negotiations, Exchanges, Enumeration, Auditing, Projects and Health/Hygiene.

Zimbabwe Presentation
The Zimbabweans presented first the structure that was in place beginning with the savings scheme then network and regional and finally national level. Each scheme was run on a day-to-day basis by three treasurers and collectors but the members were the supreme decision-makers on all matters. This arrangement at the scheme level was also reflected in the bottom-up approach within the wider Federation. The number of collectors was dependent on total membership of the group as well as the geographical distribution

of the membership. Across all the Federation levels, the savings were represented through different mechanisms. There were eight components around which Federation activities were organized and starting from the scheme to the national level, each structure had savings representation in one form or the other. For instance, just as every scheme had a representative on savings, there was also a leader who supported savings at the national level. In order to enhance affordability, the Zimbabweans noted that they had devised a system staged-loans whereby small incremental loans were given out for a specific level, for example, slab level or roofing level. In line with this methodology, an individual member would only access a loan for the next level after making repayments amounting to 2/3 (two thirds) of the preceding loan. The net effect of this new arrangement was that repayments had improved as a result of this incentivized system.

Theme 3 - Savings and Slum Upgrading

Ghana Presentation
The Ghanaians made a presentation of the Amuidzor slum upgrading project where savings have been used as a tool to rally Federation communities together. Under the Amuidzor project, the Ghanaians have built a ground-floor plus 2 superstructure unit. The latter accommodates 31 families with 5 by 2-bedroomed units and 26 by single-bedroomed units. The beneficiaries for the Amuidzor project were required to save GCd1000 in order to access a loan of GCd6500.00 while government injected USD20,000.00. The major lessons that came out of the project relate to issues of scale, sustainability, leverage and impact.

Tanzania Presentation
Kurasin slum upgrading project had 2000 families under which loans of Sh80,000.00 per family were disbursed. The first phase of the project had 500 housing units and the savers contributed Sh10,000.00 towards buying land. According to the Tanzanians, the experiences so far have shown that in-situ upgrading help to address community-wide issues whereas green-fields have a membership focus.

Malawi Presentation
Savings are used as a problem-solving tool to address community challenges such as water and sanitation. The introduction of Informal Settlements Networks (ISNs) model has brought more voices hence easier audience with government.

Theme 4 - How to Link Savings with UPF

Namibia Presentation
The Namibians indicated that their loans were linked to the duration and amount of savings that an individual would have contributed. For instance, a member is required to save for minimum of 6 months to be eligible for a loan. Savings in Namibia have also enabled the Shack Dwellers Federation of Namibia to mobilize additional resources from central government that have been used to augment Twahangana Fund. “Through savings, the poor are meeting the government halfway.” - Rosalina. As a result of these leveraging efforts, 32% of the funds used to build houses by the Federation have come from government. Below are relevant loan details;

- Housing loan @ 0,5% for 11 years
- Business loan @ 2% interest
- Services loan @ 1% interest
- 34m2 house @ N$704/m

South African Presentation
The South Africans reported that government subsidies played a very important role in the construction projects. However, there were quick to point out that the subsidy programme was not very efficient as in most cases UPF pre-finances housing projects. Thus, on average it took a period ranging from 6months to years for the subsidies to be disbursed. Individual house loans averaged at R54,000.00 for a unit measuring 56m2. A member was required to have saved R750,00 before they could access a building loan.

Kenya Presentation
The Kenyan Federation indicated that they had 6 components namely; Advocacy and Enumerations, Projects, Savings and Loans, Audit, Welfare and Muungano Development Fund. The Kenyans reported that they had three categories of loans and these were accessed as follows;
Small loans - Savings Group
Medium loans - Muungano Development Fund
Big loans - Akiba Mashinani Trust
The figures below indicate the costs of house (starter units) construction in the various projects undertaken in Nairobi;
Mahera @ KSh240,000.00
Kambemoto @ KSh220,000.00
Ghetto @ KSh100,000.00
Gitaturo @ KSh240,000.00
Nakuru @ KSh180,000.00
Mukuru @ KSh900,00.00
Mukuru is still work in progress but the Federation members are already burdened with costs of the land which was accessed on the open market. It was noted that savings should help to monitor and inform affordability issues around the project since there were indications that the project would become unaffordable if they did not come up with innovative ideas on how to deal with the additional servicing and construction costs. Suggestions on lending out loans in small tranches were made and even exploring possibilities of leveraging resources from government.

Conclusion and Next Steps
The workshop managed to provide an important platform for the various affiliates to learn from each other's experiences. The discussions traced how savings have evolved over the years as an SDI ritual focusing on a multiplicity of functions they have served beginning from savings as an organizing tool to savings as a financing tool and finally to savings as a political tool for harnessing and influencing policy support. The Mukuru case study showed how savings can be used to address the fundamental principles of scale and impact through leveraging resources. However, in the same vein, Mukuru experiences also highlighted the potential contradictions that these two principles can have when they are juxtaposed with affordability. The Zimbabwean team then had an opportunity to reflect on the trip and agreed on the way forward. The team members agreed that they would implement the lessons starting from the micro-level to the macro-level. In practice, this meant initially adopting the experiences at the scheme level then network and finally national level. The Federation representatives from Harare (Crowborough North) and Gwanda, for example, committed to implement the door-to-door daily loan repayment system as a way of boosting the repayment rate for UPF loans in their respective areas.