

Benin
February 16
2017

Savings Groups National Stakeholder Meeting

Savings Groups: Beyond Financial Services



This meeting was hosted by the SEEP Network and Financial Sector Deepening Africa, in collaboration with Freedom from Hunger and UNCDF-MicroLead.

About SEEP

SEEP is a global learning network. We support strategies that create new and better opportunities for vulnerable populations, especially women and the rural poor, to participate in markets and improve their quality of their life.

Founded in 1985, SEEP was a pioneer in the microcredit movement and helped build the foundation of the financial inclusion efforts of today. In the last three decades our members have continued to serve as a testing ground for innovative strategies that promote inclusion, develop competitive markets, and enhance the livelihood potential of the world's poor.

SEEP members are active in more than 170 countries worldwide. They work together and with other stakeholders to mobilize knowledge and foster innovation, creating opportunities for meaningful collaboration and, above all, for scaling impact.

For more information, visit www.seepnetwork.org or follow us on Twitter @TheSEEPNetwork

About FSD Africa

FSD Africa is a non-profit company which aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in SSA and in the economies, they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by the UK aid from the UK Government.

Through access to finance initiatives, it seeks to build financial inclusion. Through capital market development, it looks to promote economic growth and increase investment. As a regional programme, it seeks to encourage collaboration, knowledge transfer and market-building activities – especially in fragile states. FSD Africa provides support to the FSD Network.

For more information about FSD Africa visit: www.fsdafrica.org

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Cotonou, Benin **February 16, 2017**

On February 16, 2017, the SEEP Network, in partnership with FSD Africa, convened a national stakeholder meeting in Benin for all stakeholders that engage with Savings Groups (SGs) in the country, including NGOs, government ministries, financial service providers and donors. Together, this group explored how SGs and community-based entities that facilitate savings and lending among members are serving as agents of broader development in Benin. The event was co-hosted by Freedom from Hunger and UNCDF-MicroLead.

This national stakeholder meeting was inspired by several goals:

- **Introduce SGs** to wider audience in Benin
- **Contribute to a better understanding**, by diverse development actors, of the contributions of SGs to social and economic development in Benin
- **Explore good practices, challenges and opportunities** to integrate SGs with other interventions to support health, agriculture and access to formal financial services.

Background

Savings Groups have spread rapidly across Africa since their introduction in Niger in the early 1990s, with membership now estimated at 12 million people in 700,000 groups. In Benin, they have been promoted by international NGOs such as CARE, Catholic Relief Services, Plan International and Freedom from Hunger, along with their national NGO partners, reaching over 150,000 members.

Savings Groups have proven very popular as a simple and successful approach to basic, community-managed, financial services. Yet, many groups do much more than extend savings and credit to their members. Cohesive and disciplined, SGs increasingly serve as platforms for an array of other interventions targeting improved community and household welfare through enhanced agricultural production, better nutrition and sanitation, enterprise development and pre-school education, to highlight a few. Across Africa, SGs are engaged in countless activities.



Meeting Agenda

The meeting explored the role of SGs as instruments of broader development in Benin – specifically in the areas of financial inclusion, agriculture and health – featuring the initiatives described below.

Savings Groups and Agriculture

Through its ACMA program (*Approche Communale pour le Marché Agricole au Benin*), CARE Benin is training SG members to increase agricultural production, add value through processing, and improve their market access. For these capacity building efforts, SGs have served as the point of entry. Groups have cultivated group fields, engaged in bulk purchasing, storage and re-sale of palm nuts, undertaken fish farming and curing, cultivated cassava and produced improved *gari*.¹

Savings Groups and Health

In the health sector, Freedom from Hunger and its NGO partners are piloting a model to improve basic health and hygiene for SG members that combines health financing, health education and partnerships with local health centers. Savings Groups receive health training and establish a specific health savings fund, separate from their loan fund. The local NGOs negotiate with public and private health centers to establish a partnership with SGs that offers benefits including discounted prices, special SG member days, health education and visits to groups.

Savings Groups and Access to Formal Financial Services

While SGs provide informal financial services to their members, they are also increasingly serving as a gateway to formal financial services. In Benin, UNCDF-MicroLead program is brokering new relationships between SGs and financial institutions, notably through ALIDE (a microfinance institution) and the Alafia consortium (the national microfinance network in Benin). ALIDE is piloting a program with 200 SGs that starts with financial education, after which the SGs decide if they will open a savings account with the MFI. Alafia is supporting SGs affiliated with Plan International to access formal financial services. Both efforts are partnering with CARMES, an e-money issuer in Benin, to make digital transactions available to SGs.

Key Questions and Lessons Learned

Agriculture

Savings Groups provide women farmers in Benin with access to capital and serve as a platform for agricultural training, enabling their more effective participation in the cassava value chain, including production, storage and processing into high quality *gari*. Members borrow from group funds to cultivate their crops, while CARE's partner NGOs train them in processing, with a focus on improved product quality and quantity. Though producing individually, members are coached to negotiate commercial transactions as a group and learn the benefits of collective marketing. Members have learned new productive skills, acquired improved knowledge and direct experience with product and storage standards, engaged in commercial marketing, and improved their income.

To date, the main challenge lies in access to markets. Despite robust demand for *gari* in neighboring Nigeria, this market has been difficult to manage due to currency fluctuations, travel risks, corruption, and requirements for product certification. For SGs to serve as a platform for agricultural development in Benin, initiatives will need to diversify and expand the number of buyers, including supermarkets and other retailers, as well as other export markets. The success of this initiative also raises questions of scalability; and participants suggested federating SGs to facilitate knowledge transfer and increase production volumes of both raw and processed materials – such as cassava and the improved *gari*.

¹ Cassava flour widely used in food preparation for porridge, mixing with ground nuts or as a condiment added to other foods



Health

Freedom from Hunger's pilot program has demonstrated the importance that SG members attach to gaining better access to health care. As of June 2015, over 16,000 members were saving an average of 100 CFA per week (about \$0.16) in their health funds. Over 2,000 health loans had been disbursed with an average loan size of \$8.70. Visits to health centers are up, and of course, so are revenues at the 43 centers that have signed MOUs with the program. With confidence gained through education, ready access to funds for health services and fair prices, SG members are more likely to seek medical services before serious problems develop.

The NGOs negotiated relationships between SGs and both public and private health centers. The former are hampered by bureaucratic delays, while the latter are compromised by variable quality of services. Key learnings include the need to facilitate access to a wider range of services and design a more effective monitoring system.

Access to Formal Finance

Initiatives to facilitate relationships between SGs and financial service providers (FSPs) are in their initial stages, but ALIDE acknowledges that SGs' initial reluctance to engage with the MFI highlights the need for a trusted intermediary to broker the relationship; in this case, FADEC, a local NGO, fulfilled this role. Participants acknowledged the importance of financial education to prepare SGs to make good decisions about formal financial services. However, participants distinguished product education (to be offered by the financial service provider) from basic financial management skills (to be delivered by a neutral NGO).

Despite SGs' mistrust of FSPs, many stakeholders are eager to see them included in the formal sector and argue that FSPs need support to develop and offer products that are adapted to SGs. The FSPs acknowledged that upgraded digital infrastructure and capacity is critical to reach rural populations. Government is eager for FSPs to acquire the infrastructure necessary to popularize digital finance. Together with this infrastructure, SGs are viewed as an integral part of a financial inclusion strategy.



Summary

Clearly, the benefits SG members attained in all three sectors occurred *because* of their SG membership. With group affiliation comes economic strength, negotiating power, collective action (health savings, bulk purchasing, marketing) and improved access to formal institutions by marginalized populations, especially the rural poor. Yet, achieving effective integrated programming is not easy. Service providers (e.g. health centers, banks) do not always realize what is required to make quality services available to this new clientele. In the SG space, community agents or trainers often have growing responsibilities in new content areas and need support to build their training capacity in multiple technical areas. Yet raising the profile of trainers has cost implications that cannot be ignored.

Meeting participants expressed enthusiasm for SGs as a financial inclusion strategy, although stakeholders approached this objective from different perspectives. Some stressed the urgency to move SGs from the informal sector to the formal; representatives from the Central Bank are eager to bring them under a regulatory umbrella. NGOs challenged the push for formalization and regulation by emphasizing the learning process that SGs need to undergo before emerging as strong informal financial groups that can contribute to the development of their communities. They advocated more broadly for recognition of SGs and their value as agents of development, and for

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—IGNACE DOVI,
EXECUTIVE DIRECTOR
OF THE ALAFIA
NETWORK



support for the continued formation of groups. In the end, participants advocated for a more holistic view of financial inclusion that recognizes informal structures. “[As a result of this workshop] I am recommending greater cooperation between SGs and microfinance institutions to promote financial inclusion and poverty reduction,” explained Ignace Dovi, Executive Director of the Alafia Network.

Participants also observed by facilitating exchanges between different types of organizations working with SGs, the meeting created opportunities for strengthened collaboration. As one participant concluded: “[the meeting] helped us acquire a better understanding of what other actors are doing and created opportunities with each other. As a result, we’re proposing further action between all the actors involved in the workshop.”

And finally, the meeting was featured on the front page of *La Nation*, the national government-owned newspaper in Benin. “This meeting addresses strategic approaches included in the PAG [Annual Action Plan of the Government of Benin],” explained Adidjatou Mathys, Minister of Labor, Public Administration, and Social Affairs, in her opening remarks. The article² concludes that “Saving

Groups [are an] important lever for development” in Benin.

² Groupes d'épargne: leviers du développement, *La Nation*, 17 February, 2017.

Priorities and Next Steps

- **Establish a national SG working group** to facilitate continued dialogue, cooperation, innovation and the dissemination of good practices.
- **Develop a national SG map of SGs** to improve planning and cooperation amongst agencies that engage with SGs in Benin.³
- **Increase investments in digital delivery channels** to serve rural, unbanked populations, including SGs.
- **Integrate financial education in the training of SGs**, with a special focus on women and youth.
- **Advocate for the incorporation of SGs** in the financial inclusion strategies, policies and investments of funders, governments, FSPs and development agencies across West Africa.



³ Two Financial Sector Deepening (FSD) country programs, AFR in Rwanda and FSDMoc in Mozambique, have conducted national mapping exercises of Savings Groups. For more information on these initiatives, contact SEEP at programs@seepnetwork.org.





Participants

The meeting included 39 participants representing 26 organizations.

Donors and market facilitators

United Nations Capital Development Fund (UNCDF)

Government and regulatory authorities

Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)

Conseil Régional de l'Epargne Publique et des Marchés Financiers (CREPMF)

Direction de la Programmation et de la Prospective (DPP), Ministère de l'Economie et des Finances,
Gouvernement du Bénin

Ministère de la Santé, Gouvernement du Bénin

Fonds National de la Microfinance (FNM)

Projet d'Appui à la Promotion de Services Financiers Ruraux Adaptés (PAPSFRA)

International non-governmental organizations

CARE International

Caritas

Catholic Relief Service

Freedom from Hunger

Plan International

Local and national non-governmental organizations

AC RADeC

Association de Lutte Pour la Promotion des Initiatives de Développement (ALIDé)

Association Pour la Promotion de l'Homme, la Protection de l'Environnement pour un Développement Durable (APHEDD ONG)

Bureau des Projets de Développement et des Oeuvres Sociales (BUPDOS)

Femmes Actrices de Développement Communautaire (FADEC)

Le Centre Béninois pour le Développement des Initiatives à la Base (CBDIBA)

EQUI-FILLES

Faîtière des Caisses d'Epargne et de Crédit Agricole Mutuel du Bénin (FECECAM)

Financial service providers

Association Pour la Promotion de l'Homme, la Protection de l'Environnement pour un Développement Durable (APHEDD Finance)

Consortium Alafia

Ecobank Transnational Inc. (ECOBANK)

Oikocredit

Other

Advancing Newborn, Child and Reproductive Health/University Research Co. LLC (ANCRE/URC)

Media Soft