FSDT FOCUS NOTE

PESA KWA WOTE

Finance for All

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Introduction

Financial services are essential to build household resilience, mitigate against economic shocks and invest in the future. In Eastern Africa, with the majority of the population living in rural areas without access to financial services, merry-go-round savings groups (or chamas) have been an ancient practice in which community members pooled together their resources to create a kind of village bank.

Lack of access and take-up of financial services within rural communities can be due to weak infrastructure which limits banks, and even microfinance institutions (MFIs), from justifying the time and cost to provide savings and loans to farmers. As a result, financial access in these areas can be as low as 10%.

To address this supply-demand gap, the Financial Sector Deepening Trust (FSDT) has been working with CARE Tanzania, partner organisations and franchisees to develop informal financial services in underserved areas using the Village Savings and Loan Association (VSLA) methodology. This savings-based model has proved to substantially overcome limitations of existing financial services, particularly for the rural poor. It not only provides savings and loans in a sustainable manner but can be used as an entry point to build social capital and to work towards addressing other developmental issues.

The Pesa kwa Wote (Finance for All) project aimed to bring sustainable and replicable financial services to rural men and women across 7 regions in mainland Tanzania and Zanzibar and to show positive results by building the VSLA model in 4 stages:

1. develop new delivery channels through partner organisations and franchisees
2. involve government bodies and representatives throughout the life of the project with the aim of transferring knowledge and adoption of the VSLA model across government activities
3. cross-project cooperation where learning on financial inclusion is adopted in work addressing other challenges facing rural communities such as health or education
4. linking VSLA groups to formal financial institutions

The overall goal of the project is

to work with stakeholders to create sustainable financial inclusion for at least

300,000 women and men living in remote, rural areas

through innovative savings and credit services where group members are informed and have ownership of the benefits they can bring to their families, businesses and communities.

IMPACT & LEARNING

Pesa kwa Wote (PkW) project has proven to substantially help fill the gaps, and overcome limitations of existing formal financial services, particularly for the rural poor who don't have collateral, and are unable to meet other requirements by Financial Service Providers (FSPs) to access their services.

The project's impact can be assessed from the point of view of three stakeholders; the community, implementors of the project, and other market players.

For the community where members were mobilised into groups, they were able to report several benefits from Pesa kwa Wote, including:

- Access to affordable capital to engage in income generating activities such as farming, livestock-keeping, and other small business activities, which later on strengthened the income of these individuals and households;
- Improved capacity for women to participate in decision-making and take leadership roles in the community, as their confidence increased through participation in savings groups activities;
- Enabled women to own assets such as land, means of transport (Motorcycles), and houses built from credit and dividends received from the groups;
- Instilled a savings behaviour/culture among poor people;
- Improved financial literacy among people with low literacy levels through various trainings conducted by the project.

In addition, the project has promoted linkages between the groups and formal financial service providers; thus, onboarding poor women, men, and youth in rural areas to access and use formal financial services such as bank accounts, credit from banks, mobile money wallets and alike. With regards to nutritional status of rural areas in Tanzania, it was reported that Pesa kwa Wote project facilitated improvement in nutrition of rural households as families of group members were able to afford to purchase and produce healthy foods. Others also reported to have been able to pay school fees for their children with the aid of their participation in savings groups.

On the implementing partners side, through engagement with Partner Organisations, Franchisees and Village agents, Pesa kwa Wote created employment for a good number of Field Officers (FOs), Project Officers (POs) and Community Based Trainers (CBTs), who were employed to facilitate mobilisation of people into groups, and training them. Additional jobs were also created by enterprises, which were established by group members using group credit and dividends.

Some of the CBTs have become vital resources for other interventions being established in the villages where the project operated, to this day. For example, one CBT from Mwanza region mentioned that she was employed by the National Microfinance Bank (NMB) to mobilise and provide trainings to groups in her village about new NMB products and services. She was also contracted by Marie Stopes Tanzania to mobilise some people for reproductive health trainings.

For other market players, including Community Microfinance Groups promoters, FSPs, and the Government, Pesa kwa Wote has facilitated generation of knowledge pieces, which are useful to market players as they provide insights and learnings for implementation of projects similar to Pesa kwa Wote.

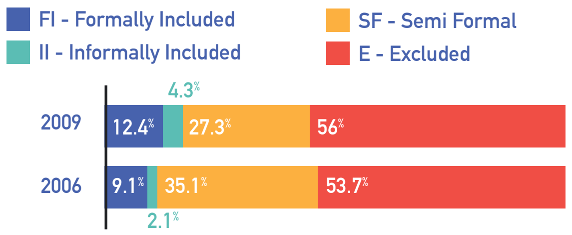
FSDT facilitated the coordination of stakeholders in the Community Microfinance subsector through CARE Tanzania, who had already established a network of Partner Organisations, Community Based Trainers and Community Development Officers through the PkW project. Government agents have engaged with the groups established during this project and issued some credit facilities for women and youth as it was easy for them to assess the quality of those groups. FSPs have found it easy to link with already formed groups as not much time and resources are spent, in comparison to mobilising people by themselves.

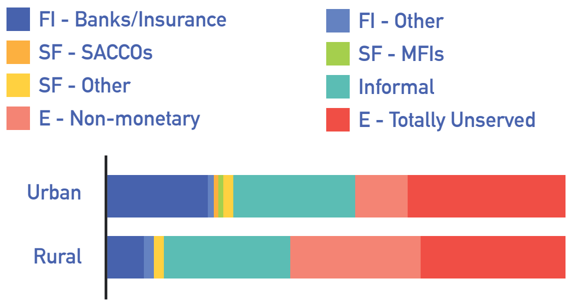
These are just a few of the many impacts of this project. More learnings will be gathered and shared as we monitor the progress of the project operating independent of CARE Foundation and FSDT.

CONTENT

State of The Financial Sector in 2009

IN 2009, OVER 90% MEN AND WOMEN LIVING IN RURAL AREAS WERE UNBANKED





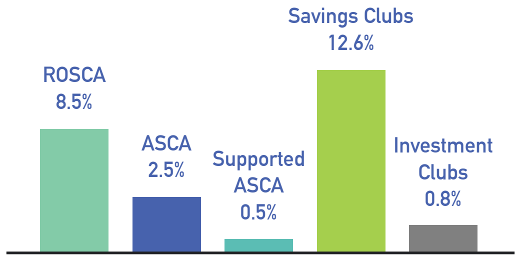
Despite the launch of mobile financial services in 2008, the 2009 FinScope study reported that only 1 in 6 adults in Tanzania had access to formal and semi-formal financial services and over half were completely excluded.

Rural areas were particularly underserved with less than 10% of men and women living in rural communities with access to financial services. More people in both the formal and the totally excluded categories lived in urban areas, while the excluded, non-monetary and informal categories, dominated in rural areas.

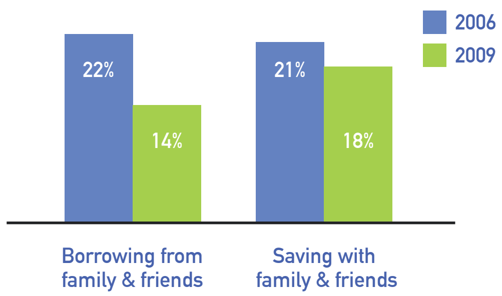
Only 8.3% of rural dwellers had bank accounts or were otherwise formally included.

Nearly 30% of people falling into the non-monetary category were in rural areas where more transactions are likely to be in-kind.

IN 2009, 27% TANZANIANS ACCESSED FINANCIAL SERVICES THROUGH INFORMAL ASSOCIATIONS OR GROUPS



ROSCA: Rotating Savings & Credit Association
ASCA: Accumulation Savings & Credit Association



People used a variety of different methods in the informal sector, though savings clubs were the most popular.

The 2009 data showed that as saving and borrowing in groups was increasing, that with family and friends was declining.

Source: FinScope Tanzania 2009

History of Savings Groups in Tanzania

Despite great progress in improving global financial inclusion, it is clear from the data from 2009, that nearly 30% of Tanzanians were excluded from financial services, the majority of whom lived in rural communities. At the time, there was growing recognition that if rural financial exclusion persisted, the urban-rural poverty gap would widen, as would inequalities in capacities to sustain household resilience, mitigate against economic shocks and invest in the future.

Historically, without access to financial services, people in rural communities across Africa have joined together in merry-go-round savings and credit groups, known as chamas in Tanzania, to find ways to maximise their income together with people that they know and trust.

In the 1970s, Mohammed Yunus saw the value of a microfinance and began to research and test models where microcredit was offered to groups at reasonable rates of interest in Bangladesh. The success of this research resulted in the development of the Grameen Bank which, as of 2017, had 2,600 branches and 9 million borrowers.

Building on this model, village savings and loan groups were created in African countries in the 1990s, beginning with CARE International's Village Savings and Loans Association (VSLA) programme in Niger in 1991. The aims of VSLAs were to organise people in rural communities into savings and lending groups to increase income generating activities and investment for growth, as well as increasing groups' financial awareness, entrepreneurship and literacy skills through training and education.

This lending model was introduced into Tanzania in 2000 by CARE Tanzania with rapid adoption throughout the country managed by CARE Tanzania and other industry stakeholders such as SEDIT (Social and Economic Initiatives of Tanzania and WCRP (World Conference for Religion and Peace).

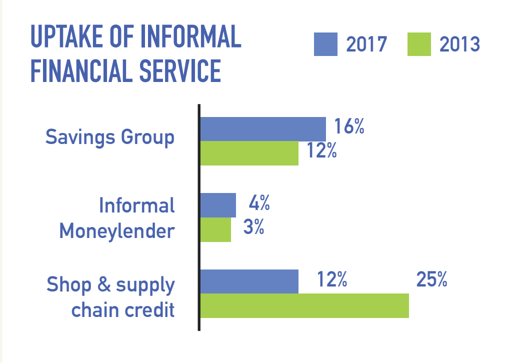
This strategy, contributing to poverty reduction in rural areas of Tanzania, resonated with the National Strategy for Growth and Reduction of Poverty (NSGRP), known as the MKUKUTA (2005/06-2010/11) for Mainland Tanzania and MKUZA (2006/07-2010/11) on Zanzibar, which were structured around growth and reduction of income poverty; improved quality of life and social well-being; and, good governance, accountability and national unity.

Benefits of Savings Groups

The benefits of the savings groups to members include:

- Improved access to health, assets ownership, repayment of loans, nutritious food, and access to other utilities
- Women empowerment
- Access to large amount of loans than non-members
- Access to support in times of need
- Networking among members
- Employment through established enterprises from loans accessed by group members

Source: Kinyondo, Abel, and Gibson Kagaruki. "The Impact of Informal Financial Groups on Socio-Economic Development in Tanzania." African Development Review, vol. 31, no. 1, 2019, p. 14.



Source: FinScope Tanzania 2017

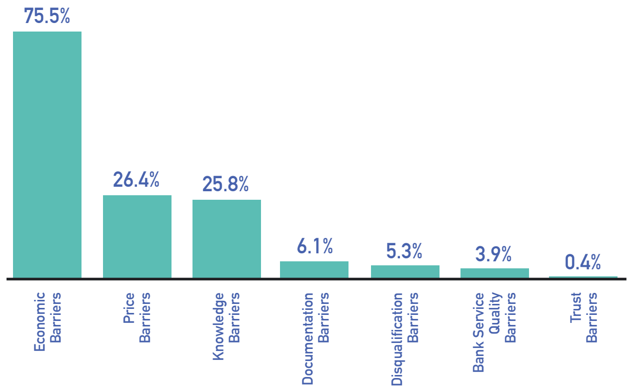
Since 2000, the number of savings and lending groups has grown significantly. Although the informal market shrunk from 44% to 30% of overall uptake from 2013 to 2017, the use of savings groups has shown clear growth, representing 5% of the total financial market.

Stakeholders across the sector now recognise the importance of savings groups and are seeking to find ways to improve their effectiveness and efficiency to better serve men and women living in rural areas who would otherwise be excluded.

Challenges and Opportunities for Inclusive Rural Finance

Financial inclusion is considered to be one of the key drivers of economic growth, helping to lift people out of poverty, improve their quality of life and reduce their vulnerability to economic shocks. For these reasons, informal financial services serve an important role in the portfolio of financial tools for many people in Tanzania, especially those who are poor and living in rural areas and whose financial needs are still not effectively being met by formal providers alone.

REASON FOR NOT HAVING A BANK ACCOUNT



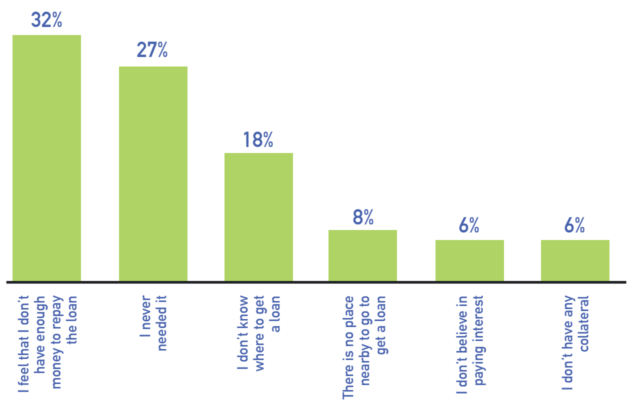
Source: FinScope Tanzania 2009

Challenges for people living in rural communities

In 2009, it was clear from the FinScope Tanzania report and the Informal Financial Group study from 2015, that the majority of people living in rural areas were excluded or underserved by formal services due to the lack of accessible, appropriate and affordable financial solutions and low financial literacy.

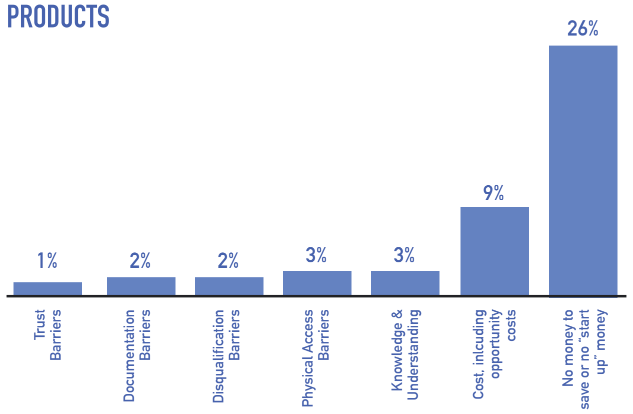
- **Lack of accessibility of formal financial services.** With weak infrastructure and limited provision outside urban areas, the economic cost (in both money and time) to travel to access formal services has led many people in Tanzania to turn to informal services. To address infrastructure gaps, the evolution of digital solutions in 2008 made significant progress in bringing financial services closer to people. However, in 2009, although roughly a quarter of all adults in Tanzania owned a mobile phone, the vast majority lived in urban areas , excluding most people living rural areas. According to FinScope Tanzania 2009, among these people who had access to mobile phones in the rural areas only 0.86% used mobile money services, compared to 3.44% of people living in urban areas.
- **Lack of appropriate and affordable products and services.** FinScope Tanzania 2009 showed that many people were excluded due to the lack of products and services which met their needs and offered clear benefits in terms of cost and value,

REASON FOR NEVER APPLYING FOR A LOAN



Source: FinScope Tanzania 2009

REASONS FOR NOT HAVING SAVINGS AND INVESTMENT PRODUCTS



Source: FinScope Tanzania 2009

FinScope Tanzania 2009 also reported that, for those using savings and loans, their reasons for doing so were for not for long-term asset building or investment for the future, but for short-term cash-smoothing purposes and non-medical emergencies. Moreover, at that time, over a quarter of adult Tanzanians accessed financial services through informal associations or groups such as VSLAs, Rotating Savings and Credit Associations (ROSCAs) and other informal coping mechanisms due to their perception that formal services carried high costs, excluding those on low incomes.

- **Low levels of literacy and numeracy.** FinScope studies clearly show that farmers fall behind the overall population in terms of literacy and numeracy which creates barriers in levels of awareness and understanding, as well as fulfilling data requirements for formal services. According to FinScope Tanzania 2009, the more educated you are, the more likely you are to be formally financially included, and vice versa.
- **Coping strategies.** Effective financial inclusion requires experience and knowledge to make informed choices on using both formal and informal financial tools. Common saving and loan coping strategies include; Kuzikana (funeral groups where members contribute funds over time to ensure that they can pay for a family member's funeral), Upatu (Merry-Go-Round or ROSCAS) and "Kin Tax"(borrowing from economically productive friends and family).

Demand-supply challenges for suppliers

In 2009, formal financial institutions faced challenges in addressing the financial service needs of the poor, particularly those living in remote areas, due to small transaction sizes, sparse populations, lack of Know-Your-Customer compliancy and poor infrastructure.

- **Perception of rural market as low value.** The perception by many formal financial service providers was that people living in rural areas were on low or vulnerable incomes, were hard to reach and did not therefore justify investment to develop financial solutions for them. In addition, few people living in rural areas were formally employed but were engaged in agricultural activity with seasonal levels of income across the year.

- **Lack of Know-Your-Customer compliancy.** For registration for formal savings and loan products and services, customers need to provide identity documents, credit scores and assets as collateral. Evidence has shown that the majority of men and women living in rural communities are not able to provide required documentation.
- **Poor infrastructure.** For suppliers, there are considerable challenges caused by the lack of infrastructure. Though phones have opened up markets, many digital solutions require smartphone and, in 2009, smartphone ownership among men and women living in rural communities was limited, with additional challenges of network failures and the lack of agents in remote areas.

Legal and regulatory challenges

In 2009, penetration of the savings and loans markets stood at just 9.8% and 1.5% of the population, respectively. Laws and regulations relating to savings and loans were based on traditional business models, distribution channels and industry-client relationships. Since then, there has been growing recognition among lawmakers and regulators of the need for a supportive environment to grow these sectors, bridge the demand-supply gap and reach people who have been excluded, notably those living in rural areas.

Policy makers and regulators in Tanzania recognise the potential impact this could have on the national financial inclusion agenda, economic development and increased employment and have been working to create more enabling regulatory change.

Year	Key regulatory change	Purpose
2000	**Tanzania Development Vision 2025**	Promotion of financial services for the rural poor and stimulating economic growth and development of rural areas
2000	**National Microfinance Policy**	Contribute to government of Tanzania aims of delivering financial services, particularly to the rural areas, as articulated in the policy
(2005-11) (2010-15)	**National Strategy for Economic Growth and Poverty Reduction (MKUKUTA and MKUZA)**	Increased access to financial services in rural areas to reduce poverty
2008	**Second Generation of Financial Sector Reforms**	Increased access to financial services by individuals and MSMEs
2009	**Kilimo Kwanza (agriculture First)**	Pillar No. 2 of Kilimo Kwanza, by facilitating access of Financial services to the Agriculture Sector.
2010-20	**Marketing Infrastructure, Value Addition and Rural Finance Support Programme**	Increased increase for poor rural people to a wider range of financial services for productivity-enhancing technologies, services and assets.
2014-6	**National Financial Inclusion Framework**	Target to achieve 50% adults to access formal financial services by 2016
2015	**Tanzania Five year Development plan (2011/12-2015/2016)**	Promotion of financial services for the rural poor and stimulating economic growth and development of rural areas
2017	**National Microfinance Policy**	Creation of an enabling environment for development of appropriate and innovative microfinance products and services to meet the needs of low income earners.
2018	**Microfinance Act**	Impact on Tier 4 organisations who need to become formalised

Building Capacity to Create Alternative Channels For Rural Markets

Since 2004, the Financial Sector Deepening Trust (FSDT) has pursued its goal that all Tanzanians and businesses derive value from regular use of financial services which are delivered with dignity and fairness.

To achieve this goal, FSDT works as a thought leader and market facilitator to catalyse market innovation and interventions, enabling stakeholders to implement policies, regulations and solutions which are responsive to the needs of individuals, particularly those who have been excluded or underserved.

In 2009, from evidence gathered, FSDT recognised that informal channels offered the greatest potential to meet the demand-supply gap in marginalised markets, particularly men and women living in rural areas. Working with public and private sector partners, FSDT looked to stimulate new innovation to meet market need through informal channels.

From 2008 to 2017, FSDT worked in partnership with CARE Tanzania and the Aga Khan Foundation to bring financial services to people on low incomes living in rural communities in 40 marginalised districts using the Village Savings and Loan Association (VSLA) and the Community Based Savings Group (CBSG) methodologies. Activities within the *Ongeza Akiba (Increase Savings)*, *Boresha Maisha* and *WAMA* projects included training group trainers and establishing groups and members, with a specific focus on recruiting women.

Results were promising with recruitment targets achieved for numbers of groups, members and women, as well as volume of savings.

Learning from these projects, particularly the Ongeza Akiba project, which was managed by CARE Tanzania, pointed to the need for further investigation on distribution methodologies and channels, operations costs and also best practice for building capacity at community and government levels to sustain the methodology in the community after the project had ended. In its role as a thought leader, FSDT sought to develop learning to share

"The Community Microfinance Groups Subsector, which covers all groups (VSLA, VICOBA, Kuzikana, ROSCAS, ASCAS and others) plays a very key role in Tanzania, especially for people who have been described as un-bankable. It has provided them with access to credit, savings, insurance and other non-financial benefits such as members support during times of need, social protection, financial education, empowerment and assets accumulation.

For the services of these groups to be sustainable, investment is needed in capacity building (especially on good governance i.e. enhanced constitutions) ,financial literacy, and also availability of transformative capital within the groups through increased savings amounts."

- Samora Lupalla FSDT, Agriculture and Rural Finance Advisor

with other stakeholders to scale provision of effective savings and loan services to men and women living in rural communities through training, technical assistance, innovation sprints, industry fora and action learning.

> *"In the absence of more capable financial institutions or suitable formal financial products, informal financial groups (IFGs) are an entrepreneurial response to the diffusion of cash and ways to use it. They create enough hierarchy and coordination to partially correct some market failures in saving, lending and insurance. Informal finance relies on traditional, often unwritten norms, rules and practices."*
>
> *- Assessment of IFGs in Tanzania, FSDT*

Programme Methodology

Evidence shows that there about 12 million people in Tanzania have no access to savings and loans, the vast majority of whom living in rural areas, relying on rain-fed agriculture for their livelihoods and food security (FSDT FinScope, URT 2011, World Bank 2015, FAO 2016). With multiple hardships and significant challenges to overcome lack of infrastructure and resources, informal savings groups have become the bedrock of savings and credit-led financial inclusion for rural households and, looking to the future, are likely to be most cost-effective mechanism above formal solutions.

Village Savings and Loan Association (VSLA) methodology

What are VSLAs? In the 1990s, with high levels of financial exclusion in rural communities across the world, it was clear that a new methodology was required to find solutions to bridge the demand-supply gap.

In recognition of the potential that informal models offered to meet the needs of men and women living in rural areas and building on the history of group saving and loan activities already operating in many marginalised communities, CARE initiated the Mata Masa Dubara (Women on the Move) project in Niger in 1991 using the Village Savings and Loan Association (VSLA) model.

The principle of the model is people working in groups to mobilise funds through buying shares with social fund contributions. Groups operate in cycles of 52 weeks, at the end of which, the group shares out what has been collected. The model has proved so successful it has spread to 77 countries with over 20 million active participants worldwide.

Aims of VSLA programmes. This methodology sought to improve governance, standardise procedures and create simple, transparent financial systems. Other qualities of this scheme include its ability to build strong groups with a limited number of members, who could collaborate effectively and bring significant economic growth within a short time. A key benefit was that the scheme could be operated at low cost as it only involved purchases of credits kits and writing materials.

Sustainability. The sustainability of the scheme depends on effective capacity building of members that are well known to each other and have a common interest. After undergoing the required training and supervision for a period of one year, groups normally became independent and sustainable in their operations.

Impact. VSLAs have transformed marginalised communities worldwide, mobilising local savings, which provide members with a means to cope with emergencies, help to manage household cash-flow, build a capital base and, crucially, re-build social networks, solidarity and trust. The micro-finance industry has come to accept the place of VSLAs as an important part of the financial landscape, recognising them as able to bring profitable and sustainable entry-level financial services to the rural poor, in their own communities, managed by themselves.

VSLAs have shown a high participation of women, up to 70% in most groups. Due to the way in which VSLAs operate, groups can accommodate different levels of savings and contributions. Others can participate by purchasing only one share rather than the maximum of three or five as stated in the group constitution. By forming separate groups with differing levels of contributions, the VSLA project can include even the poorest members of communities.

CARE's Expertise in Introducing the VSLA Model in Tanzania

CARE is the largest non-governmental organisation providing microfinance services in Sub-Saharan Africa, reaching over 2.7 million people through Village Savings and Loans with programmes operating in 23 countries in Africa.

More than 90% of the associations are now fully independent of CARE. Based on this experience, CARE in Tanzania introduced the VSLA model in Zanzibar in 2001, and then other parts of mainland Tanzania, and has reached over 100,000 groups so far, primarily in rural areas.

FSDT and CARE Tanzania partnership. FSDT granted funds to CARE International in Tanzania to implement the VSLA methodology and bring informal financial services to 222,000 new users under the project *Ongeza Akiba (Increase Savings).*

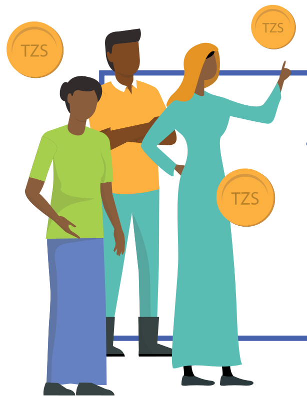
Ongeza Akiba project. Operating from April 2008 to December 2011, CARE recruited staff to develop and train groups in Morogoro, Dodoma, Zanzibar, Coast, Kigoma, Shinyanga and Mwanza.

The total number of groups formed was 10,385 with 244,243 members, of which, approximately 70% were women. The total cumulative savings and loans of the groups amounted to approximately US$7.9 million and US$6.3 million, respectively. A final evaluation concluded that the project was able to meet the ambitious targets ahead of the timeframe, and that the VSLA model is successful in reaching out rural poor, particularly women, to improve their access to financial services.

Village Savings and Loan Associations(VSLAS)

VSLA is the programme operating in Tanzania, based on a standardised Accumulating Savings and Credit Association (ASCA) model, in which:

- average membership is 25-30 people
- members can be men and women, however experience shows that majority of members are women
- each group forms its own constitution which lays down its rules and regulations
- groups carry out weekly savings and lend out the collected money
- capital is generated through the purchase of 'shares' (costing between TZS 500-1,000) on a weekly basis and members can borrow three times the value of their accumulated savings
- borrowing members have to return money with interest; the collected money is then re-lent
- accounts are maintained in very simplified books of accounts
- VSLA groups run for fixed period (generally one year), at the end of which all the money is shared out by members in proportion of their savings
- contributions are also made to social funds to support members in times of hardship, thus providing some insurance for members



TOTAL NUMBER OF GROUPS FORMED
10,385

244,243
MEMBERS

70%
WOMEN

TOTAL CUMULATIVE SAVINGS
US$7.9mil

LOANS
US$6.3mil

Strengths and Weaknesses of Ongeza Akiba Project and VSLA Model

Strengths

Appropriate methodology	Quickly accepted in most villages
People save regularly	Groups can build up sufficient capital to take up formal financial services
Flexible yield on savings	Groups can determine value and timing, based on savings
Reduced risk	Loan value based on savings
Self-managed	Quick, simple, easy to follow transactions
Good governance	Transparency, allowing members to acquire lump sums of capital
Potential to yield social capital for members, particularly women	Women make greater contributions to household decision-making; earn greater respect from their husbands and peers; gain confidence in public arenas and are preferred choices for leadership positions.
Community empowerment	Flexibility to fit the particular needs of its members, combined with the confidence accrued and time spent together as a functioning group can be harnessed to empower members to unite around shared interests (e.g. educating daughters, providing awareness on HIV/AIDS, conserving a community forests etc.).
Training	Model gives people basic financial competencies in saving lending, setting interest and contributing to insurance and so building skills to manage and grow communities' finances.

Weaknesses

Groups not optimised as financial tool	Potential not realised for people on low incomes to increase assets and smooth consumption through savings
Weak operational and information systems at project level	Lack of robust evidence to improve learning
High cost structure	
Fragmented nature of practices and norms	Inconsistent quality of services and products

Objectives & Strategy

Within the range of informal financial services, groups are among the most prevalent in providing savings and loans, and can also be used as an entry point to build social capital and invest in development activities. However, due to the fragmented nature of practices and norms, many are unable to offer consistent high quality services and products. Most groups are promoted through local, national and international NGOs working in isolation, with little experience-sharing or communication among them.

In recognition of their value and potential, FSDT launched the Pesa kwa Wote (Finance for All) programme in partnership with CARE Tanzania, to gather insights on the challenges and opportunities of Village Savings and Loan Associations to strengthen their efficiency, sustainability and contribution to not only building resilience, but also economic growth, among men and women living in rural areas.

Sustainability is key to achieving this aim, which was planned to be achieved by engaging new delivery channels, involving government and other CARE projects, as well as by linking matured groups to formal financial sources to provide them a perpetual source of financial services.

A key outcome is to synthesise insights into learning and tools to be handed over to TAMISEMI (part of the President's Office – Regional Administration and Local Government) for training, monitoring and overseeing progress.

Pesa kwa Wote (PKW) objectives

The overall objective of the Pesa kwa Wote (PkW) project is to bring sustainable financial services to rural poor people and to get people onto the first step of the financial ladder. More specifically, to:

Increase spatial outreach of financial services: ENROLL 316,300 PEOPLE ▸ IN 12,652 VSLA GROUPS ▸ 8 REGIONS IN TANZANIA ▸ 37 DISTRICTS

Increase depth of financial services – all the new groups formed to be trained in financial literacy and selection, planning and management for income generating activities and a further 2,500 matured groups to be linked to formal financial institutions.

Improve sustainability

- test two delivery channels, partner organisations (PO) and franchisees with 96% groups planned to be formed through POs
- project details to be shared with relevant government ministries and officials
- financial inclusion project learning to be shared across CARE to be integrated with initiatives in other development areas.
- matured groups to be linked to formal financial institutions.

Improve Learning, Monitoring and Evaluation Systems - M&E systems will be adopted to capture project impacts, delivery channel performance and tracking outcomes related to financial linkages to inform future policy.

Learning to be shared via workshops, stakeholder reviews and the publication of case studies.

Pesa kwa Wote strategy – Phase I

Alternative delivery channels

Two delivery channels were chosen for implementation of the first phase of the Pesa kwa Wote project: partner organisations (POs) and franchisees. POs could be local NGOs, faith-based or community-based organisations (CBOs) or Umbrella VSLAs while franchisees would be local entrepreneurs.

Delivery partners were to be trained to build their capacity during the project period and receive financial support for carrying out project-related activities. The goal was for the channels to operate independently through a market-driven model in which they charge fees for their services to the groups, thus bringing in sustainability in group formation, trainings and linkages.

Involvement of these channels was critical from a sustainability perspective and in reducing enrolment costs. The cost per beneficiary was roughly US$40 for the Ongeza Akiba project and expectations were that the costs for the new delivery channels could be reduced to US$28. The table below summarises the estimated cost per beneficiary for different activities under PKW.

SCALE UP / POS	FRANCHISING	LINKAGES	LEARNING	OVERALL
$25.00	$84.05	$17.74	$1.12	$26.53

Financial literacy

To increase the depth of financial service groups will receive financial literacy training, training on Selection, Planning and Management (SPM) of Income Generation Activities (IGAs) and financial linkages.

Linkages with formal financial institutions

Options were explored for partnering with financial institutions, principally banks or microfinance institutions (MFIs) who have expressed a desire to target saving and loan group clients. The strategy was for CARE to work with these partners to develop and test financial solutions that are appropriate for VSLA groups and members and will pilot the marketing these products to groups on a commercial rather than subsidized basis.

Knowledge sharing strategy

Following the weakness in M&E reported for the Ongeza Akiba project, the M&E strategy was to develop MIS for real-time data entry and access for data monitoring from any location, with dedicated staff at the operational level and for data sharing.

The knowledge sharing strategy included workshops with all stakeholders in Tanzania and globally, an annual project review to share experiences and learning, production of case studies reflecting not only the impact of the project but also the process of impact with group participation. The project is generating knowledge that will be valuable for the implementation of supervision of microfinance group (known as Tier 4 microfinance activities as per the Microfinance Act). The following are the key areas for impact:

- Scalability of IFGs without the support of external influence
- Potential to govern village agents (trainers) to enhance quality of service to IFGs
- How local governments can engage with IFG providers
- Guidelines for establishment of CFGs for women empowerment developed by the Ministry of Health Community Development Gender Elderly and Youth

Implementation of Phase I

Targeting members

The key target population of the Pesa Kwa Wote project was people on low incomes, living in the most excluded regions where CARE has been operating the VSLA programme. These regions are Morogoro, Tabora, Shinyanga, Mwanza, Pwani and Iringa in Mainland Tanzania, and the Unguja and Pemba regions in Zanzibar.

Under the VSLAmodel, the members themselves select each other and form the group with CARE playing a facilitating role to guide groups to find individuals who the group think need financial services, can be active in financial transactions, are of similar socio-economic profile and do not have another financial source. If someone is economically stronger, they are less likely to value savings group services, follow group constitutions or be influenced by group pressure.

Delivery channels

Partner organisations (POs)

Representing 96% of the total outreach, the strategy was for CARE to identify 15 relevant institutions with good presence in their communities that can be used for the project delivery across eight regions. Potential partner institutions could be local NGOs, CBOs, faith-based organisations (FBOs), such as churches and apex VSLAs, who would be selected on their capabilities to increase the rate of group formation, training and linkages and also reduce the cost of services. Furthermore, with involvement of these local institutions, the plan was for capacity at the community level to be built for scaling up.

Once partner capacity assessments are completed, based on the environment, target population of the partner organisation and capacity, unique partner targets were crafted. So, each PO was given specific geographical areas and targets to fulfil with technical support and grants provided by CARE.

With regularly monitoring and visits by CARE to ascertain the quality of the groups based on attendance rate, retention rate, financial transactions, record-keeping etc. The plan is for POs to be regularly monitored by CARE and required to submit monthly progress reports.

Using partner organisations should have the following advantages:

- Increase the outreach and adoption of the model and thus fasten the pace of financial inclusion.
- Use of local partners will reduce the cost of group formation, training and linkages.
- CARE's experience in Uganda has shown that using local partners on the ground engenders sustainability as , when partners appreciate the VSLA methodology, it is then adopted throughout their organisation's programming, whether or not they continue as a CARE partner.
- Partner organisations find ways of creating a revolving cashbox/ toolkit fund for supplies for continued group formation.

Franchisees

The franchisee model is new for Tanzania, although it has been tested by CARE in Kenya. Representing 4% of the total project outreach, franchisees would be local entrepreneurs who can form groups and undertake training and linkage activities on a commercial basis in the long run.

Franchisees, who have successful on-going legal economic activities in the geographic area as a retailer, artisan, or other service provider, would be selected by CARE as being literate, able to keep financial records and prepare financial and other project reports. They must be known and respected in their community, have a reputation for high personal integrity, and have good working relations with the local administration.

The strategy was for CARE to recruit potential franchisees through advertisements in the market-place or within administrative offices, select candidates then invite the best candidates to attend training on VSLA methodology, training of trainers, adult learning and franchise management. Following training, participants would be assessed on their ability to make their franchise succeed, and those who are successful would be invited to purchase the Franchise Kit, which will include training material to be used by the VAs; general information on VSLAs and on CARE; ledgers for recording outputs and expenses; and a Franchisee Manual which would clearly explain the role, responsibilities of a VSL Franchisee, and the opportunities that the franchise presents for a good entrepreneur.

After making a moderate investment in their franchise by purchasing the kit and, in some cases, posting a modest performance bond as a sign of commitment and as a guarantee of good performance, franchisees would receive support and payment per group member recruited from CARE Tanzania. Franchisees who work through village agents (VAs) would receive payments from CARE in return for the number of groups formed and trained.

Broadly, under the franchisee model, CARE would build the capacity of franchisees and provide payment for every group member recruited. The amount would be paid over the course of each year's target.

Franchisees would be required to send monthly reports listing all groups created, their location and meeting days, to be monitored by CARE by sampling, checking the existence of the groups, whether they meet at the stated time and place, the attendance at meetings, the group member's knowledge of procedures, and the financial performance of the group.
Using Franchisees will have following advantages:

- Franchisees will bring private sector dynamism to the task of rolling out groups.
- The combination of a simple and appreciated product and a vast market should inspire the best entrepreneurs extend outreach across regions
- It should institutionalise a market-driven model which could scale up activities.
- Involvement of local entrepreneurs should reduce the cost of group formation and training.
- In later stages, competition may prompt franchisees to expand their services.
- Links between entrepreneurs and communities should create benefits as these franchisees could also become agents of mobile service providers, insurance companies or banks, thus introducing synergy in financial inclusion and helping them cross-sell various financial products.

Timing

The total project period, for the two phases, was planned to run from May 2014 until June 2018 to enable a period of mobilisation of resources for the project and a wind up period at the end of the project.

Budget

- The first six months of the project to focus on the project start up and inception phase
- Major implementation through partner organisations.
- Project to operate through existing Zonal Offices of CARE Tanzania.
- Expatriate Project Coordinator to work for the initial 2 and a half years after which the national Deputy Project Coordinator to then take over his/her position.
- As some regions have mountainous or difficult terrains, 288 of the 576 village agents to receive a bicycle.
- Infrastructure and vehicles (motorcycles) from previous projects to be utilised in this project.
- A workshop involving international participants to be organised at the end of the project.

Item	Amount (US$)	Cost per head (US$)
Project costs	8,573,333	26.5
Mid/End term reviews	100,000	0.31
Contingency	428,667	1.33
Total	9,102,000	28

With a target of 323,000 members to recruit, the estimate cost per member recruited was US$26.50 (direct cost) which is comparable to similar projects in the country and East African region.

Pesa kwa Wote – Phase I overview

Objective: To bring sustainable and replicable financial services to 316,300 women and men through the informal financial sector using the Village Savings and Loan Association methodology.

Targets: enrol 316,300 people in 12,652 VSLA groups across eight regions of Tanzania and 37 districts.

Duration: May 2014 – June 2016

Location: Morogoro, Dodoma, Tabora, Shinyanga, Mwanza, Pwani and Kigoma in Mainland Tanzania and the Unguja and Pemba regions in Zanzibar

Markets to be served: men and women on low-incomes, who are financially excluded and living in rural areas

Total project budget: US$ 4,266,728 (including US$ 100,000 for mid-term and end-term review)

Expected cost per member recruited: US$ 26.50

Implementing partner: CARE Tanzania

Performance Evaluation

Group formation

KPIs	Achieved	Target	Performance
VSL Groups Established	No	5,254	4,754
POs (Partner Organizations)	No	15	14
Value of loans			TZS 3.6 Billion
Cumulative Savings	No	TZS 7.5 Billion	TZS 5.1 Billion
VSL members recruited	No	130,975	97,883
Franchisees	No	22	7

Recruitment targets achieved but limited progress on cumulative savings and loans targets.
The volume of groups to be mobilised (which in turn raises aggregate revenue) makes the savings groups proposition attractive to franchisees (FRAs). Target communities with no prior experience with savings groups are more likely to be found in remote areas, presenting an increase in costs of operations and logistic challenges. 'Incentivized' ward community development officers (WCDOs), village chairpersons and VAs proved to be instrumental in group mobilisation.

Progress against targets. The average recruitment cost per member of US$12.50 is significantly lower than comparable projects although costs vary significantly across partner organisations and is nearly half of the industry average of US$22.

Recruitment costs. The focus on achieving recruitment targets took priority over maintaining quality of the delivered training which in turn has affected the quality of the mobilised groups. Systems to track the quality side do not exist.

Value of savings and loans

Targets. Unrealistic targets, in particular, the cumulative savings and loans Increasing targets for group formation became over-burdening for the existing partner organisations (PO). Emerging learning opportunities included factors behind variations in costs per head across POs and behind different valuations of training of beneficiaries.

Savings vs credit. Savings rates remained insufficient to meet demand for credit and therefore, it became common for credit issuance to be done once a month, after savings have accumulated for three weeks. . Progress on financial inclusion. Mobilised groups had a higher proportion of women than benchmark projects (Agha Khan and CRS), but lagged behind in the average savings per member as a percentage of Gross National Income (GNI) per capita.

Despite anecdotal information on outcomes, such as women's empowerment, access to education and improved income, the project has not been designed and lacked outcome objectives in its theory of change to allow credible testing of poverty reduction hypothesis.

The concept of M4P is not an explicit part of the project. There are mild signs of systemic change. However, it is unrealistic to expect major transformation to occur within two years of project interventions.

Financial literacy

Progress against targets. Pesa kwa Wote is one of the few projects offering a financial literacy package. However, the intervention lacked clear objectives on what it wanted to achieve, baselines, measurable indicators and clear strategies to ensure that village agents had sufficient capacity to deliver financial literacy training. In addition, there were no systems to track both the delivery and the potential outcomes of investing in financial literacy.

Aims and methodology. The financial literacy approach was standard, irrespective of varying needs across regions and groups with the curriculum based on the assumption that rural households were "unaware" of the benefits of savings, which is contrary to the overwhelmingly evidence from the then recent FSDT/CGAP study on financial diaries in rural Tanzania which states that "Smallholders are keenly aware of the importance of savings, staying on budget, and planning...... financial service providers do not have to convince smallholders farmers in Tanzania that they should plan, save or even invest in their future".

Sustainability

Across regions and delivery channels. Sustainability of the "mobilisation and group formation" function is unlikely without external intervention, particularly for groups who are not compensating franchisees. In addition, the nature of the training delivered has reduced the likelihood of achieving the industry standard of 89% group retention after five years.

The planned capacity building for partner organisations did not receive sufficient attention.

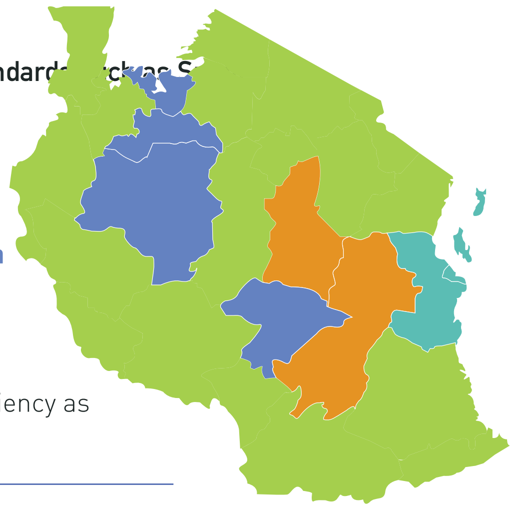
Monitoring & Evaluation

Key learning on quality, costs and sustainability of groups and success of strategy. The partner organisation (PO) model outperformed other delivery models across a number of criteria and franchisees (FRA) were entirely dependent on grants instead of being compensated by the groups.

Overall, the entire learning and M&E objectives were the most marginalised part of the project, both in terms of programming, resources and inconsistencies with good practices.

Geographic outreach

The project's design and its implementation were not in line with industry standard



Implementation Channel | *Region*

Partner organisations - New partner organisations (POs) will be selected in this zone.

Since these will be new POs, greater support and capacity building will be needed.

Region: Iringa, Mwanza, Shinyanga, Tabora

3 groups per village agent (VA) per year are expected here, which is lower efficiency as compared to the coastal zone where POs are well trained in VSL methodology.

Franchisees and partner organisations
22 franchisees - Dodoma: 11 Morogoro: 11

Region: Dodoma, Morogoro

A low target has been set as this is a test activity. CARE expects 6 groups per franchisee per year. In addition there will be 8 new partner organisations; here no VAs will be used. Each FO is expected to form 8 groups per year.

Direct implementation and partner organisations - In Zanzibar, CARE is working with existing partners who are already well trained in VSL methodology. Maximum efficiency is expected in this region. Each VA is expected to form 4 groups per year.

Region: Zanzibar, Pwani

Enterprise Evaluation Project (SEEP)'s quality guidelines.

The poor quality of training is an outcome of the low quality of village agents (VAs), limited manpower, weak incentive to VAs and limited training due to costs and logistical challenges in reaching remote areas.
The high turnover of VAs has led to lack of structured training for their replacements.
VAs have additional roles beyond technical backstopping. They are both "mentors" and "external enforcer" of VSL governance procedures, especially for young groups.

Project delivery models

Contrary to the basic tenet of the Partner Organization model, the VAs, to some extent, and in an informal way have been compensated for their efforts in group mobilisation and formation.

VSL groups do not compensate VAs.

The Partner Organization model outperforms the Franchisee model across all important indicators (group formation, member recruitment, savings mobilization and loans disbursements).

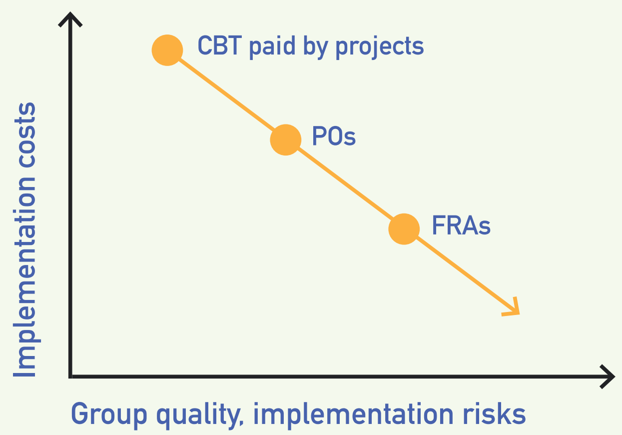
The implementation cost goes down as one moves from the model where community-based trainers (CBTs) are paid directly by the project to the Franchisee model. However, at the same time, the quality, as well as the sustainability of the VSL groups, declines along the same movement from one model to another.

Without the effort Partner Organizations have been made to overcome numerous challenges, the following results would not have been achieved.

Achievements against target	Partner organisation	Franchisee
Group formation	70%	57%
Member recruitment	64%	50%
Savings mobilisation	56%	36%
Loans disbursed	59%	26%
Savings per member	TZS 26,072	TZS 23,942

CARE's score for each model	Score
PO	41
CBT paid directly by project	36
Franchisee	27
CBT not paid by project	20

Source: CARE Tanzania VSLA standardization document
Scores were based on the following ratings: High (3), Medium (2) and Low (1)



Source: CARE Tanzania VSLA standardization document

Key Recommendations From Phase I Mid-Term Report

1. Invest in learning agenda
Strengthen Phase I monitoring & evaluation objective to build knowledge creation. Develop concept note which identifies existing knowledge gaps and learning activities that can determine the effectiveness of the project and its performance against objectives and outcomes such as income, savings and women's empowerment.

2. Re-train existing groups
Good quality training is necessary to strengthen groups and improve their capacities and linkages. New investment is needed to establish baseline information and to overhaul the financial literacy component.

3. Investing in a robust Monitoring & Evaluation framework
Review and revise M&E framework to determine what will be monitored and evaluated, based on M&E best practice.

4. Refocus objectives for groups
Refocus group objective from number of members to quality of group and its effectiveness to raise income, savings and contribute to women's empowerment.

5. Deliver VSLA training to community development officers and build the capacity of Partner Organisations (POs)
To pursue a strategy for sustainability of this programme, local government representatives would benefit from training on VSLA methods to build their skills to mobilise and train groups.

The greater the capacity of POs, the more likely they will be to be effective in using their VSLA knowledge to build and strengthen informal savings and loans groups in rural communities and the more likely they will be to continue to work in the industry.

6. Benchmark interventions with industry best practice
FSDT needs to be much closer to the project and benchmark savings groups interventions against industry standards that programme potential is optimised.

Phase II Design & Implementation

In light of the findings from the mid-term evaluation report and the key recommendations, plans were put in place for the second phase of the Pesa kwa Wote project.

The goal for Phase II was to further the work to realise the potential contribution that community savings and loans could make to financial inclusion of men and women living in rural communities, through the following **objectives**:

1. Improve and strengthen quality of existing PkW formed groups
2. Enhance learning around group quality in correlation with group sustainability
3. Strengthen monitoring system

Pesa kwa Wote – Phase II overview

Location: Pilot in Lushoto, Tanga

Duration: January 2018 – December 2019

Project budget: USD 240,873

Markets to be served: Farmers and rural dwellers

Project Partner: CARE Tanzania

Objectives:
To gather learning to scale up sustainable and replicable financial services to 316,300 women and men through the Informal Finance Group (IFG) subsector using Village Savings and Loans Association (VSLA) methodology

Expected achievements:
- 3,090 groups retrained to improve quality
- TZS 109 million (US$ 47,000) disbursed by government to 87 quality groups

Actual achievements:
- 3,090 groups retrained
- 38 groups have been formed with 959 members, of whom 759 were women

Objective1: Improve and strengthen quality of existing PkW formed groups
The mid-term review of the project informed us that 66% of the groups formed under phase 1 did not meet the quality standards; which would've jeopardized the sustainability of the groups.

In order to ensure the best outcome, a key strategy was to refocus efforts from recruitment to improving the quality and strengthening new and existing groups by building the capacity of existing trainers and District Community Development Officers who would ensure that the groups adhere to VSLA methodology and best practices.

Community-based trainers (CBTs) The Pesa kwa Wote programme aimed to support community-based trainers (CBTs) to build their business skills, deepen their knowledge of the VSLA methodology and to provide knowledge and support to enable them to strengthen groups and deliver quality training to them. To ensure their skills were up-to-date, CBTs received:

- refresher training on VSLA methodology
- training focused on leadership, formation of group constitution and different policies and regulations for managing groups, record keeping, elections and calculation of loans and share-out, end of cycle group graduates and becoming independent or mature
- after in-depth monitoring, one-to-one mentor support was provided to CBTs and groups on VSLA methodology, especially for sessions that were not well captured during refresher training

The training aimed to sharpen CBTs skill and strengthen the quality and effectiveness of the groups to boost their income. This success could motivate CBTs to form new groups in nearby areas where there was need and increase the range of services they offered to the groups, including commercialisation of groups, business management, market research, value addition and digitalising saving groups ledger. The greater the return on investment for the groups, the higher the incentive to pay for services and the greater the income for CBTs.

District Community Development Officers (DCDOs). Training was also provided for DCDOs to not only deepen their understanding on the VSLA methodology and the FFS model and to provide support to community-based trainers after the end of the project. The community development officers then met with groups to share the plan, encourage registration and raise awareness of the availability of loans from the Women, Youth and Disability Fund.

Groups. The training was designed to recognise and address different levels of maturity and activity among groups, their leaders and members. For example, new groups required training on VSLA methodology and more mature, entrepreneurial groups could benefit from training on buying and selling agricultural goods. Training topics included group bi-laws, loan management, quarterly loan interest calculations, filling passbooks and loan ledgers, management of social fund and sharing out procedures, specifically dividend calculations based on new share rates.

There was recognition of how the skills of the community-based trainers and members, their age, experience of savings and loans groups, as well as their literacy and numeracy abilities, would have an effect on the confidence and quality, and ultimately the prosperity of the group.

Digitising ledgers and passbooks

To further strengthen groups and improve their business plans, CBTs were trained with knowledge and skills on how to use a smartphone app (Chomoka) that can replace paper ledgers and passbooks.

The benefits of digital ledgers and passbooks include:

- Accurate and transparent records with instant savings and loan calculations.
- Back-up of records within application.
- Instant access to savings accounts or credit products.

Training on digital ledger and passbook

2 DCDOs and 9 CBTs were trained on benefits of digital record-keeping and how to use and transfer the Chomoka application.

CBTs were provided with smartphones and training on how to transfer the application and how to register groups and members.

CBTs then introduced the application into groups, providing practical training.

The application also offers the opportunity for CBTs to place adverts for groups on what they produce on the Chomoka online market-place and for groups to interact directly with services providers like banks and insurance companies.

Objective 2: Enhance learning around group quality in correlation with group sustainability

Training on new regulations

To comply with legal requirements and, as part of capacity building within Pesa kwa Wote, 8 CBTs, 4 DCDOs 21 group promoters and 29 groups received information regarding the Microfinance Act 2018 and subsequent regulations.

The main focus of the learning agenda is designing and rigorously testing a fee-for-esrvice model of group formation, and analysing the relationship between the level of investment in group formation and resulting group quality and sustainability. The learning will generate meaningful and reliable insights that will inform stakeholders' strategies with regards to savings groups formation in Tanzania.

Microfinance businesses are categorised into four tiers that reflect their size, function, and potential for development. Tiers 1 to 3 include larger formal organisations through to savings organisations. Tier 4 includes all community groups which are collecting money as share from group members and offer simple loan such as VSLA groups and VICOBAs. Regulations require individuals or entities which are involved in microfinance, including agents and group representatives, to be registered and licensed, administered by local government authorities.

Objective 3: Strengthen monitoring system

To ensure that groups understand and follow VSLA methodology, regular monitoring and support visits were made to the groups. To ensure groups were registered and officially known by district council, monitoring was conducted jointly with District Community Development Officers who had the opportunity to explain the registration process and to raise awareness of the availability of loans from the Women, Youth and Disability Fund.

A Management Information System (MIS) was introduced to record information on cycle and members, shares and loans, external debit and properties and could calculate profit and loss of groups during the middle circle.

Strengthened monitoring system

- 34 groups were monitored with a total of 850 members, of whom 671 were women.
- 78% attendance was reported.
- 2 DCDOs and 8 CBTs were trained on using the Management Information System

Performance Evaluation Phase II

KPIs	Achieved	Target	Performance
VSL Groups Established	No	50 FFS and 3,655 (quality improved)	19 FFS and 2,400 (quality improved)
POs (Partner Organizations)	Yes	11	11
Value of loans	No	US$ 3,957,233	US$ 2,252,296
Cumulative Savings	No	TZS 12.1 Billion	TZS 6.8 Billion
VSL members recruited	No	81,174	53,087
FRAs		0	0

Total capital raised: TZS 104,736,750 equivalent to TZS 110,150 per each group member.

Phase II of the *Pesa kwa Wote* project aimed to gain learning on the Fee-for-Service model to contribute to best practice on distribution channels, cost and sustainability of savings and loans groups.

Key learning gathered included:

Members' saving and borrowing. Field visits have shown that groups start cautiously with low investments but, in subsequent cycles, increased their weekly contributions and the number of shares that can be purchased. Some groups who invested up to five shares at TZS 1,000/share per week have pay-outs at the end of the cycle in excess of TZS 400,000/person. In some groups, members have chosen to save rather than borrow.

"To be honest, we do not know where we would have been right now if not for this project. From our CBT training, we have managed to save the little we have and now have access to loans anytime we need them. Moreover, we now have capital to work for us. Some group members have used it to buy solar panels, build modern lavatories or start small businesses to increase their household income." - Group member, Kilole village

Motivation for CBTs to deliver the service to VSLA groups. According to the CBTs, their motivation to deliver VSLA services to the savings groups was primarily to help the community to improve their use of accessible, appropriate and affordable financial services. In addition, they felt that their contribution was recognised and appreciated through the payment they received for their services. Furthermore CBTs confirmed that, after being trained on business management and collective investment, they saw the opportunity of working with groups as an agent, earning further commission for the services they provide. As many groups lack the knowledge, skills and capacity to engage with wider markets, CBTs could provide access to quality agriculture inputs and sales for the produce they harvest.

Capacity-building for CBTs. For CBTs to deliver quality services to form groups, they need to have robust knowledge of VSLA methodology and provide close monitoring support. They also need to be equipped with mobilisation and facilitation skills to help sharpen strategies to deliver services and transfer knowledge to group members. Further skills which would increase CBTs abilities to strengthen groups would be those for conflict resolution to effectively manage any disputes arising in groups and those for negotiation to boost confidence and the ability to bargain for better payments for themselves and the groups.

Quality assurance in Fee-for-Service model. This is assured through a number of dynamics including Community Development Officers at both district and ward levels with knowledge and skills on VSLA-based group formation and operation. CBTs are required to sign a Code of Code as a contractual agreement with the Community Development Officers and CARE, which ensures that CBTs act responsibly and groups are protected from any exploitation.

Factors that influence group member's willingness to pay for the CBTs service. During monitoring, the Pesa kwa Wote team assessed the perception and attitudes of group members towards the Fee-for-Service model, joining groups and paying CBTs. The majority of group members responded that, as the nearest financial services were in Lushoto town which were too far away, they joined groups to access saving and loan services. In addition, they reported that where formal loan services were available, as they lacked collateral, they were not trusted by financial institutions. They spoke positively of improved economic empowerment from paying CBTs for their services, knowledge and time, which they value and also, that the payment allows them to hold CBTs accountable to the group, although they are aware their contribution to CBTs' income is limited.

Community perception of the FFS model. More than 90% of group members were happy with the project. More than 84% of the group members who were interviewed stated that the payment CBTs received was not commensurate with the significant contribution they were making to transform the mind-set and behaviour of communities to begin saving. One of the group members in the Kireti village said, *''We wish we could pay them more but we don't have much money, and we are happy that they accept whatever we contribute.''*

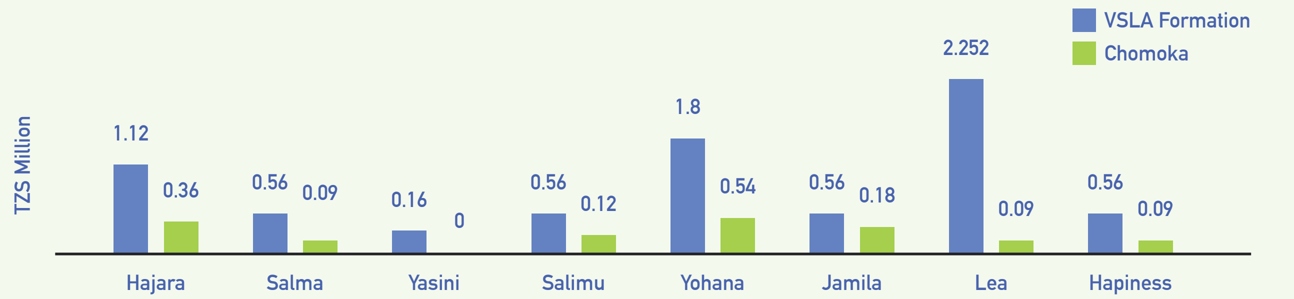
Chomoka application. Most of the groups were happy with application and its contribution towards more efficient and transparent record-keeping. 16 groups began to use the application, representing 44% of the groups.

Income earned by CBTs

CBTs were earning between TZS 4,000 and TZS 10,000 per day, so were able to earn TZS 144,000 to TZS 360,000 over the 15 months of activity. The largest single cost for CBTs was TZS 110,000 for establishment of the groups, as well as training.

Groups opted for different models for paying CBTs depending on mutual agreement. Payments were made per session or topic or on a monthly basis.

June 2018 to September 2019	
Total revenue for CBTs for group formation and training	TZS 7,572,000
Total revenue for CBTs for digitalisation of groups through the Chomoka app	TZS 1,470,000
Average percent incentive earned by CBTs	7.2% against total capital accumulated by all 38 groups, at TZS 946,000 per CBT
Total average paid by group members for CBT services	TZS 7,895,000 or TZS 199,263 per group



Overall Learning & Sustainability

Learning

(To be combined from Phases 1 and 2 with input from programme team)

- CBTs needed to repeat training more than twice due to low literary rate of many groups
- Some resistance among group members to using Chomoka application due to lack of knowledge of benefits and how to use
- Some groups were not happy to invest collectively due to lack of trust among group members and limited knowledge of the collective investment concept and its advantages and disadvantages
- Lack of strong and practical entrepreneurship and business skills for group member and CBTs which limited formation of collective businesses
- Economic downturn affecting savings reduced level of group saving
- Choice of other models and free financial education from other organisations.

Sustainability

Input from programme team required

- 3,090 out of 3,655 groups have been retrained to improve quality.
- The pilot of Fee-for-Service model, implemented in Lushoto in the Tanga Region, has indicated positive results and was extended to June 2019 to allow documentation of learnings.
- CARE completed training for District Community Development Officers (DCDOs) and issuing certificates to Community Based Trainers and Village Agents. Groups have been handed over to the Local Government Authorities through DCDOs as part of the sustainability plan.
- The government has disbursed TZS 109 million to 87 groups through local government funds for women and youth, based on meeting criteria for quality.

Umoja Savings Group

"We were hearing stories about the success of groups from other villages and wanted to create a group, but we didn't know how to start and we were afraid of losing money", the Umoja chairwoman begins to tell the story.

The Umoja savings group is located in Mpondekaya, a village in the Shagayu ward (in the Lushoto district in the Tanga region) and was the first savings groups to exist in the village. The village is located 90kms from Lushoto town and the roads in the area are mountainous and rocky.

The group was formed immediately after CARE conducted awareness-raising sessions on savings groups and recruited Community Based Trainers (CBTs). There were public meetings conducted for the purpose of introducing CARE and the Pesa kwa Wote project.

After being introduced to the Community Based Trainer (CBT), a group of 30 members organised themselves and started to collect money for the VSLA kit and group training. The group agreed with the CBT to a payment of TZS 10,000 per day with a contribution of TZS 500 per member per meeting for the education fund and TZS 2000 per share. Some of group members perceived the costs for the education fund as being too high but agreed to participate as part of agreement for savings and loans.

Members of the group were able to save every week by buying shares and then taking loans to invest in agriculture and to fund issues. They were frequently visited by project members and encouraged and advised on how to start businesses such as buying consumer goods (such as sugar, soap or rice) at cost price to sell at retail prices to group members.

For many members, they were able to renovate their houses, install solar, buy sheet iron, invest in farm activities and the group raised a total of TZS 10,723,000 with a gross profit of TZS 2,615,000 after a total payment of TZS 300,0000 to the CBT.

The group chairwoman concluded that "CBTs have really opened our eyes and, through their effort and that of CARE, sustainable development has come to their marginalised community. We would like to receive further training from the CBTs and are ready to pay for it. Our future plan is to open a group shop in the village where group members and other community members will buy and sell goods and other services."

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