



# UNCDF TANZANIA

## Good practices for savings groups under the Kigoma Joint Programme



400+ SAVINGS GROUPS  
11K MEMBERS  
64% WOMEN

TZS 400M ACCUMULATED SAVINGS  
TZS 340M DISBURSED LOANS

In July and August 2019, members of the United Nations Capital Development Fund visited more than 30 different savings groups in order to explore what are the best practices that are used by different groups and have been successful.

The following points should provide some insights for all savings groups about possible methods that may improve their functionality. However, each savings group faces their own problems and contexts, hence all of these should only be seen as advice or changes to consider, rather than as binding rules. We would like to thank all participants of interviews and discussions for providing us and fellow savings groups with their insights and best practices on how to improve.

### #1

## SHARE SIZE



Picking the right share size can be very difficult, especially as every members' ability to save may change over time. You can consider changing your share size based on every member's ability to save the set amount.

The best share size is where all members can afford buying at least one share every week. The aim should not be, for every single member, having to buy five shares every week, as people have different saving needs and abilities.



## SAVINGS

### #2

While loans are important within the savings groups, savings help increase one's assets before getting access to credit. Especially in circumstances that can make members unpredictably vulnerable – crop failure, sickness or accidents, you may not be able to repay a loan and therefore be worse off.

For a healthy thriving business, it is recommended that you use your increased savings to invest and try to make as little debt as possible.

### #3 LOANS



Many groups face the difficulty of not having enough money, especially at the beginning of cycles, for every member to get loans of the desired amount. Some groups have managed to tackle this problem by carrying over some of their savings from one cycle into the next one. This way, a group may not face the same problem at the beginning of a cycle.

Groups that most often struggle to provide enough money for loans are those with few members. If your group has few members, you may consider merging with other small groups in their area or recruiting more members who are willing and able to save.



### SOCIAL FUND #4

The social fund is there to be used. Groups should make sure to use it, of course within the rules as defined in your constitution. Giving out loans for issues that the social fund is designated for may cause problems in the future as members will struggle to repay a loan.

### #5 LEADERSHIP



Effective leadership committees are essential for a well-functioning savings group. While the support of the village agent/incentive worker is crucial in the beginning for training, you should aim to be as self-sufficient as possible and plan to work independently even without the village agent/incentive worker.

Often the best leadership committees represent the make-up of the group, so that everyone feels well represented and trusted. There are many successful women in leadership positions. No one should be afraid of running for a leadership role, especially for the chairperson and treasurer positions as there is training provided for women leaders and leadership committees. Therefore, female members: do not be afraid to run for a senior leadership role. Male members: encourage women's full and equal participation at all levels within your savings groups.

As a group, not only do you get to decide on the leadership committee, but also on the length of the cycle. It is helpful to think about during what time of the year there is most hardship or need for cash, and schedule the cycle in a way that the share-out occurs during or shortly before that time.



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