

This provides an update on World Vision's efforts to end extreme poverty by 2030 through Economic Empowerment.



April 2016

Greetings!

World Vision is delighted to send you our Executive Briefing for Economic Empowerment. You are an integral part of our work to end extreme poverty by 2030, so we want to keep you updated on our progress.

In this issue, you will find:

- A note from Christopher Shore, Chief Development Officer
- Latest news and statistics
- Prayer requests
- Videos
- News articles



The premise of Savings Groups is that the poor are not too poor to save but are instead too poor not to save. When neighbors save a few cents together each week, not only do they gain access to basic financial services, but they also build social capital on a foundation of trust and solidarity. Today, savings groups are reinventing themselves. The by-products of savings have proven to be every bit as valuable as the savings themselves. Gains in social capital, self-confidence, and women's empowerment translate into health and maternity clinics, grain banks, markets, and thousands of thriving small businesses.

Ray Offenheiser
President, Oxfam America

A Note from Christopher Shore

Savings Groups

As has been written in this space before, the “secret” to World Vision’s approach to building improved and resilient livelihoods for small-holder farmers is ... that there is no secret. We have learned we must address the problems farmers face as integrated systems – how people think about themselves and the role(s) God has given them; the business systems of farming; the natural resource management systems of farming; and the shock, emergency, and situational awareness systems of farming.



However, after getting people engaged in the Biblical Empowered Worldview training, the first and most important operational activity is getting all the people we work with into Savings Groups (SGs). SGs create the basic DNA of our work. SGs are where people work together with their neighbors. SGs are where people build the confidence to recognize their own God-given talents and potential to become the people God intended them to be. SGs are empowerment incubators.

World Vision promotes SGs in some form in nearly half of our ADPs and this number is increasing rapidly. A SG is a self-selecting group of people who decide they want to save money together. World Vision supports an SG for 1-2 years as its members learn the standard SG methodology and savings habits. World Vision does NOT provide any financial inputs to the group or its members (except at times for paying for the lock box used for storing cash). A typical SG involves 10-25 people, but with an average of about 20. Often, the majority of the members are women, with some groups exclusively women, some mixed, and a few exclusively men. The group decides how much to save regularly (by purchasing “shares”) and how frequently to meet. They define their own group constitution of meeting rules and protocols, elect their own Management Committee, determine what interest rate to charge each other for loans from the surplus, and determine which 3 members will have keys to the lock box.

They also decide how to manage a social fund which they create, which is a type of insurance or support fund that SG members can extend to each other or others. Every SG closes its books after 9-12 months and shares out the savings and interest earned. Many first-time SG members are absolutely STUNNED at the end of the period, as impoverished people often have \$100 (in local currency) in their hands for the first time in their lives.



What do poor farmers do when they “suddenly” have a significant sum at their disposal? They do what you would expect! They pay for their children’s school fees. They invest in a better roof for their home. They invest in improving and expanding their businesses. They use it to improve their lives now and for the future.

So, an SG is a type of pre-microfinance entity in which its members save, lend, and manage their money and internal governance processes. World Vision encourages community members to form SGs, and actively supports the groups for a period of time by paying experienced SG facilitators to train SG members on best practice and also monitor their progress for quality and integrity.

As SGs mature (completed at least two share-out cycles) and their financial needs grow beyond their own ability to provide capital for their small businesses, some group members may want to access larger loans. In that case, WV facilitators may invite their local VisionFund loan officer to present VisionFund's products and services to the group. This facilitates responsible linkages into microcredit and increases the individual member's borrowing capacity and ability to grow their business.

World Vision is excited about Savings Groups because they are capital generators. SGs create 3 different types of capital:

1. Financial Capital – by saving money and earning interest or fees on funds lent to other members from the group's surplus;
2. Human Capital (knowledge) – learning what financial services are and how they work, which prepares members for interacting with VisionFund, other microfinance institutions, or banks; gaining the habits and disciplines of saving, and managing cash and credit;
3. Social Capital – learning to work with and trust members of their community, especially in a new and important domain – economic or business issues.

The strong business and social linkages created in SGs then become the basis of organizing other groups important in our model, such as group loans from VisionFund or "Commercial Producer Groups" where farmers buy inputs like seeds and fertilizer together so they get a better price, and also work together to access better markets and get better prices and terms.

All in all, World Vision finds that SGs are one of the most powerful tools at our disposal, and SGs are foundational to our effectiveness.

Christopher Shore
Chief Development Officer, Economic Empowerment
World Vision

Statistics

World Vision is growing savings groups at a faster rate than other International Nongovernmental Organizations (INGOs). The past two years have seen 143% growth in the number of savers joining groups formed by World Vision, according to the latest industry report by VSL Associates.

Top 5 INGOs	2012	2014	% Change
World Vision	366,324	833,200	143.1%
Plan International	664,937	1,149,689	72.9%
CRS	872,504	1,351,048	54.8%
CARE	3,688,627	4,078,816	10.6%
SfC (Oxfam, Freedom From Hunger, Stromme)	599,785	648,449	8.1%

Data: VSL Associate's September 2014 Industry Report on Savings Groups

Newsflash

- Join us on a life-changing journey to see God at work in a community impacted by poverty. Experience the impact of your support in the lives of children and families around the world. Contact your World Vision representative if you are interested in joining a trip.

Rwanda/Tanzania/Safari: August 1-14, 2016

Zambia: November 7-11, 2016

- [2016 SEEP Network Annual Conference](#): This event will afford exciting new opportunities to engage with key themes and key players in inclusive market development.

Washington D.C. September 19-21, 2016

Prayer Requests

- Give praise to God that the the Asian Development Bank has recognized our microfinance disaster relief work with the Civil Society Partnership Award. Pray that this partnership will blossom into financial support for our work with smallholder farmers.
- Please pray with us for the 36 million people facing hunger across southern and eastern Africa. The United Nations has warned that large swaths of the continent are grappling with the worst drought in decades at the same time of record high temperatures. Overall, nearly 16 million people in southern Africa are already going hungry.

Video: Savings Group- A Model for Community Resilience and Empowerment

Watch how one World Vision community implemented a Savings Group training and the impact it had on staff capacity and child & family well being.

SAVINGS GROUP

A model for Community Resilience and Empowerment.



In the News: VisionFund Acquires Majority Stake in DRC Microfinance Institution

VisionFund International and Opportunity International partner to expand financial inclusion for unbanked citizens of Democratic Republic of Congo [Read Article](#)



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