SCBF SWISS CAPACITY BUILDING FACILITY
Innovating Financial Inclusion

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Yeredeme Group Methodology up-scaling by Bɛnso Jamanun in Mali

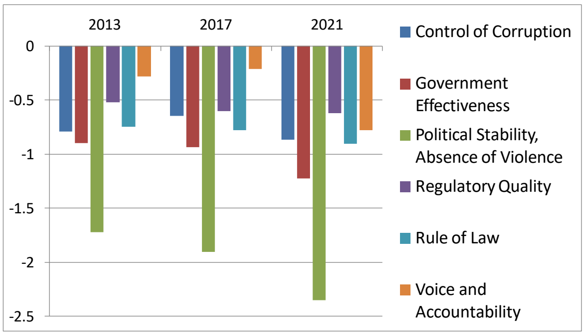
1. DEVELOPMENT RELEVANCE

Economic and poverty context

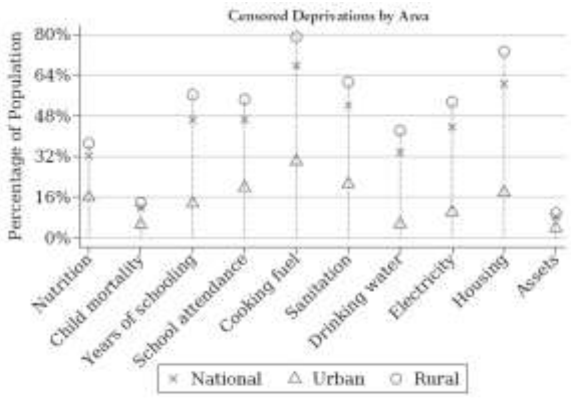
Mali is one of the world's poorest countries, evidenced by its 10th position on the Global Multidimensional Poverty Index. Poverty is concentrated in rural areas, with close to 80% of the rural population classified as living in poverty, 55% in severe poverty. Agriculture is central to the livelihoods and food security of these population groups who see little benefits from the limited formal economy and foreign investments focussed on urban areas or self-contained mining operations. Since 2012, political instability and widespread violence and terrorist attacks have further isolated rural areas and secondary cities whose access was already made difficult by a substandard and degraded transport infrastructure.

Table 1i: Population and economic indicators	
Population in million (*2022 estimate*)	*22*
GDP growth (*2021*)	**3.1%**
Inflation (*2021*)	**3.9%**
Trade balance (% of GDP) (*2021*)	**-10.6%**
Foreign direct investment (net) (% of GDP) (*2021*)	**3.4%**
Net ODA received (% of GNI) (*2020*)	**9.4%**
Remittances received (% of GDP) (*2020*)	**5.7%**
Economic Freedom Index (Rank among 186 countries) (*2022*)	**55.9**
Poverty indicators	
GDP per capita (USD) (*2021*)	**873.8**
Gini Index (0= equality 100= inequality) (*2018*)	**36.1**
International poverty rate (*2018;* at 2.15 USD/day)	**14.8%**
National poverty rate (*2020*)	**41.9%**
Severe rural poverty headcount rateiii (*2018*)	**54.73%**

Governance indicators chart, *(Mali, 2013-2021)*



Multidimensional poverty index chart, *(Mali, 2018)*



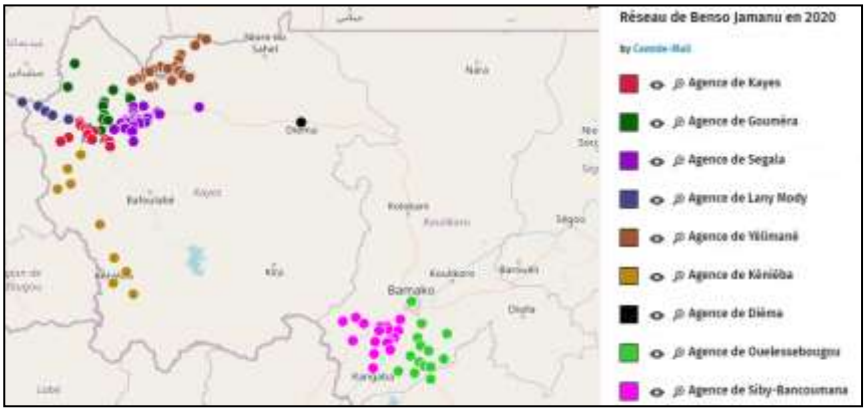
Financial sector context

Overall, 55% of Malians (aged 15+) were estimated to use formal financial services in 2022 (compared to 67% across the West African Economic and Monetary Union [WAEMU]). On excluding mobile money services, the number drops to 31%, shared equally between banks and microfinance institutions (compared to 42% across the WAEMU). Hence, while Mali's financial sector is dominated by international and regional banks in terms of assets (over 95% as of 2018), the microfinance sector is essential in terms of financial inclusion as it serves about the same number of clients. A National Emergency Plan for Microfinance was adopted by the Malian government in 2015, in line with the regional plan adopted by the WAEMU in 2012. The plan called for consolidating and professionalising the sector, causing the number of MFIs to drop from 33 active MFIs reported in 2013 down to 11 accredited MFIs in 2022 (accounting for 90% of the sector).

Partner financial institution

Bɛnso Jamanun's network of more than 120 village banks serves more than 72,000 members in Kayes and Koulikoro regions. The network is unique because it is fully owned, capitalized and managed by the local and migrant populations of the villages served. The network originated in 1998 as an initiative of three inter-village associations of rural development led by former migrants returning from France. The CVECA system (French acronym for "Caisses Villageoises d'Epargne et de Crédit Autogéré", meaning self-managed village savings and credit unions) was chosen because the Kayes region has all the assets that guarantee their proper functioning: well-organized villages, a structured society and monetary resources resulting from migration. Successful implementation in the Kayes district prompted extension in the Yélimané and Kéniéba districts in 2006 onwards. From 2011, under the impetus of new regulations for MFIs in Mali, the network split from Camide (its local technical support provider), was given the status of association, internalized its administration (transfer of part of Camide's staff, administrative and financial management to the network) and merged with another CVECA network operating in the Ouéléssébougou - Siby - Kangaba districts.

Photo of the branch network map



The 120+ Village Banks (grouped in 9 districts or "agences") that are part of the Bɛnso Jamanun Network. Interactive map with details for each Village Bank available at http://go.camide.org/cartebenso

2. INTERVENTION APPROACH

Capacity building needs

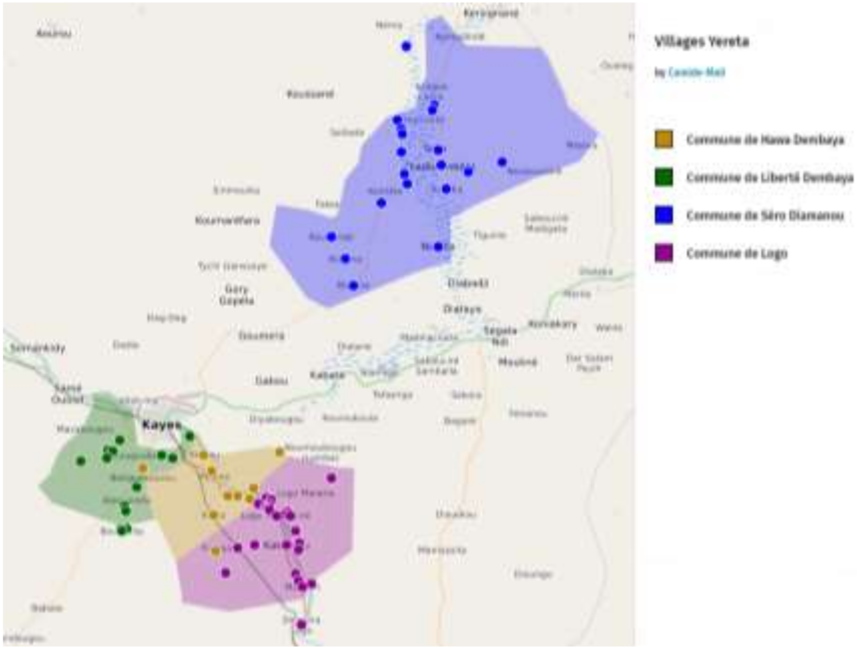
The Yeredeme group methodology (also known as Yereta methodology) is the result of a collaboration that started in 2017, between Camide and Manjari (an Indian NGO) to adapt the model of Indian self-help groups (SHGs) to the Malian context. Prior experiences with SHGs in Mali dating back to the early 2000's had failed to produce a scalable model due to the very small loan amounts required to be serviced, the lack of engagement and capacity of Malian women towards true self-management of the groups and associated support organizations, as well as the limited belief within the community that self-management could be achieved. Yet a joint Indo-Malian pilot implementation between 2017 and 2020 in the Logo municipality convinced the local Malian community that self-management is possible with the right capacity building methodology and true community buy-in.

Main activity areas (goals, targets, resources & time frame) and outputs

The methodology calls for defining geographic areas for implementation, that follow existing administrative areas to facilitate collaboration with local authorities (a core element of community engagement). In this up-scaling intervention, 2 additional municipalities were selected, Séro Diamanou and Liberté Dembaya, for a total of more than 5,000 women organized in over 350 SHGs, 30 Village Organizations (VOs) and 2 Federations, over a 2 year period. Implementation activities were centered on establishing SHGs, VOs and Federations along with their related capacity building, as well as strengthening livelihood activities. SHG creation is the foundational activity in which the entire village is involved, with strict criteria such as only accepting women involved in livelihood activities (livelihood development is a core part of the methodology) as well as limiting group size between 10 to 15 members (after which experience shows it becomes exponentially difficult for the group to self-manage). Later, groups are combined in VOs, then further regrouped in Federations following similar grouping ratios to maintain an environment in which self-management can be achieved at every level (SHG, VO and Federation). As far as the microfinance activity is concerned, ultimately the MFI makes a single loan to the Federation, which then handles all distribution and servicing through its VOs down to the SHGs and their members. This is why, ultimately, the MFI is able (and willing) to only collect half of interest payments, with the other half being retained within the Federation, VOs and SHGs themselves, a core element to assuring their long-term sustainability.

A core tenet of the methodology is building capacity through peer-learning and role modeling. Capacity building without belief in one-self does not achieve sustainable results and was identified as a core reason for failure in previous attempts. There is no better way to convince new participants than for other women sharing similar socio-economic backgrounds to be the main actors in establishing the new groups and strengthening their capacity through their own shared experiences. Hence, the methodology calls for field work to be performed by CRPs (Community Resource Persons), mostly existing SHG members that have benefited from the methodology in another location. In this case, it was the Logo municipality which was part of the pilot program (in which Indian CRPs travelled all the way from Rajasthan to inspire and train the first Malian cohort of CRPs). CRPs are the face of the operation, yet they are always supported by technical staff as they perform the needed activities. This means that each successive implementation is also an opportunity for CRPs to strengthen their own capacity, creating a virtuous capacity building cycle in which some CRPs reach higher level of competence overtime, therefore becoming the main force in handling ever more complex tasks within their VOs and Federations, hence becoming even stronger role models over time.

This intervention was made possible by financial support from the Swiss Capacity Building Facility with additional support from the Marie & Alain Philippson Foundation. Technical support was provided by Camide, Virtue Ventures and Manjari Foundation.



The 4 municipalities currently being served by Yeredeme groups around Kayes. Interactive map with details for each village available at: http://go.camide.org/carteyereta

3. RESULTS ACHIEVED AND NOT ACHIEVED

Client level

Lending activity within the SHGs happens at two different levels. Very small loans (in the range 5 to 15 CHF for period ranging 1 to 3 months) are given to SHG members on a continuing basis solely using the internal capital of each SHG (accrued from member dues, member savings and retained interest payments). That internal lending activity is what allows the group to build its internal self-management capacity and demonstrate its readiness to manage larger loans. Larger loans (averaging 50 CHF in year 2, for periods 4 to 6 months) are made twice a year on a fixed calendar that coincides with the two main agricultural seasons: the rainy season (running from July to December) and the dry season (running from January to June). That second set of loans is made using capital borrowed from the partner MFI. Only groups that are able to reach and maintain a satisfactory level of self-management are offered this refinancing opportunity. As of the second year of intervention in the two targeted municipalities, most groups were able to reach that milestone (313 groups out of 355). A core measure of client satisfaction is the percentage of women that then chose to take these larger agricultural loans within these groups. Our target was set at 75% based on historical results in the pilot municipality. Out of the 4,615 women in these 313 groups, a total of 3,393 took refinancing for the 2022 rainy season, which is about 73.5%, just short our 75% target. Small internal loans can be made not only to support small scale livelihood activities but also for social needs (health related emergencies or school fees, for instance). Larger loans, however, can only be made to support livelihood activities and the 75% ratio reflects that reality. Hence, a strong emphasis is made to ensure that SHGs, VOs and Federations only approve larger loans for members that are truly engaged in these livelihood activities at a scale that supports these loan amounts. In that context, SHGs, VOs and Federations are much more than a conduit for savings and loans. They become the primary instrument through which women can advocate, organize and collaborate to improve agricultural production within their village and municipality. Such an example is already seen in year 2 with the rehabilitation of the Sero Dam that will dramatically improve dry season production in Sero, as well as the construction of a new onion storage facility to serve the village. Federations and VOs are also the conduit through which specific woman entrepreneurs can be identified, incentivized and supported as part of specific investments in other types of livelihood activities, such as poultry farming (to date 20 chicken coops are in operation or being finalized in the 4 municipalities served).

Improving financial literacy is at the core of the methodology, because “self-help” implies that ultimately most management activities have to be performed by the women themselves or at a minimum under their supervision. In practice, this occurs over time and scales through a process of continuous peer support from more experienced group members. During group formation, one member is chosen to become the group accountant or “Sɛbɛnnikɛlaw”. These members are trained over time, both by technical staff, senior “Sɛbɛnnikɛlaw (CRPs) coming from more established areas, or local helpers that can be hired locally. The true measure of success takes time because not all members will reach proficiency. As of year 5, in the pilot Logo municipality, out of about 180 members that were originally selected, about 40 (averaging 2 per VO) have reached sufficient proficiency to attain CRP status, meaning that they are able to provide support to several groups within their VO as well as be involved in financial management within VOs and Federations. For this cohort of 40 women, the replication in the two new municipalities was their first opportunity to take their skills outside of their own municipality in a professional capacity (for which they were remunerated), creating a virtuous circle of peer support and local capacity building that is at the core of the methodology.

Changes in quality of life are difficult to measure over such a short period of time. Ultimately, it is the women's willingness and interest in doing the work within their own SHGs, VOs and Federations that is the true measure of success over time.

Niama Ivonne Sacko
CRP and President, Logo Federation

I can't say how much the Yereta methodology has meant to me. Before, I had difficulty finding money for my activities. My peanut production did not exceed 5 bags. But today, thanks to the rainy-season credit and the availability of tractors in time, I produce more than 30 bags of peanuts per year. I am also a poultry farmer. In this activity, I make profits. With the profits, I bought a cow. I have also made savings at the Kakoulou village bank. All these were made possible thanks to the Yereta methodology.

Abdoulaye Kouyaté
Vice-president, Sero Village Bank

Before the Yereta methodology, the Sero Village Bank was not viable; it did not make a profit. The credit did not exceed 20,000,000 CFA francs per year. In 2022, we have more than 56,530,000 CFA francs. The Federation manages the credit itself. Apart from disbursement and repayment, all the work is done by the Federation. The repayment rate is 100%. It is also a space for women to meet and discuss development actions in the municipality. The VOs have contributed financially to the rehabilitation of the Sero dam.

Total combined yearly lending for village banks in each municipality (in millions of CFA francs)

In grey: control year (last year before SHG refinancing)
In black: subsequent years with SHG refinancing

Municipality	2017	2018	2019	2020	2021	2022	Total multiplication factor since control year	Average annual multiplication factor
Logo	15.9	35.2	96.9	157.6	260.8	271.1	17.0 X	1.9 X
Séro Diamanou	50.7	46.8	51.2	60.0	126.3	148.3	2.5 X	1.6 X
Liberté Dembaya	16.7	15.0	20.3	22.3	42.6	50.7	2.3 X	1.6 X

In grey: control year (last year before SHG refinancing)
In black: subsequent years with SHG refinancing

Partner financial institution/s level

Bɛnso Jamanun is a network of over 120 self-managed village banks. As of 2022, the Yereta methodology only directly involves 7 of them. It goes without saying that the impact is not yet felt across the network, yet the village banks involved, report significant increases in their lending activity, more than doubling their lending activity in the first 2 years. One challenge of the methodology is that it requires the MFI to provide financing at half its usual retail rate. That's because, although loans within SHGs are provided at the standard retail rate, one quarter of the interest collected is retained within the SHGs, another quarter goes to the VOs and Federation, hence, only the remaining half goes to the MFI. In return, the MFI is provided with a financing opportunity that does not require much additional operational capacity because the loans are made in bulk between the MFI and the Federations. Ultimately, the disbursement and servicing of the loan flows down from the Federations through the VOs and SHGs, and are fully managed by the women themselves. Progressive implementation was needed to convince the MFIs that a sufficient level of self-management within the women-led organizations can be achieved, and that repayment rates are satisfactory. An additional benefit to the MFI is that as the women-led organizations increase their net worth over time (from collected dues and retained interest), that capital serves as a buffer for delinquencies or delayed repayments, offering an additional guarantee to the MFI. Ultimately, the main benefit to the MFI is not in this refinancing activity, instead, the purpose is to raise the women's livelihood activities to a level where they can qualify for individual loans from the MFI. Group lending is not meant to expand indefinitely, and early experiences show that loans amounting 150,000 CFA francs (about 240 CHF) are not recommended within the groups because, not all women will reach over this level of borrowing, and eventually, a wider range of loan amount among group members poses a great risk for the group and risks undermining social cohesion. Hence, over time certain group members that are able to improve their livelihood activity beyond the group capacity, and increase their net worth to satisfy collateral requirements, can take individual loans with the MFI directly. These women remain members of their groups and still benefit from all services within the group, including smaller loans for non-collateralized activities (such as social needs, small livelihood activities or agricultural loans). Already, the women involved in poultry farming are taking individual working capital loans amounting to 225,000 CFA francs or more (about 360 CHF) and offer a first examples of the transition from group to individual lending.

LESSONS LEARNT

Several design features distinguish the Yereta methodology from other development approaches in West Africa and underscore how this model is particularly effective.

- **Role of Peers** - The upscaling of SHGs is based on the involvement of Community Resource Persons (CRPs). CRPs are existing SHG members that are trained in the methodology and they play the primary role in training and monitoring of the SHGs and VO.
- **Self-Management** - Once a group is formed, SHG members save their money for several months. Member savings are pooled and then allocated as micro loans to members within the group for their livelihood activities. The approach assures women to have “skin in the game,” using their own money, incentivizes them to learn financial and risk management, and sound decision-making. Peer-learning and role modelling methodology fosters and reinforces self-management thus, building capacity.
- **Livelihoods** – SHGs are created for the express purpose of promoting livelihood activities. SHG members are expected to be involved in livelihood activities as a requirement to join the group. Later on, VOs and Federations play a critical role in informing investments or organizing activities in support of livelihood activities in the village (e.g., rehabilitation of infrastructure or organizing of tractors for the ploughing of fields). Ultimately, livelihood activities can be structured in parallel to the SHGs, VOs and Federations, with producer organizations and private enterprises organized for specific types of value chain development.
- **Financial linkages** - Once financial management capacity is built at the level of the SHG using its members’ own resources, groups may apply for microloans from their VOs or Federation, which in turn obtains financing from the partner MFI. The VOs or Federations take a single loan from their respective village bank and then manage the allocation, distribution and collection of the loans made to the SHGs. Half of interest payments collected at the SHG level are retained within the SHGs, VOs and Federations, further capitalizing these organizations and creating an additional form a guarantee for the MFI. Meanwhile, the MFI sees an increase in lending, first to the SHGs, then to individual women that graduate from group lending towards individual lending.

Overall, the intervention was implemented as planned, despite the extension of the completion date by two months. The computerization of the weekly meeting data on software designed for this purpose is still underway. The final steps will require a team to travel to India to finalize the process and install the software on tablets made available to staff and CRPs. Some challenges were expected and did occur, although most were addressed along the way. Non-compliance with the 5 core principles of SHGs are the cause of many difficulties within SHGs, and ongoing capacity building activities are focussed on improving compliance within the groups. As mentioned earlier, not all groups are able to achieve satisfactory level performance, nor do they need to. The 5 principles that must be fully internalized are:

- SHGs must hold weekly meetings with the physical participation of all members;
- All members must pay their dues within each group;
- All members must take loans within their groups (on a rotating basis depending on capital);
- All members must repay loans properly;
- SHGs must properly keep the group's accounts (using provided meeting registers).

Early on, it can be difficult to find women that can handle the task of keeping the group accounts in some SHGs or even in some villages; at times, young men are hired (often the young sons of group members) to provide support to the group as well in that capacity. Overtime, as little as two women per village might gain full proficiency, reach CRP status, and provide the services to several groups within the village (a task for which they are remunerated by the groups). At the core of the methodology is that women are guided in learning from their own experiences (good or bad) and making decisions based on data they collect, trial and errors in testing solutions. Local technical partners such as Camide can help, but only if the origin of the problem and the willingness to participate in problem solving comes from the women-led organizations themselves.