

ABCD IN BORICHO

Encouraging a savings culture



Working with a local NGO, the community of Boricho in the central highlands of Ethiopia started a process of asset-based and community-driven development (ABCD) in 2007.

During this process, strengthening community-based savings and credit was seen as a priority and an opportunity.

Two savings groups have since been established, notably enhancing the well-being and self-reliance of this community and providing women with increased opportunities to play a more central role in community life.

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Background

The *kebele* (village) of Boricho is located 75 km west of Ethiopia’s capital city, Addis Ababa. It is a community set against the backdrop of beautiful highlands and lush fields of teff, wheat, and lentils. Despite favourable conditions for agriculture, formal credit is unaffordable for many local farmers, limiting their ability to invest in their land.

There are two savings groups in Boricho, both of which emerged after a local NGO called Hundee integrated a series of ABCD exercises into the community’s programs to promote positive traditional practices such as group savings in cereals and in cash. These exercises are designed to trigger community-led initiatives through the recognition of past accomplishments and existing capacities and resources. As a result, a number of community members formed an ABCD group which developed a three-year

action plan with concrete targets including livestock fattening, vegetable gardening, a new seedling nursery, home improvement, and savings and credit scheme.

A Major Outcome of the ABCD Process

The emergence and strengthening of two savings groups has been one of the major outcomes of the ABCD process in Boricho. Discussions with community members held several years later provided clear evidence that membership in these groups, particularly in the case of women, had changed not only their economic standing in the community but also their perception of the traditionally accepted roles of women and men. One woman boldly stood up mid-way through the discussion and said: “Women work in the home but changes are coming. Our husbands used to control everything. Now women are controlling their own savings.”

Her statement—made in the presence of over 30 community members, including some of the more affluent men of Boricho—reflected the increasing involvement of women in economic activities. Other women in Boricho also observed that participation in savings groups had improved their understanding of the local economy and thereby fostered joint decision-making at the household level. It also provided women with increased opportunities to play a more central role in community life.

It was evident that what Boricho residents called a “savings culture” was one outcome of the ABCD process that stood out the most for them. This observation is not limited to Boricho. In an evaluation of seven Ethiopian community groups that participated in the ABCD process, carried out in 2011, four groups reported the creation of savings associations of considerable size as well as the proliferation of smaller savings groups.

Hundee (whose name means “root” in local Oromifa dialect) has always emphasized

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the importance of building on indigenous knowledge and traditions. Savings-making and mutual assistance in various forms are widespread in Ethiopia. Not surprisingly, it was natural for Boricho residents to identify savings as an activity they could build upon and expand without relying much on outside expertise or investment.

Another trigger for the establishment of savings groups in Boricho (and elsewhere in Ethiopia) was the use of a community economic analysis tool called the “Leaky Bucket.” This visual tool showed people, in a simple way, how money was coming into and out of the local economy, and how it was circulating within their community.

With the help of this tool, Boricho residents realized that much of their money was “leaking out” as a result of paying high interest rates on loans, spending excessively on social festivities, and buying in the market what they could produce locally. They also saw ways to increase their earnings (for example, by fattening their livestock prior to selling it).

What Works Well

Today, there are two formal savings groups in Boricho. One of these, consisting of 144 members, is associated with the local cereal bank and includes both men and women. The other is a women-only group with 44 members. The larger group has formed earlier and accumulated considerable capital, which allows its members to take out bigger loans. The women who have created the second group see its special value in providing them with an identity of their own.

Boricho residents have noted various merits of their savings groups, particularly at the household level. Here are a few examples:

“Before we never had formal discussions about savings [between husband and wife]. Now there is discussion on how to save assets. Monthly we plan our savings and our activities have diversified [into] sheep fattening and vegetable gardening.”

“Because of the savings groups we are now able to pay school expenses. Before we were selling our assets to pay school fees but now we can save them and use our [financial] savings.”

As many community members have pointed out, the ability to purchase inputs, pay for education and services, and keep and grow assets instead of selling them makes them confident of their capacity to provide for their households.

Challenges

While these savings groups have contributed significantly to the community’s well-being, they have also caused some controversy. Strictly speaking, local laws allow only one savings group to be registered per *kebele*. There was resistance to women forming their own group from the leadership of the original group. The women discussed their fears about the possibility of losing their contributions if they were forced to dissolve, but decided that the benefits of having their own economic and social identity outweigh this risk. One woman conveyed their shared sentiment by saying, “We need our place.”

It is still too early to tell what will happen with the women’s savings group in Boricho. Will it be able to maintain its legal status? Will it be better off as an informal group? Will its members find a way of joining the original savings group? What is clear is that women in Boricho have a new-found solidarity and an identity as active citizens through the community’s savings groups. What is also clear is that small-sized savings groups face numerous challenges when trying to bring their activities to scale in a more formal way. It is in supporting this scale-up that intermediaries such as local NGOs continue to have an important role to play.



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