



Oxfam America's | Saving for Change program

IN CENTRAL AMERICA

Saving for Change is Oxfam America's signature savings-led microfinance program. Members—primarily women living in rural communities—form a group that saves, lends, and pays dividends to its members. Group members elect their own leadership, set their bylaws, and decide collectively how to achieve their goals.

Oxfam trained its first Saving for Change (SfC) group, in Mali, in April 2005. Since then, SfC has grown to include more than half a million members across five countries: Cambodia, El Salvador, Guatemala, Mali, and Senegal. In Mali alone, a seed grant from the Stromme Foundation, followed by funding from the Bill & Melinda Gates Foundation, positioned SfC as one of the largest microfinance initiatives in Africa in terms of number of participants.

SfC enables poor women in rural areas to improve their savings habits by encouraging them to save what they can afford, which can range from a few cents to a few dollars a week. The group

savings accumulate to form a fund that the group uses to make loans to members. Women generally invest the loans in microbusinesses or use them for health emergencies or household expenses. A group-defined interest rate charged on loans adds to the group fund. At the end of a savings cycle, usually eight to 12 months, members divide the fund and the accrued interest among themselves, before they begin the next cycle. The program adheres to a strict ethic of self-sufficiency and provides no external capital to the groups.

SfC recognizes that poor people in the developing world are not, in fact, too poor to save. It is common practice, for

example, for farmers to use savings to survive between the harvest and the next planting season. The trouble is that money kept in traditional savings mechanisms (i.e., livestock, jewelry) erodes with inflation and that the value of these investments is volatile. Through SfC, instead of losing value on their savings, members earn a return by lending their money to other group members. As women meet, they learn to manage their groups, and they develop bonds of mutual assistance and solidarity. SfC is as much about building social capital as financial inclusion.

What is Oxfam?

Oxfam is an international relief and development organization that creates lasting solutions to poverty, hunger, and injustice. Together with individuals and local groups in more than 90 countries, we save lives, help people overcome poverty, and fight for social justice. Oxfam America is one of the 15 affiliates in the international confederation Oxfam.

To join our efforts or learn more, go to oxfamamerica.org.



Efficiency and innovation in Central America

Sustainability

Member groups of SfC—known as Ahorro Comunitario (AC) in Central America—become sustainable by demonstrating their capacity to function, grow, and replicate years past the involvement of a facilitating agency. Most groups master the financial methodology within approximately one year.

Low costs

AC supports networks of local promoters—female community leaders who ensure that all group members are adequately trained. In the newer implementation areas of El Salvador and in Guatemala, Oxfam is controlling costs by experimenting with the use of volunteer promoters to streamline operations even further.

Social capital

Through group participation, women gain new leadership skills and report greater confidence in speaking in public and the ability to participate more actively in household decision making. Ongoing monitoring and evaluation suggests that members consider the benefits of increased solidarity and mutual assistance provided by the group to be as important as the savings and lending component.

Financial assets

Flexible savings and loans help AC members to build a financial asset base to stabilize consumption, increase resilience to economic shocks, and undertake income-generating activities.

Ahorro Comunitario's new initiatives: Beyond savings

AC participants report substantial benefits from their group membership, including increased self confidence, a greater sense of self-worth, and improved capacity to meet financial household needs. Oxfam believes that it can build on these achievements and use the critical mass of women organized into savings groups to ensure the long-term well-being of rural communities by further empowering women. To this end, Oxfam is building on the AC platform by offering members complementary programming to enable them to tackle their most pressing needs and achieve sustainable livelihoods.

Agricultural pilot

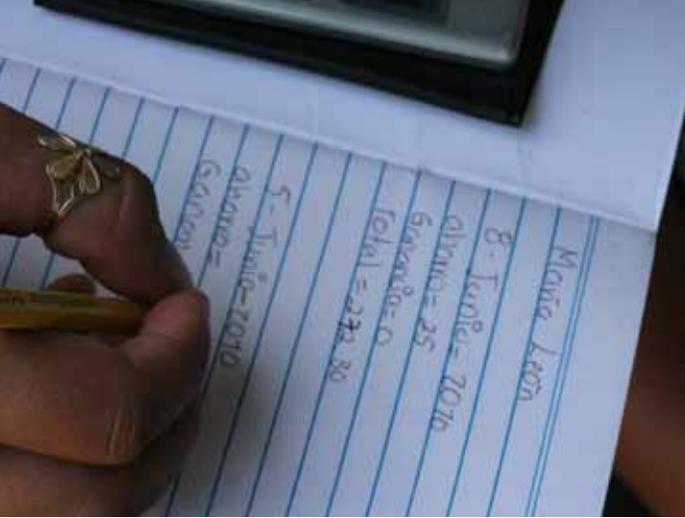
In El Salvador, Oxfam has expanded its capacity building work to include an agricultural pilot in which members are trained to use native seeds, build chicken coops, and install water filters for irrigation. Project expansion proceeds virally through

networks of agricultural replicators, local women who are members of savings groups and who receive a small stipend from Oxfam's partner organizations to teach these skills to other groups. Women will finance these agricultural pilots through their group savings and loans, thus boosting financial activity in the groups and strengthening connections between the two initiatives.

The goals of this pilot include:

- Encouraging 150 members of the savings groups to adopt the agricultural initiatives best suited to their situation
- Training at least 20 agricultural replicators to take their experiences to other groups
- Encouraging participants to share their experiences with one another and with other members of their communities
- Holding workshops on nutrition and food preparation, the use of local plants, and the rescue of native seeds

In addition, Oxfam is exploring a partnership with the Salvadoran Ministry of Agriculture to expand AC to other parts of the country. This partnership would improve the capacity of AC groups to access agricultural extension projects offered by the ministry.



Linkages to local markets accompanied by business training

Oxfam has connected savings group members to markets by taking advantage of an opportunity offered by the Salvadoran Ministry of Education to supply local schools with uniforms and school materials. Fifty seamstresses who are savings group members in Chalatenango came together to produce more than 5,000 uniforms for 33 local schools. Women who participated in this initiative received technical assistance in dressmaking, accounting, and production techniques. More importantly, they gained confidence in their own capacities to improve their financial situations. Within their community, this financial success emphasized the value of work that is commonly associated with women and demonstrated women's abilities to generate income.

Advocacy at the municipal level

Oxfam's experience has shown that moving women out of poverty requires improved advocacy skills as well as economic empowerment. To this end, AC partners are training 100 representatives of savings groups in 10 municipalities in Chalatenango, with the goal of increasing women's political participation in their communities. Trainings include workshops on civil engagement and leadership, with a focus on the rights to livelihoods and

food security. Participants will assist other women in their communities to create an advocacy agenda for rural women based on their interests and needs, as identified through the trainings. In addition, through the promotion of safe spaces for dialogue and workshops, AC members in both Guatemala and El Salvador are participating in Oxfam's global food justice campaign—GROW—which aims to build a better food system and empower poor people to earn a living.

Civil engagement through the Campaign for the Prevention of Gender Violence

In the El Salvadoran regions of Sonsonate and Ahuachapán, AC is coordinating activities with Oxfam's Campaign for the Prevention of Gender Violence. The campaign seeks to address women's vulnerability by challenging the government to provide better protection, mobilizing women and men to change power relations, and raising public consciousness. The aim is to link AC groups with campaign activities and to develop a gender-violence prevention curriculum for the savings groups, while at the same time encouraging members to participate in local organizational spaces and events of the campaign. In this way, AC will improve the capacity of its participants to use the organizing and advocacy skills they acquire within their groups to advance women's rights.

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I took a loan to buy a bread oven and a bread-making machine. I paid half of the loan in the first two months. With this business I can cover my household expenses.

—Group member, El Salvador



Moving forward

Building on its successes, Oxfam will expand AC to reach a growing number of women in El Salvador and Guatemala and will continue promoting complementary projects for food security and social and economic empowerment of rural communities. In addition, Oxfam is working through a consortium to expand

the program in West Africa and Latin America and is building partnerships with its global network of affiliates and local and international organizations that have shown interest in adopting the methodology. Through these efforts, Oxfam hopes to enhance the visibility of the model and promote a program that enables women to build social and financial capital to better their lives.



To learn more about our Saving for Change program, go to oxfamamerica.org/savingforchange.

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