

Instituting village savings and loan associations scheme through action research in Zimbabwe

Norman Chivasa

Abstract

Village savings and loan associations schemes have become one of the critical survival strategies amidst poverty, inequality and financial exclusion thus helping low income communities to ride out poverty and make their savings and to eke out a living. However, the use of scientific procedures by ordinary people when establishing such initiatives in their villages is under-reported. This study, therefore, sought to test the utility of the action research (AR) methodology in establishing a low-cost village savings and loan associations scheme intervention, with a view to assessing the extent to which the scheme can improve the livelihoods of members of the scheme, and draw lessons for future interventions. The process involved planning, designing, establishing and evaluating a village savings and loan association scheme initiative involving 15 individual members (inclusive of the researcher) in ward 8 of Seke district, Zimbabwe. Results showed that creating village savings and loan associations is possible using action research, as community participation in the design, implementation and day-to-day operations of such initiatives guaranteeing ownership and control of the initiative by the host group scheme are almost natural to action research. One of the comparative advantages of using action research is that it creates spaces for ordinary people to share their experiences, reflect, and come up with context-specific solutions, as they take responsibility for their financial wellbeing, thus helping to meet their socio-economic needs and aspirations. The strength of village savings and loan associations is that they can be replicated. The study recommends that in the era of COVID-19, social distancing rules and regulations introduced to contain the virus should be observed.

Keywords: Action research; COVID-19; village savings scheme; Zimbabwe

Instituyendo un esquema de asociaciones de ahorro y préstamo en las aldeas mediante la Investigación-Acción en Zimbabue

Resumen

Los esquemas de asociaciones de ahorro y préstamo de las aldeas se han convertido en una de las estrategias de supervivencia fundamentales en medio de la pobreza, la desigualdad y la exclusión financiera, lo que ayuda a las comunidades de bajos ingresos a superar la pobreza, hacer sus ahorros y ganarse la vida. Sin embargo, el uso de procedimientos científicos por parte de la gente común cuando se establece este tipo de iniciativas en sus aldeas no se informa. Este estudio, por lo tanto, buscó probar la utilidad de la metodología de la Investigación-Acción (IA) en el establecimiento de un esquema

de intervención de asociaciones de ahorro y préstamo en aldeas de bajo costo, con miras a evaluar en qué medida este esquema puede mejorar los medios de subsistencia de los miembros del esquema y extraer lecciones para futuras intervenciones. El proceso implicó planificación, diseño, establecimiento y evaluación de una iniciativa de esquema de asociación de ahorro y préstamo de una aldea en la que participaron 15 miembros individuales (incluido el investigador) en la comuna 8 del distrito de Seke, Zimbabwe. Los resultados mostraron que la creación de asociaciones de ahorro y préstamo en las aldeas es posible usando la Investigación-Acción ya que la participación de la comunidad en el diseño, la implementación y las operaciones diarias de tales iniciativas, que garantizan la propiedad y el control de la iniciativa por parte del esquema del grupo anfitrión, son casi naturales para la Investigación-Acción. Una de las ventajas comparativas de utilizar la Investigación-Acción es que crea espacios para que la gente común comparta sus experiencias, reflexione y presente soluciones específicas para el contexto, asumiendo la responsabilidad de su bienestar financiero, lo cual ayuda a satisfacer sus necesidades socioeconómicas y aspiraciones. El punto fuerte de las asociaciones de ahorro y préstamo de las aldeas es que se pueden replicar. El estudio recomienda que en la era del COVID-19, se deben observar las reglas y regulaciones de distanciamiento social introducidas para contener el virus.

Palabras Clave: Investigación-Acción, COVID-19, esquema de ahorro de la aldea, Zimbabwe

Introduction

In low-income communities across southern Africa, informal economic initiatives, such as self-help groups have often provided a buffer against the vagaries of broader economic and social circumstances. Village savings and loan associations (VSLAs) scheme is one such example of a self-help group scheme. It involves a self-selected group of people pooling cash funds together. The scheme does not require outside capital or on-going financial/administrative support, but exclusively depends on group membership contributions to sustain it (Masiyiwa 2016; Mphambela 2016; Zimbabwe Microfinance Fund 2016). Through this scheme, members are able to meet their immediate basic needs such as money to buy sugar, cooking oil, bathing soap and school fees for children. It promotes co-existence, tolerance and social cohesion between different stakeholders working in the community (Chivasa 2018).

VSLAs scheme is one of the Accumulating Savings and Credit Associations (ASCAs) varieties widely utilised by individuals and groups in resource constrained low income communities world-wide. ASCAs scheme are known world-wide with varieties of names. For example, in Germany and Austria the scheme is called *Bausparkassen*, in China and Taiwan it is called *hehui*, in Japan and Korea the scheme is called *ko* and *kye* respectively. In India the scheme is called *Bishis*. In both Cameroon and Senegal it is known as *Tontine* while in Ghana they call it *Susu*. In Nigeria the scheme is popularly known as *Esusu*. In Zambia it is called *Chilimba* (Bouman 1995; Masiyiwa 2016). In Kenya the scheme is called merry-go-rounds, in Mozambique, it is called *Xitiques* (Vanmeenen 2006). In South Africa, stockvel is a generic name for *mohodisana*, *gooi-goois*, *kuholisana*, and *makgotlas* (Dohyun et al. 2016). In Zimbabwe, it is called *mukando* (singular), *Mikando* (plural)-maround and VSLAs scheme (Chivasa 2018).