



PLAN MALAWI/ HYGIENE VILLAGE PROJECT (HVP)



“UNCLOGGING THE BLOCKAGES IN SANITATION” WORKSHOP

SERENA HOTEL, KAMPALA, UGANDA

**Lessons from Nkhotakota Sanitation Village
Savings and Loan Banks – Malawi**

By Roy Khonyongwa

Background Information

- Hygiene Village Project a local Non-Governmental organization in Malawi and is implementing a two year accelerated sanitation and hygiene project with funding from the G.S.F in Nkhotakota District targeting **129 communities and 139,557 people.**
- HVP's efforts to get a Micro Finance Institution in Nkhotakota that could be linked to sanitation entrepreneurs and households to access loans for sanitation facilities was considered a 'failed' effort.
- The organisation facilitated establishment of **14 Village savings and loan banks** in GVH Mphangwa
- The purpose of VSL banks is to enable communities learn to save the little they have and be able to accumulate enough money to meet household needs including money for constructing or improving a latrine.

How Does a Village Bank operates

- HVP developed simple Village Savings and Loan trainers guide using the methodology that does not provide financial support but offers knowledge and skills to the group members interested in the creation and operation of savings and loan associations in their communities.
- Membership comprises anyone whether poor, widow, aged, blind and marginalized as long as they are ready to conform to the groups regulations and norms.
- Members contribution include sanitation fund which is agreed upon. Each group has its own regulations regarding the contribution to the sanitation fund.
- Members are obliged to get sanitation, domestic and business loans from the contributions and the loan is paid back at the end of the week or month at an agreed affordable interest.

Benefits Gained by the 14 VSL Banks by December 2013

- Each village bank had an average of 1.4 million Kwacha (US\$3333). This translates to a total of MK19.6 Million Kwacha (US\$46,666) for all the groups in Mphangwa Village.
- Managed to construct 15 improved latrines and 84 slabs
- 3 houses wired fitted with electricity
- 4 members managed to have individual water connections (MK45,000) – US\$321
- A total of US\$7,000 paid for children's school fees
- 2 members have bought iron sheets for their houses
- Business opportunities boosted



**5 minute
Documentary Here**

Advantages Of Village Savings Bank

- Members access their own capital from within the community
- Easier and time saving – no queuing, filling forms or being turned down in the commercial banks because of lack of collateral or supporting documents
- Promotes transparency and accountability as all transactions are done openly- in presence of all members
- Small interests rate and the interests increase the total savings of an individual
- The internal pressure encouraged members to give back the loans in time

Lessons Learnt

- Readily available businesses for masons as more households demand their services
- Sustainability - after the facilitation, the groups are left to run daily business independently
- Existing/functional groups turn out to be facilitators for other emerging groups in the communities

Potential Threats/Risks

- Fear of loss of savings through theft as huge sums of money are kept at a villager
- Fear of depositing the money into commercial bank saving account due to a number of factors including long distances.



THANK YOU FOR LISTENING