Waiting for Rain, Reaching for Mangoes

The origins, evolution, and roles of savings groups in rural Swaziland

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"Bonela entfutfwaneni vilanzini."
Those who are lazy must learn from ants how to make a living.
--Swazi Proverb

Members trickle into Nzameya's first savings group meeting of the year. After disbursing accumulated savings in December, old members are gathering with new ones who hope to join the group. Before the meeting begins members take turns describing how they spent their share outs.[1] Doris Dvube, clasping her hands, explains that she bought fertilizer and a new tank to collect rainwater from the roof of her house, providing a back up water source when the community system of taps is not working. Another woman announces that she bought a new cooking pot. A young woman, at once proud and embarrassed, announces she finally was able to construct a latrine on her homestead, catching up belatedly to community standards of sanitation. The women laugh and clap for her.

Being part of a savings group has enabled these women to afford purchases of household durables they never believed possible. The group has helped mothers tackle the daunting costs of school tuition. It has made them feel confident and successful as wives and mothers by allowing them to serve their families meat on Christmas Day. These benefits are clear and undeniable.

But, these institutions are far from perfect. Similar to the findings of recent microcredit impact evaluations[2], Swazi savings groups seem to have little effect on new business investments, and they seem to have a very limited role in helping families deal with shocks. Savings group members' vision of progress means saving bigger sums in their groups, not "graduating" into formal finance. Groups are not immune to the risks of microcredit. A surprisingly large number of members become severely indebted by participating in the group. In some groups, up to 30% of members earn negative returns on their savings. (**Appendix B** shows one community's share out calculations.) But, they come back anyway; the benefits of cashflow management are worth the cost.

Over the past ten years, savings groups have been spreading rapidly throughout rural Swazi communities. Introduced first by enterprising women attempting to replicate groups they had heard of in other countries and Swazi towns, groups are now actively promoted by nearly a dozen NGOs. But both independent and externally-promoted savings groups face many of the same problems. The extent to which NGO support is building stronger, more stable groups is unclear.

[1] At the end of every savings cycle, the group fully distributes and closes out the fund. Each individual receives her accumulated savings and her "share" of the group's accumulated interest. In this paper, I use the term "share out" to refer to the event of distributing the total internal fund. An individual's "share out" refers to the total lump sum—individual savings plus interest—she receives when the fund is fully liquidated. When the next savings cycle starts, the internal fund begins at zero.

[2] Shaw, J. Microenterprise Occupation and Poverty Reduction in Microfinance Programs: Evidence from Sri Lanka. *World Development* 2004 (32) 7: 1247-1264.

Banerjee, A., E. Duflo, R. Glennerster, and C. Kinnan. The Miracle of Microfinance: Evidence from a randomized evaluation. Working Paper. 30 May 2009.

Karlan, D. and J. Zinman. Expanding Microenterprise Credit Access: Using randomized supply decisions to estimate the impacts in Manila. October 2009.

The Setting

Swaziland is a small country of 1.1 million people nestled between southern Mozambique and South Africa. Unlike most countries in the region, growth in Swaziland has stagnated over the last ten years, falling from 2.5% between 1980-1994 to just .7% from 1995-2006. Approximately 70% of Swazis are rural subsistence farmers, though many of these families receive supplemental income in the form of remittances from family members who work in the public sector or have migrated to South Africa.

The country's economic struggles are compounded by the burden of HIV. Swaziland has the world's highest HIV prevalence, at 26.1% for the entire population. Among pregnant women, prevalence is 42%, with the highest proportion concentrated in women 30-34, among whom 49.1% carry the virus. Life expectancy has plummeted from 60 years in 1997, to just 32 years—half the global average—today. Survivors, often widowed women, bear the financial burden of caring for those who are sick, paying for funeral expenses, and raising the children of the deceased. More than 40% of households (50% in Shiselweni) are now caring for orphans. Due to reduced adult labor, capital, and lost knowledge, affected households reduce maize production by an average of 54.2% and cultivated area by 34.2%.[3] Funds earmarked for business investment are often diverted to immediate and pressing needs. Long strained informal social safety nets are showing signs of stress, resulting in less reliable social support and fears of increasing community-level tensions and incidence of crime.

Formal financial services are largely inaccessible to the rural poor. In 2003, FinMark Trust estimated that 28.5% of Swazis had savings accounts, though this was concentrated among residents of the country's larger towns and cities.

Methods

This study focused on savings groups in a four-chiefdom cluster in southern Swaziland's Shiselweni Region. These four rural chiefdoms are connected with the closest town, Hlatikhulu, via a gravel road, accessible by two hour bus ride. I selected one savings group from each chiefdom, particularly targeting well-established groups that claimed to have formed independently of NGO assistance. The extent to which this was actually the case varied. One preexisting savings group broke up and reformed under a new constitution following a World Vision training. Another formed as a gardening group and transitioned into a savings group with support from the African Cooperative Action Trust (ACAT). One formed independently several years ago and raised the interest of a business development non-profit, which is helping them develop a sophisticated investment strategy and helping members professionalize their enterprises. The fourth group splintered off from this very large group. While it received no formal training, one of its members works for the local World Vision office, which implements a savings group program. (See **Table 1** for comparison of groups.)

I visited each community at least twice interviewing the groups in their entirety twice with several days in between. If groups were willing, I reviewed their financial records and noted key figures and trends. I selected multiple individuals from each group for one-on-one interviews and also conducted one-on-one interviews with non-members and members who had left the savings groups in each community. Between two and four group members in each community were also elected by

[3] Whiteside 2006, cited in reviewing emergencies, 34

their peers to take photographs to provide visual insights into their experiences with financial management. These members participated in additional interviews to interpret their pictures.

The Origins of Swazi Savings Groups

While rotating savings and credit associations (ROSCAs), called "umholiso" (pl. imiholiso) in siSwati, have been around for decades, accumulating savings and credit associations (ASCAs) are somewhat newer, with the first groups beginning in the early 2000s. These groups, called locally "imihlangano yekongka ngekubolekisa," initially started by replicating experiences traveling Swazis observed from friends and relatives in other countries. Often with only a cursory understanding of these other groups' operations, they developed their own rules and accounting procedures.

While groups continue to self replicate, there are now nearly a dozen NGOs that—for different reasons—form and support savings groups. NGO-formed groups have begun adopting the NGO lexicon calling themselves "ASCAs" to distinguish themselves from groups independent of support from an NGO.

Portrait of Savings Groups[4]

Savings groups in Swaziland almost universally begin in January and close out the fund in December, which tends to be a lean season while families await the harvest. Share out allows them to afford to buy Christmas luxuries, like meat, and also to contribute to the payment of January school tuition, by far the largest expense of the year for most families. In this area, all of the groups save on a monthly basis.

Group composition. The groups in this study ranged from 10-86 members. The smallest 10 member group was fairly simple with homogeneous composition. All the members were middle-aged women with very similar livelihoods. The other groups were strikingly heterogeneous. The Nzameya group (40 members) tried to combat the disruptive pressures of a heterogeneous group by dividing into four semi-autonomous sub-groups that each manage their funds separately and save in different increments. They have two groups that save E100 (US$13.30)[5] per month and two that save E50 (US$6.65). One member is trying to start a new subgroup to save E20 (US$3.60) per month. Among the groups in this study, the lowest savings value was E35 per month and the highest (and most frequent) was E100. Some members of the Nzameya group belong to an unstudied group with a monthly contribution of E290 (US$39.20).

[4] This is an abbreviated version of a longer research report with additional findings. For a copy of the longer report, contact the author at zollmann.julie@gmail.com.

[5] At the time of this study, US$1.00=E7.4.

Table 1: Study Savings Groups

	Nzameya	Ngudzeni	Velebantfu	Mpini
Number of Members	40—4 Groups of 10	86	10	14
NGO Affiliation	World Vision (WV), but the group was initially independent for four years	None for savings activities; receiving business development support from SEDCO	ACAT	None—in part, spin off from Ngudzeni group; WV field worker is a member, but group not under WV supervision
Years in Operation	1 year with WV; 4 years independent	5	1	7
Required Monthly Savings Share	2 groups save E50; 2 groups save E100; *1 group E20, new 2010*	E60 cash	E20 cash	E50 cash
Other contributions (R=required; O=optional; C=circulating)	ROSCA contribution (equal to your savings share, R, C); E2 Orphan fund (R); E3 Incidentals (R) E50 Grocer (C, O)	E50 Grocer (R,C) Additional saving (C, O) E50 One-time trust fund contribution (R) E2 Orphan fund (R)—supplemented with a portion of interest payments	E5 Orphan Fund (R) E10 Social Fund (R, C)	E20 blanket fund (R, C); E50 ROSCA (R,C) Additional savings (C,O)
Interest Calculations	10% per month on outstanding loans; Members earn only the interest they personally pay in; Uneven savings achieved by individuals overpaying into interest account	10% per month on outstanding loans; Interest distributed to all contributors based on size of savings; On large loans (>E1000) first E100 of interest to orphan fund)	10% per month on outstanding loans; Members earn only the interest they personally pay in; Uneven savings not allowed	20% per month on outstanding loans; Members earn only the interest they personally pay in;
Largest Loan Size	E2,825	E15,000 (more possible if borrower capable)	E700 (average closer to E400)	E500 (group set ceiling)
Bookkeeping	Ledger—WV model	Passbooks—Self-designed	Ledger--Ledger	Ledger—Self designed
Other Savings Groups in Community	• ACAT savings group; • New "Hand in Hand" group forming for longer term savings • Group that saves for dishes and cutlery • Several women belong to large group in Velebantfu	• 3-4 smaller savings groups (one attached to WV); • 1 group saves exclusively for fertilizer	• Large, established group of 100 members with E290 monthly contribution; • Additional ACAT Savings Group; • About 3 other small, unaffiliated groups	• 3-4 other savings groups in community of similar size, most save less; • Some people belong to Ngudzeni group

Borrowing behavior and interest rates. Groups used two different methods to allocate interest back to members. The first, I call savings-based. The group earns interest on funds lent to members and that interest is distributed in proportion to how much each member has saved. This is the method normally associated with savings groups and is similar in principal to how banks enable savers to earn interest. The second, I call borrowing-based, is unusual. At the end of the year, members' lump sums include their savings contributions plus the interest they personally repaid on any loans they took themselves. If a member does not take a loan, she earns zero interest over the period. In this system every member gets back exactly what she put into the pot (less group losses from unrepaid loans), whether that was in the form of a savings contribution or interest payment. (**Appendix A** demonstrates this accounting system.) This second method is problematic.

There seems to be pressure on members to save in groups with higher savings levels, sometimes encouraging members to commit beyond their means. Those who have irregular incomes selling aprons[6] or snacks outside of a local school can be in the same group as a salaried teacher. Salaried members tend to be able to better manage large loans. In theory, groups that have these types of members can achieve higher fund utilization and larger returns on savings.

This is exactly what happens in Ngudzeni, the largest study group with 86 members, which uses the savings-based interest method. This group can confidently make loans of E15,000 (US$2,030; bank loans can be obtained starting around US$300) to some of its wealthier members with larger businesses or salaries that ensure repayment. The interest on these loans is distributed back to members of the group proportional to how much each member has saved. Lower income members receive high returns on their savings without having to bear the risk of taking loans they cannot put to profitable use. This group also sometimes has excess liquidity stored in a bank account because the internal fund exceeds member willingness or need to borrow.

On the other hand, members in the borrowing-based interest system feel compelled to repeatedly take out loans to accumulate interest and grow their lump sum. The three groups using this system have their entire fund constantly in circulation. Members try to evenly distribute the loan pot amongst each other so that everyone has equal opportunity to earn interest. Some members report taking loans strictly for the goal of disciplining them to increase their interest account. One group actually requires every member to take a loan every month. The system may also make the group feel less at risk from bad loans since unrepaid interest is deducted from the borrower's account rather than the other members' accounts. But, it also creates an incentive for poor members to borrow beyond their means.

Indebtedness. Those interviewed estimated that 10-25% of their members are "crying" at the end of the year, either because they had negative returns on savings, ended the year still owing the group money, or taking away the remnants of their savings only to turn it over to other creditors in the community. How prevalent is this phenomenon in reality? In one fairly established group, seven of sixteen members left at the end of the year with less than just the basic E600 (US$81.08) they should have accumulated by the end of the year. In nearly every group, at least one in ten members would end the year still owing the group money. Even in Ngudzeni, where interest is calculated more

[6] The standard attire for married women is a *sidziya* (pl. tidziya), normally translated as "apron." Tidziya come in two forms: "full," which resembles a dress, though it ties in the back and is often worn over other clothes and "half," which is more like a standard Western apron draping over the front of a skirt and tying around the waist.

conventionally according to savings values, over indebtedness within the group was cited as a serious problem.

Especially later in the cycle, people borrow from neighbors and friends to keep up with savings deposits and loan repayments. When they exhaust these interest-free sources of finance, they turn to moneylenders. Moneylenders, most commonly used by those with more regular income streams, charge 30-50% interest per month. They offer some privacy and can lend in larger amounts than neighbors and friends. But, if you cannot repay in the agreed upon time, they can be brutal, far out of what is considered reasonable according to Swazi social norms. One notorious moneylender has been known to harass people on the bus, insisting delinquent borrowers immediately remove and publicly hand over clothing items on the spot if they do not have the money on hand.

> *"You end up owing everyone in the community, plus you owe the group…Some of them in our group, they were crying while we were laughing. They were crying real tears, sisi. LaMalaza[7] was one of them. She cried a lot. There were some big disappointments."* Tynah Nhlabatsi

Just joining the group is a stretch for many women: They get their first savings deposit—what they call the "joining fee"—from a friend or relative. This worries Tynah Nhlabatsi:

> *"You see now that we are starting, members are going around begging others for the joining fee. You need to join at a level that you can continue. It doesn't make sense. People will not want to join us if they always see us begging."*

Accounting. Accounting can be contentious in groups and is often cited as the reason past groups fell apart or former members left groups. When groups find a competent secretary they trust, they tend to stick with that secretary for several years. The groups I interviewed all preferred to keep the same secretary for three or four years. In Nzameya, one of the secretaries of a sub-group was believed to have tampered with the books last year. She did not return to the group this year, and a new secretary was appointed.

Groups that have developed their own simple forms of accounting seem to manage their books with somewhat more ease. The large group in Ngudzeni uses a passbook system cleverly devised by their dynamic secretary who has an internationally recognized certificate in accounting from a local training college. Members trust the passbooks and can interpret their personal records themselves.

The other three groups used ledgers. Only a few members in each group could interpret the books. The simpler ledger systems seemed more manageable for groups. The World Vision-trained group started off trying to maintain a ledger with multiple tabs, but were quickly overwhelmed and ended up keeping their entire account for the year on one page. Confusion is evident in the scratched calculations for end of the year distributions.

The lack of transparency in bookkeeping was a common concern raised by members in individual interviews:

> "*The problem was that when it came time for share out, we found that the books did not balance. We each had to take some away some our own savings to make it balance…When we looked at the books, we could*

[7] Name changed.

see that the numbers for some members had been erased and rewritten…The book was sleeping at the house of the secretary instead of in the trunk…That's why I left the group…That secretary has left the group now. Maybe I'll join again next month." Sibongile Simelane

"Our first group ended, because there were a lot of noises. Someone said she borrowed a lot and she was supposed to get a lot of money. She thought she was being dodged…The new group is better because each and everyone counts the money. In our old group, the money was counted only by me [secretary] and the chairman. There was no transparency. The new one is more fair and open…But, still, in some of the new groups there are problems with the books." Zanele Bhembe

NZAMEYA, SWAZILAND. Doris Dvube shows fellow savings group members, Nonhlanhla Dlamini and Zodvwa Nhlabatsi, her personal monthly savings and lending plan for the upcoming cycle. Doris is trying to convince her group that individuals should keep a record of their planned and actual savings and loans to improve individuals' financial planning and provide a check against the group ledger.

<u>Multiple saving funds</u>. Most groups do more than simple savings and lending. They have multiple saving funds earmarked for different purposes. Three of the groups I interviewed and most other savings groups as well have a small, non-circulating fund meant to benefit orphans and vulnerable children. Most often the fund accumulates until the end of the year, when it is given to specific needy children identified by the group.

Many groups also have a social fund to pay for unexpected emergencies and crises in members' groups. The Ngudzeni group uses this to purchase coffins for members who have lost a family member. The Nzameya group, however, designated this fund solely to cover transport costs in the event a member needs to travel to town on group business. While the wholly independent groups are very proud of their charitable activity, the group in Nzameya that started these funds under World Vision's direction seems to resent the extra requirements. Little money goes to this fund, and members prefer to use it to top up their dividends than to give it away. Several members complained about additional funds ratcheting up savings requirements at the first meeting of the new cycle.

Two of the four groups I studied also had a ROSCA component. Because members value the frequency of a ROSCA distribution over the size, they subdivide into ROSCA groups of 3-4 members who perpetually rotate and distribute the sum to a single member each month. Normally ROSCA funds are spent immediately on household needs while the accumulating savings allows members to save for larger durable purchases and school tuition.

<u>Significance of groups</u>. Women see a lot of value in saving up a lump sum of cash. For many women, the prospect of saving for a large purchase was enough to motivate them to start a very small business—usually reselling snack foods, baked goods, fruits, and used clothing—just to be capable of joining the group.

Members always know how they will spend this money at the end of the year. No one I spoke with set aside any of these funds for long term or precautionary savings. In focus groups and individual interviews, members emphasized the importance of investing their share outs in big and visible durable goods. They felt it was important to demonstrate publicly that the group had enabled them to make these kinds of investments, things only the rich can normally afford. They wanted to prove that they were not just wasting time in the group.

Thandaza Tsabedze in Velebantfu showed me a photo she took of a stack of bricks and explained:

> *"If you have saved a lot of money, you should think of building a house to show you now have more money. It's important to show other people that you are being successful, because some people look down on the group and they should realize the importance. Another organization can then be formed. If you see physical evidence, your attitude can be changed. People can see this from you building, but also if they see your children going back to school."*

<u>Forward to formal finance?</u> Groups rejected the notion harbored by practitioner NGOs that savings groups are a stepping stone to larger, more complex or formal financial instruments. Members were much more confident that their children would save in groups rather than formal banks. Many dislike banks because of the high transaction fees, minimum balances, fines for dropping below the minimum balance, and lack of clarity about these fee structures. Foreign ownership of most banks reinforces their fear that banks are simply there to exploit Swazis.

While there seems to be little vocal interest from groups, some banks have spoken with World Vision about creating linkages with groups. FinCorp has agreed to provide group loans to those groups who can demonstrate a few cycles of strong performance. They are willing to use the groups' internal records as proof of performance when considering new loan decisions. Similarly, area banks are willing to use the local MFI Imbita's passbooks as a record of a members' saving and repayment history when applying for formal loans.

Large groups. There are two very large groups in the area that have garnered reputations for being particularly trustworthy, and serious. Women who are able join these groups even if they live outside of the chiefdom. Members claim that these large groups function particularly well because the members do not know each other as intimately. Because decisions cannot be based on relationships, there is stricter adherence to rules laid out in the constitution. Members are fearful of being expelled from the groups or having collateral seized, so they always go to meetings, always arrive on time, and go to great lengths not to lapse into delinquency. One woman who belongs both to a small community group and a large group with more diverse membership explained that in the small group a member feels like her peers will be flexible and forgiving. In the larger group where people don't know you as well, you are always trying to prove yourself so that they will continue to trust you and allow you to remain in the group. The large Ngudzeni group decided early on that to manage a group of 100 members, they would need to adhere closely to their constitution.

Large groups are able to achieve some of the advantages of banks, without the formality. The heterogeneity of members means that net savers' funds are utilized by net borrowers and both types of members realize net gains.[8] Some administrative economies of scale are achieved in Ngudzeni's group with a star accountant managing the records.

Financial gaps. Members can partly diversify their savings through memberships in multiple groups. Most communities have 3-5 groups. About half of the members in the interviewed groups belong to two or three groups, sometimes joining the large groups outside their own cheifdom. But, the maturities of these groups are all the same. Whether or not the groups' savings and lending activities help families cope with severe shocks is questionable. Savings cannot be withdrawn before the end of the year and is generally earmarked for specific purchases at the onset of the cycle. Loans are available only at monthly meetings, necessitating some planning on behalf of members. The size of these loans is limited depending on the member's perceived credit worthiness and the size of the internal fund. When hit by a serious shock, such as a death or illness in the family, most members continue to draw on loans and gifts from their social networks, borrowing from high-cost moneylenders, or the sale of assets to meet their needs.

Long-term precautionary savings is almost completely absent among group members and non-members alike. Those with bank accounts use them to accumulate a specified sum and then withdraw everything but the minimum balance regularly. There is no culture of long term savings. Households do not prepare for unforeseen emergencies. Families collect money from friends and family only after disaster strikes. Families with cattle often sell cows during a crisis as well. Frequent deaths, however, are causing loan repayment crises within groups, at microfinance institutions, and banks. Funerals are expensive and force borrowers to divert loan money from their businesses to consumption related to the funeral. The local MFI Imbita now requires all borrowers to purchase funeral insurance. The Royal Swazi Insurance Corporation also offers affordable

[8] Abhijit Sharma and Brett Matthews observed savings group managers in Assam also working explicitly to form groups pooling net savers with "star borrowers" to help savers maximize returns. Their study, "On an Informal Frontier: The ASCAs of Lower Assam" can be found in the forthcoming volume Wilson, K., M. Harper, and M. Griffith. *Financial Promise for the Poor: How Groups Build Microsavings*. Virginia: Kumarian Press, 2010.

funeral insurance payable annually, which aligns with groups share outs. A private mortuary, Dubs, offers a monthly plan, which is more attractive to salaried employees.

Implications

This study is too small to make generalizations about savings groups elsewhere in Swaziland and beyond. It does, however, force one to reflect on assumptions about how groups work and suggests new dimensions we to consider when designing savings groups programs and evaluating the impact of financial services.

<u>Value of qualitative, open ended research</u>. Actual savings practices, stories of defaulters and internal tensions, conflicts over bookkeeping, and members' layered debt to family members and moneylenders surfaced in informal conversation. Ambiguities and complexity became clearer after meeting the same groups multiple times using multiple methods. More directed research runs the risk of perpetuating assumptions about what groups are actually doing.

<u>Potential benefits of large groups</u>. Small, homogeneous groups may make sense in some contexts, but how well can these groups really meet individual's financial needs? The two large groups in this study are considered strong and efficient by both members and non-member. They say the groups are serious and disciplined. Perhaps because of their size and decreased intimacy of members, they adhere more closely to the rules. Perhaps large groups achieve economies of scale enabling larger numbers of members to benefit from the best administrators and secretaries in the area. In Ngudzeni, the size of the group makes it able to better serve social needs, such as purchasing coffins for members when a family member dies and helping to meet the basic needs of the area's most destitute children. Large, heterogeneous groups may do a better job of matching savers and borrowers, such that the very poor who want to focus on savings can realize returns without assuming more risk through loans than they can realistically manage.

<u>Tradeoffs between scale and flexibility</u>. Organizations like CARE, Oxfam, CRS, and World Vision have been able to rapidly expand groups partly by delivering very standardized models of savings group services. While this may yield huge benefits in terms of efficiency, flexibility is lost. For example, in this area women have built unorthodoxly large groups that are becoming transformative forces. Small groups in Swaziland's stratified rural areas may not be an optimal savings group strategy. More flexible groups might also have a portion of their internal fund that does not liquidate annually. While this widely shared programming principle may be helpful for accountability, it is a less than ideal way to cushion the livelihoods of the poor from severe shocks. It orients members around savings goals for asset purchases. But, especially where groups are an alternative to banks, there is a major gap in terms of precautionary savings.

<u>Teaching financial principles not just behaviors</u>. The danger of strict savings group models is that they focus on getting the behaviors right without necessarily providing stronger intellectual tools and principles that improve individuals' abilities to earn and manage money. With so many hardworking, bright, and unemployed high school graduates, I could see an interesting opportunity to recruit and train some of them be local financial planners. They could help small entrepreneurs think strategically about their businesses and coach families to ensure that their financial bases are covered in terms of saving for both investments and shocks while also managing cash flows.

Reconsidering groups as platforms. In some places, groups may be an obvious way to channel information and additional services into a community. In Swaziland, this does not seem to be a good idea. The very poor are largely excluded from groups. There are multiple groups in the same community that are both affiliated and not affiliated with an NGO. Depending on the nature of the complementary service, introducing it to NGO-affiliated groups only could exacerbate inequality, provoke resentment, or place and undue burden on an otherwise successful group content to focus on what it does well—providing very simple financial services to members.

Appendix A: Example Accounting System

Example of Account Entries for Groups in Which Members Only Receive the Interest They Individually Pay:

Member 1:

Month	Savings	Orphan	Loans	Interest
Jan	100	2	100	
Feb	100	2	200	10
Mar	100	2	300	20
April	100	2	350	30
May	100	2	400	50
June	100	2	500	100
July	100	2	200	200
Aug	100	2	700	20
Sept	100	2	700	100
Oct	100	2	200	70
Nov	100	2	--	20
Dec	100	2	--	50
TOTAL	**1200**	**24**	**3650**	**670**

In early months, everyone takes equal portions of the internal fund in loans.

Members can pay more than their required interest—this is often far above the required amount.

In very late months, many loans are outstanding and the internal fund available for new loans is small. Some groups don't allow lending in November.

Share Out Calculation

Member	Savings	Interest	Total
A	1200	670	1,870
B	1200	520	1,720
C	1200	700	1,900
D	1200	1040	2,240
E	1200	620	1,820
F	1200	550	1,750
G	1200	850	2,050
H	1200	220	1,420
I	1200	440	1,640
J	1200	450	1,650
TOTAL	**12,000**	**6060**	**18,060**

Appendix B: Actual Share Out Values for Mpini Savings Group

This group was saving E50 per month. Members should have saved at least E600 each by December. They also were each depositing E20 per month for a blanket fund. These funds circulated in loans, but were not included in the savings figures below and were taken out of the internal pot before share out. This should have helped increase returns on savings. What happened in reality was that many members could not repay their loans, and balances were deducted from their savings.

Savings	Interest	Total	Return on E600 total expected deposit
492	550	1042	74%
300	600	900	50%
110	300	410	-32%
50	370	420	-30%
460	840	1300	117%
840	600	1440	140%
120	350	470	-22%
300	550	850	42%
200	150	350	-42%
460	730	1190	98%
120	450	570	-5%
-200	300	100	-83%
240	450	690	15%
110	450	560	-7%
520	600	1120	87%
450	600	1050	75%
	MEAN	778.875	