

CRS AND savings-led microfinance



CRS' SILC methodology is a holistic, savings-led microfinance approach that provides a safe place for poor households to save and borrow to increase their income. The goal is to help these households better manage their existing resources by teaching them basic financial management skills.

THE BASICS*

58

COUNTRIES WITH SILC GROUPS

3.6m

SILC GROUP MEMBERS

151k

ACTIVE SILC GROUPS, INCLUDING MORE THAN 32K IN THEIR FIRST CYCLE

\$16.9m

IN SAVINGS FOR FIRST CYCLE GROUPS

4,195

PRIVATE SERVICE PROVIDERS
DELIVERING SILC ON A
FEE-FOR-SERVICE BASIS

OUR APPROACH

CRS' savings-led microfinance methodology has its roots in traditional community-based rotating savings and credit clubs. Our methodology, however, significantly improves upon local approaches by helping poor communities create highly sustainable, accessible, transparent, and flexible Savings and Internal Lending Communities, or SILCs. By facilitating savings services, CRS enables the poor to build up useful lump sums without incurring excessive debt or interest charges. Moreover, the SILC process helps protect members' limited resources by shifting their money from poorly protected informal locations (e.g. under the mattress) to investments in group members' businesses. This provides a positive return on their savings. The accumulation of savings and the subsequent ability to access flexible credit through an internal lending mechanism leads to investments in productive activities (ranging from agricultural production to small businesses) and the acquisition of assets to achieve greater household resilience.

From day one, SILC groups are owned and managed by their members. This ensures the long-term sustainability and financial independence of the groups. Participation in SILC increases social cohesion by building trust among members. Unlike microfinance institutions, SILC allows members to use their loans to help smooth household income in periods of difficulty, leading to greater financial inclusion of marginalized groups such as rural farmers, women, people affected by HIV, and vulnerable youth, who are often excluded from formal financial services.



Upendo SILC group conducts its weekly meeting in Kilosa, Tanzania. All transactions occur in front of members and are recorded in the group ledger. Anthony Mang'eni/CRS

*as of September 30, 2018



Philip Kogo, a Private Service Provider, helps SILC members with their financial ledgers during a meeting in Eldoret, Kenya. CRS reached two million SILC members in 2016, only nine years after initiating SILC. *Sara A. Fajardo/CRS*

AN INNOVATIVE STRATEGY

To address the need for sustained community-level financial services, CRS has introduced a market-based strategy that enables local entrepreneurs, or Private Service Providers (PSP), to expand savings group services on a fee-for-service basis anywhere there is demand. The PSPs are paid directly by the savings groups, resulting in an easily replicable and self-sustaining savings-led program. PSPs earn an income as they help create and support groups, and groups receive support from a quality-assured service provider independent of CRS or donor support. Our video, *The SILC Road*, explains in detail the methodology from a PSP's perspective. To view, go to <http://www.crs.org/our-work-overseas/program-areas/microfinance>.

To ensure that SILC training fully addresses the members' financial and business needs, CRS has moved to a SILC Plus approach, which is delivered by PSPs. The SILC Plus package includes the savings group methodology, financial education, and marketing and business basics for microenterprise. To guarantee a consistent and high-quality delivery of the multiple training services to the PSPs, CRS has created a Master Trainer program, which consists of four core phases:

- Phase 1: A ten-day training, covering the SILC methodology, partner induction, PSP supervision, and the

industry-standard, cloud-based MIS, the Savings Group Information Exchange, or SAVIX: <http://thesavix.org>

- Phase 2: A ten-day training, covering pricing and marketing, PSP certification, network creation, and an apprenticeship system.
- Phase 3: A seven-day training, covering the 11-lesson financial education (FE) curriculum, the development of a FE rollout plan, and the FE data collection process.
- Phase 4: A nine-day training covering 10 lessons in marketing basics and 13 lessons in business basics for microenterprise.

Two additional phases are currently under development. First, a training on microinsurance, with a primary focus on health, as well as crops and livestock insurance. Second, a training on when and how SILC groups could link to microfinance institutions for additional (formal) savings and loan services, on both an individual and a group basis. CRS is further exploring the development of future additions to cover mobile money and virtual wallets, and using PSPs to link SILC groups with socially responsible companies for the last-mile distribution of solar lanterns and irrigation systems.