

# Savings and Internal Lending Communities (SILC):

## The key to helping Zimbabwean orphans, vulnerable children and youth overcome poverty

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### ABSTRACT

In an attempt to mitigate the impact of HIV on Orphans and other Vulnerable Children (OVC), Catholic Relief Services (CRS) Zimbabwe reaches out to 17,000 OVC per year through an OVC project, which engages a network of partners with extensive hands-on experience in addressing challenges that affect OVC. Among the interventions offered to OVC are Savings and Internal Lending Communities (SILC), which provide a safe alternative for accessing financial resources. It teaches young people basic skills in financial management, and helps them appreciate the importance of saving for emergencies and investments.



### INTRODUCTION

In Zimbabwe, HIV and AIDS and poor economic conditions have pushed most rural communities, and a growing number of urban households, deeper into chronic poverty. To cope, communities have created groups and coalitions that help increase resilience to shocks by pooling financial resources and strengthening group engagement. Rotating savings and borrowings, locally known as “rounds,” are one of the main activities carried out, primarily by women, to address community challenges through the pooling of resources. CRS has sought to improve and build on these activities through the introduction of Savings and Internal Lending Communities (SILC).

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Materials about SILC can be downloaded at [www.crsprogramquality.org](http://www.crsprogramquality.org)

### METHODS

The basic principle of the SILC system is that members self-select into groups for the purposes of saving and lending. SILC provides savings and simple insurance facilities to group members that do not have access to formal sector financial services. The groups develop their own constitutions which:

- describe how the group is governed, by whom it is governed and how the people who govern acquire their position
- set out the rules that govern Savings and Loan Policies and Social Fund Policies

When the amount of money saved by the group is sufficient, members are encouraged to borrow from the funding pool at mutually agreed upon loan terms and monthly interest rates. They may also set aside a “social fund” for emergencies when they do arise. After 12 months of supervised saving and lending, each member of the General Assembly will have received his/her share of the total amount of group assets that the group has agreed to share-out. The group is officially made independent of the implementing organisation.

### DISCUSSION AND CONCLUSIONS

One challenge with youth exclusive groups is the risk of attrition due to the mobile nature of the age group. The demand for employment in urban communities attributes to the transient aspect of the group. For many who choose to remain in their communities, however, SILC provides a safe place to save as well as resources with which to invest in business opportunities.

Most children and youth used their profits to purchase small livestock, pay school fees, and buy food. Others used their income to pay for medical bills for their parents and relatives who may be ill. However, we also noted that there is a great advantage to have youth groups alongside adult groups as adults provide mentoring and support to these groups. Some of the youth also graduated into the adult groups and engaged in bigger income-generating activities.

### FINDINGS

#### SILC has the following benefits:

1. builds up members’ financial assets;
2. increases human assets by acquiring skills in numeracy, bookkeeping, and policies and procedures related to SILC governance;
3. develops social assets through the election of a committee and the drafting of a constitution;
4. practices solidarity by supporting the poorest members of the community; and
5. multiplies physical assets by allowing members to invest their loans in productive income generating activities.
6. SILC group members have the advantage of engaging in peer-to-peer learning and exchanges and are able to encourage each other since many are in similar stages in life.