

Judith Dzinga is a 35 year old mother of two who also takes care of three orphans. In November 2010, she joined a SILC/VS&L group through the WALA program. Being part of the SILC/VS&L group helped Judith support her children, rebuild her house, and grow her business. She has also become an active member of the community and enrolled in training to become a PSP. Judith is now the PSP Network President for the Chikwawa district.



Judith Dzinga, PSP
Photo by Ashley Rytter/CRS.

“In the past, before becoming a PSP, I had a lot of problems. Now casual laborers are working in my garden and I pay them. Previously people had to take loans at high interest rates, and if they didn’t pay them back, they were harassed. Now people can earn interest from shared savings. Now I’m leading a happy life because I have enough food for me and my children. I’m earning \$146 USD a month, supporting 65 SILC/VL&S groups.”

WALA PSPS

There are currently **268 PSPs: 172 females and 96 males participating in WALA**. All PSPs receive revenues on a fee-for-service basis from their clients, with an **average income of \$83 USD per month**. The PSPs visit 20 groups per week on average, and charges \$1-2 USD per group visit. Seven geographically based networks have been formed, all of which are registered with the Malawi Department of Social Welfare.

SUSTAINABILITY

A combination of financial, social and personal incentives drive the PSPs’ work, which is no longer constrained by the project timeline. The approach creates local, sustainable, and high quality capacity for long term SILC/VS&L service provision in Malawi since:

- PSPs continue to form groups after the project stops paying them, creating opportunities to fully **leverage the project’s investment**;
- PSP is an income-generating activity option for people in WALA communities;
- PSP delivery helps to meet the high demand for SILC/VS&L services while maintaining the quality standards; and
- PSPs **promote self-reliance** and use of familiar and trusted resources in the communities.

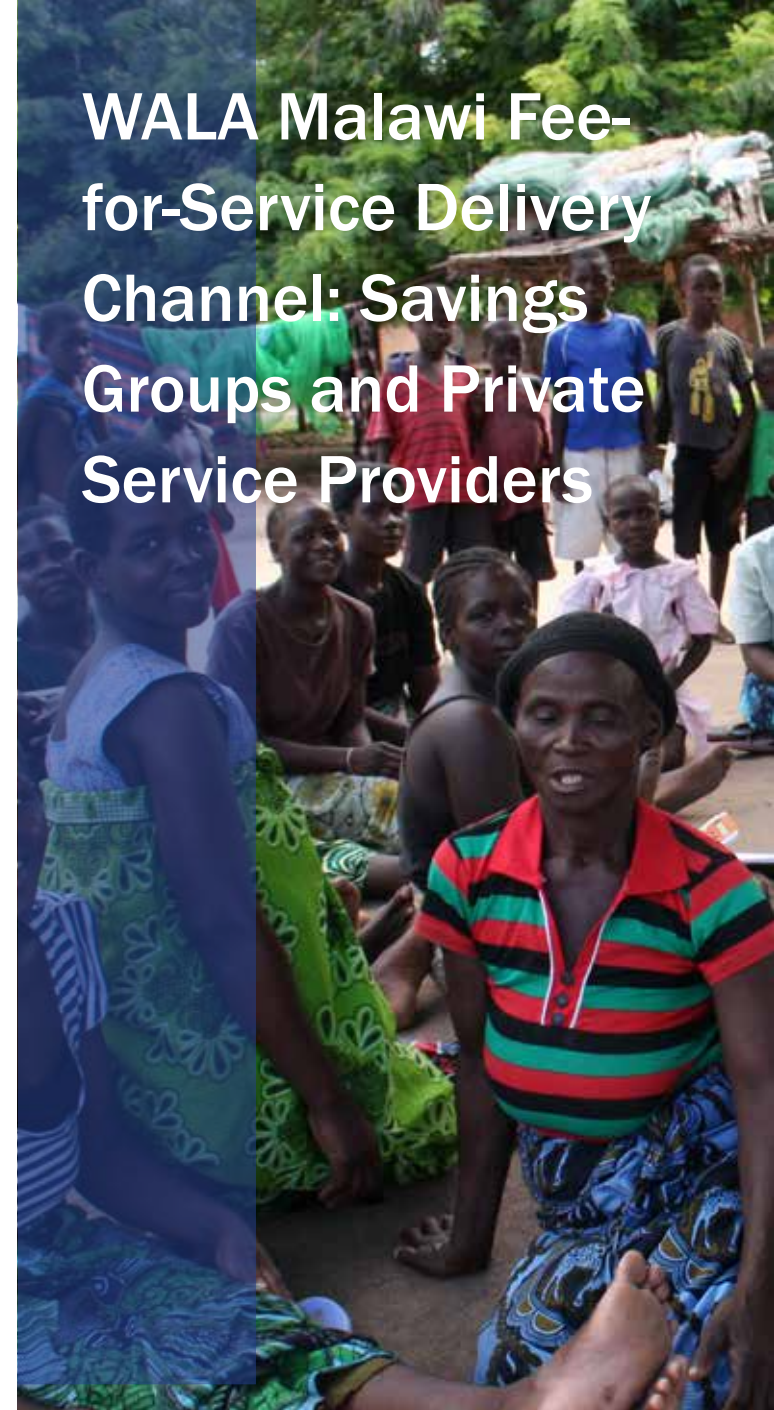
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Cover photo: PSPs meeting in Chikwawa district.
Photo by Debbie DeVoe for CRS.

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WALA Malawi Fee-for-Service Delivery Channel: Savings Groups and Private Service Providers



Catholic Relief Services' Wellness and Agriculture for Life Advancement (WALA) program is helping reduce food insecurity in almost 215,000 chronically food insecure households in Southern Malawi.

WALA is a 5 year (2009-2014), \$80 million integrated food security program funded by USAID's Food for Peace and implemented by a consortium of nine agencies, led by CRS Malawi.

BACKGROUND

Savings and Internal Lending Communities (SILC) and Village Savings and Lending groups (VS&L) encourage poor households to save and provide access to small loans at affordable interest rates set by members.

Since WALA began in 2009, **CRS has supported over 100,000 individuals in 8,639 VS&L groups**. Savings now reach more than US\$1.5 million per yearly cycle. Approximately 75 percent of these savings are used for loans and **over 64 percent of loans are used for a productive purpose**. The average SILC/VS&L group retention rate is 97.9 percent.

WALA achieves its targets by using volunteers who serve as community agents. The agents are chosen from established savings groups and are trained to support SILC/VS&L groups on internal savings and lending policies and procedures, governance, management, economic activity planning and provide help at the end of the cycle when the share-out is calculated and distributed.

In many cases, the number of requests for SILC/VS&L trainings exceeds the ability of CRS and its partners to sustainably meet the demand given the limited resources available. To address this situation, CRS developed the Private Service Provider (PSP) model which the WALA program applied to Malawi.

ROLE OF THE PRIVATE SERVICE PROVIDER NETWORKS

To ensure long-term (post-project) availability of SILC/VS&L services, WALA prepares agents to become independent private service providers operating on a market-led basis by charging groups fees for services.

To ensure future sustainability, PSPs then form geographically based networks, which are registered with the Department of Social Welfare. PSP Networks support their members with:

- Branding, marketing, and promotion;
- Representation, networking and lobbying;
- Reporting on member (PSP) performance;
- Coordination of PSPs areas of operation;
- Problem and conflict resolution;
- Information sharing;
- Pricing of PSP services;
- Quality control;
- Consumer protection;
- Regulation of PSP activities/behavior;
- Apprentice Certification as PSPs; and
- Member skills development.

“Before, people living in villages were considered poor. Now thanks to VS&Ls and the PSP model, it’s the people in the villages who are earning money.”

-Emily Chinlenji, Private Service Provider

PSP TRAINING AND CERTIFICATION

After careful selection, agents are recruited. The project only pays them for a limited period of time during which the agent is trained and mentored. They then undergo an examination process to assess the quality of their work and readiness to work independently from the project as a PSP. Agent certification is based on three distinct assessments: (1) feedback by SILC/VS&L members from focus group discussions on the training skills and support given by the agent to old and new SILC/VS&L groups; (2) analysis of their savings groups quality in terms of cycle profits, member attendance rate, number and value of loans, dropouts and savings; (3) a interview panel to test knowledge and expertise of the incumbent.

After certification, successful PSPs are trained on PSP Network formation and registration. By the end of the training, PSPs ensure that they have selected leaders and adopted a network constitution in place to help them register their network with the Department of Social Welfare. Once the network is registered, it is recognized by the government. The network can then market its SILC/VS&L activities to interested communities in that area, even beyond the WALA activities.

In this model, qualified community-based agents who are certified as PSPs are able to offer their services to savings groups based on an agreed-upon fee-for-services structure, thus providing a viable approach to **sustainable savings-led programming**. The advantages of the approach are twofold: PSPs are able to earn an income as they create and support VS&L groups, and the groups are supported by a **quality assured service provider**.



<http://www.crsprogramquality.org/publications/2014/2/27/private-service-provider-implementation-manual.html>