

Briefing paper for Covid-19 adaptation project, Rwanda

Introduction

In September 2020 Tearfund was awarded a grant from Instiglio and partners, under the Covid-19 Adaptation Fund, to contribute to the goal that self-help groups (SHGs) become resilient humanitarian actors through income restoration and training. SHGs are savings groups made up of 15–20 individuals, and Tearfund has been supporting SHGs in Rwanda since 2011.¹ This project targeted 100 SHGs over the six-month funding period, and plans to reach 400 additional SHGs over two years.

The project had the following objectives:

- 1) To facilitate market linkages and provide cash stimulus to restore to SHGs the benefits of ongoing projects affected by the Covid-19 pandemic and stop people from falling back into poverty.
- 2) To build the resilience of SHGs and community members towards the effects of Covid-19 and other disasters.
- 3) To generate learning for hypothesis testing and improvement of social protection delivery.

The project hinged on the following hypotheses, and objectives were designed to test their accuracy and inform best practices relating to Covid-19 adaptation and working with SHGs.

Hypothesis 1: SHGs provide social protection for members and non-members, especially in disasters.

Hypothesis 2: SHGs are weakened by disasters.

Hypothesis 3: SHG resilience is strengthened by a revolving loan and disaster response fund.

Hypothesis 4: SHGs can be incentivised to extend social protection assistance.

¹ For more information on Tearfund's savings groups/SHG model, please see: <https://learn.tearfund.org/en/resources/footsteps/footsteps-101-110/footsteps-103/self-help-groups-creating-capital-together>

This briefing paper is designed to share learnings against each hypothesis, with key achievements, challenges and recommendations for Covid-19 adaptation practices. Data from this briefing paper is drawn from a baseline assessment conducted by Tearfund in November 2020, a mid-term review, monthly monitoring and evaluation (including feedback from project actors and other key stakeholders) and a learning review conducted in March 2021 with key stakeholders. All case studies and photos are shared with consent, and names have been changed to protect identity.

Key findings

The presentation of key findings follows the project logic design beginning with hypothesis 2, followed by hypotheses 3, 1 and 4.

Each innovation (against the hypotheses) was accompanied by training from Tearfund and local implementing partners, cascaded through Community Facilitators, to help SHGs understand the innovations and embed them into their operations.

Hypothesis 2: Self-help groups are weakened by disasters

Evidence that supports this: The baseline survey (conducted in eight target districts in the south of Rwanda (rural setting) and in Kigali district (urban) among 500 SHGs showed how the savings and activities of SHGs were hugely weakened by the Covid-19 lockdown (see fig 1).

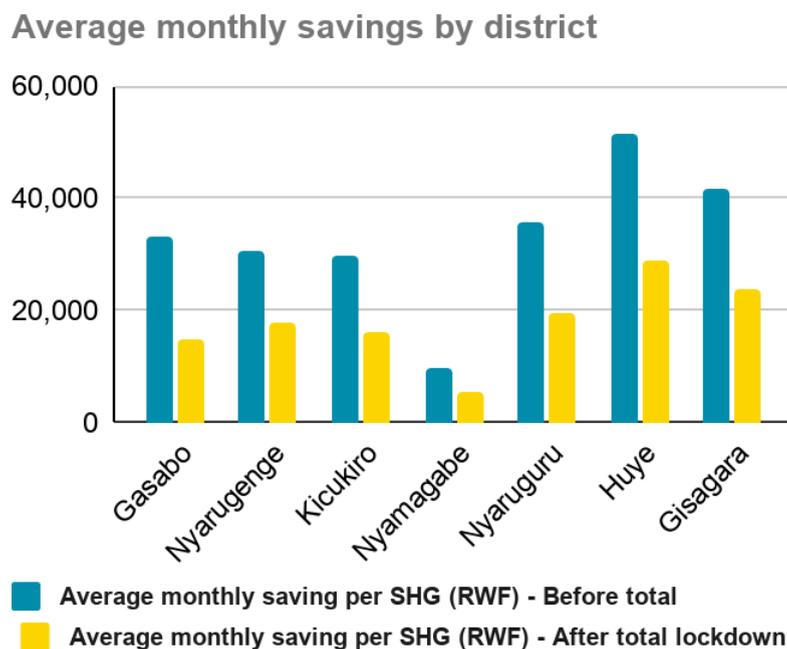


Figure 1: Average monthly saving pre/post lockdown

As a result of savings losses, up to 40 per cent of SHG members' businesses closed, affecting primarily women (average 75 percent of business owners impacted across districts). This led to many families struggling to meet their basic needs. For example, one beneficiary said: **The time came**

where I couldn't even get 100 RWF per day. I felt so depressed as I couldn't contribute to family needs as I used to do.'

The project aimed in the short term to restore the losses caused by Covid-19, but in the long term to build resilience of SHGs to all types of disaster (both large scale such as Covid-19 and smaller scale). Examples of this are localised flooding, which impedes the groups ability to meet, or a personal crisis which hinders loan repayment. SHG members shared that **'when one person is affected by a disaster, the whole group is impacted'**. Therefore the project concludes that SHGs are weakened by all types of disasters, deeming the planned intervention necessary both for Covid-19 adaptation and for building resilience of SHGs beyond the impact of Covid-19.

Hypothesis 3: Self-help group resilience is strengthened by a revolving loan and disaster response fund

This hypothesis is the main crux of the project activities. Two innovations were developed as a part of this project to test hypothesis 3: a revolving loan and a disaster response fund layered to existing SHG operations.

A **revolving loan** was delivered to 98 SHGs: 49 in rural settings (in the south of Rwanda) and 49 in urban settings in Kigali who signed repayment contracts with Tearfund. Each SHG received a loan of 600,000 RWF, with an interest rate of two per cent, to be paid back over 12 months. The revolving loan has built resilience in the following ways:

Evidence that the revolving loan built resilience of SHGs (as a group):

- Internal guidelines for loan distribution and a group contract for loan repayment improved financial literacy and management of external funds and loans.
- From 98 SHGs, 1,385 members received the loans (78 per cent were women); the loans were used to expand existing small businesses or start new ones, and restart saving and loaning within the SHG framework.

Evidence that the revolving loan built resilience of members, contributing to group resilience:



📷 Josephine restarting her business
Gilbert Gatete, Tearfund

Case study

Josephine is an SHG member who works as a tailor to support herself and her family. The lockdown and subsequent restrictions bankrupted her business. Josephine's SHG was provided with a loan, and Josephine was able to use 50,000 RWF of the loan to buy some materials and reinvest in her business: 'Now I make around 2,500 RWF per day, which allows me to provide for my family and repay the loan.'

Anecdotal evidence suggests that the loan had an impact on addressing sexual and gender-based violence (SGBV). Feedback from stakeholders was that **‘the revolving loan gives the value of women a boost’**. Extensive evidence has proven the role of SHGs in addressing gender-based violence and raising the status of women.² However, the pandemic has shown that this is often intrinsically linked to women’s ability to meet and contribute to household income.³ Therefore, this project was a good, short-term adaptation in restoring the benefits of SHGs, and protecting women. However, further work needs to take place in changing attitudes towards women and girls; to understand their value even when they are not able to contribute to household income, addressing the root causes of SGBV. Tearfund recommends running the Transforming Masculinities approach alongside SHGs and within communities to address this.⁴

Disaster response fund: The second innovation towards this hypothesis was the disaster response fund. This was designed to encourage SHGs to save a small amount for disasters, so that there is a separate pot that can be used to distribute funds during a crisis, and not to absorb all funds in the instance of a disaster, as in the first Covid-19 lockdown. SHGs will develop and maintain these funds, but will receive a top-up from the revolving loan once all target SHGs have received the loan.

Evidence that disaster response fund builds resilience:



Since the start of the project, **57 SHGs** established functional disaster response funds to support members and the community at large. SHGs managed to support **27 people affected by disasters**, including the elderly and those living with disabilities.



 Tuzamurane Kadhokwa self-help group rehabilitating the bridge Nkundimana Vincent, African Evangelical Enterprise

Case study

Localised flooding hugely impacts the efficiency of SHGs. Groups meet in communities with poor roads, and face access challenges meaning members cannot attend meetings or access markets for business activities. Flooding in December destroyed a bridge in a community in Huye (southern district). With the loan provided by this project, an SHG rehabilitated the bridge, enabling business to be resumed uninterrupted by flooding, and building resilience of the group.

² [Women's empowerment and savings](#)

³ ‘SHGs were not meeting, and with women unable to contribute to the household income, cases of SGBV in the home increased as men felt additional burdens put upon them.’ (Tearfund rapid needs assessment, January 2021).

⁴ [Transforming Masculinities resource](#)

As the project activities centred on hypothesis 3, the project team generated rich learning about the practicalities of implementing a revolving loan and disaster response fund.

The following are the key learnings:

- The project provided a loan of the same amount to each group. This was partly due to the short implementation period. With more time a baseline would be able to better examine the needs of each SHG and provide a loan accordingly.
- Using MoMo (a mobile banking platform) was extremely helpful in terms of loan repayment, particularly given social distancing and Covid-19 restrictions. This also builds digital literacy of SHG members, which could enable them to digitise all their operations.
- The mobile network MTN gave Tearfund sim cards for each SHG, which provided a MoMo code. This allowed members to transfer money to the SHG, which was then repaid to Tearfund for the loan to be revolved.
- SHGs signed a contract for repayment for accountability. It is important to factor in to implementation timelines potential delays in having SHGs sign the contracts, and be considerate of this within project design. It is also vital to provide training of SHGs on the importance and role of contracts.
- It is important to consider how SHG members (and other men in the wider community) can be sensitised to address SGBV by not depending on the need for women to meet, or their ability to contribute to household income.
- Tearfund conducted training on how to maintain disaster response and social protection funds, and their importance. As mentioned, some SHGs have begun disaster response funds, but project participants reported a challenge in helping SHG members understand the benefits of this, and would recommend more in-depth training on it.

Reflection/learning questions to be assessed throughout the continuation of the revolving loan:

- How much of an impact does the revolving loan and disaster response fund have beyond the SHG and their households?
- How do SHGs receiving the revolving loan in a latter tranche respond, and is the impact the same?

Data on this will be collected through: ongoing engagement with key stakeholders over the course of the revolving loan, and collecting case studies and quantitative data on the impact of the revolving loan.

Hypothesis 1: Self-help groups provide social protection for members and non-members, especially in disasters

Evidence that supports this:

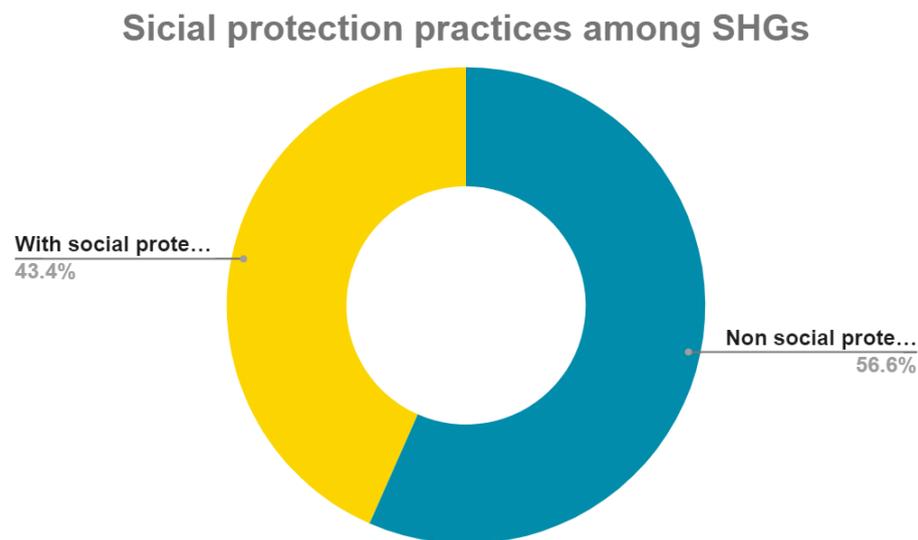


Figure 2: Self-help groups with active social protection funds before the project (data from baseline)

The baseline survey revealed that just under half of surveyed SHGs had social protection funds, and 90 per cent were saving for social security within their groups (see fig 2). The data, however, indicates that this fund was primarily used to support members, with vulnerable people receiving funds being SHG members rather than non-members. However, the baseline also found that, during the Covid-19 pandemic first lockdown, SHGs supported some non-members with food assistance.⁵

The above evidence indicates that the hypothesis stands, but shows that within the structures of SHGs there are limitations in the social protection support that they are able to provide, especially to other vulnerable community members who are not part of the groups. Therefore, the aim of this project to formalise these structures was relevant and necessary. This project took on an approach of incentivising SHGs to formalise these activities, based on hypothesis 4, discussed in the next section.

Hypothesis 4: Self-help groups can be incentivised to provide social protection

The revolving loan leveraged the opportunity to test this hypothesis. SHGs were encouraged to engage in social protection activities by providing cash grants to vulnerable community members who were not already in groups, targeting the elderly and those living with disabilities. SHGs engaging with social protection activities would be waived 20 per cent of the loan and the two per cent interest rate.

⁵ This was not a common practice among self-help groups: the main food distribution was done through the Government of Rwanda and other key stakeholders (churches/(I)NGOs).

Evidence that supports hypothesis 4:

Since the start of the project, 87 target SHGs have functioning social protection funds, with average monthly savings of 6500 RWF each, and 138 people have received support through these funds.



Joy cares for her six orphaned grandchildren. Eleven SHGs used their social protection fund to provide her with 140kg of maize and rice and a cash grant to enable her to pay for health insurance for the family.



Sarah is an elderly lady who lives with disabilities, and has very limited mobility. Using the social protection fund, her local SHG was able to build her a pit latrine (pictured left) that she could use more easily.

 Sarah's pit latrine,; Nkundimana Vincent/African Evangelical Enterprise

Learning/recommendations from hypotheses 1 and 4:

- Feedback from stakeholders was that training was fundamental in enabling and encouraging SHGs to provide social protection to members and non-members, but that clearer distinction of the difference between the social protection and disaster relief fund would help SHGs.

Reflection/learning questions to be assessed throughout the continuation of the revolving loan:

- Other learning on the effectiveness of waiving interest to motivate social protection will be gathered throughout the repayment period as SHGs continue to pay back the revolving loan.

Data on this will be collected through: regular monitoring at the field and continued use of the mobile money application.

Other innovations, challenges and lessons learnt

- In partnership with the mobile network MTN, we have designed a digital monitoring and evaluation (M&E) system which tracks payment from SHGs and therefore improves monitoring, evaluation and learning (MEAL) systems.
- This has helped us to monitor repayment progress and significantly eased the repayment process for beneficiaries (removing the need to visit the bank and pay transfer costs).
- As the system generates the history of each transaction, it helps SHGs avoid any conflict that may occur regarding individual loan repayment.
- It has also helped us learn the value of digitisation, and how to overcome some perceived barriers (such as phone access) by using basic phones and mobile wallets that members are familiar with.

Conclusion

It is evident that when supported and incentivised, SHGs are critical humanitarian actors, providing economic recovery services and social protection to community members, particularly during disasters. A revolving loan can restore SHG operations in the face of disasters while disaster response and social protection funds within SHG operations build resilience to economic shocks and capacity as humanitarian actors. To enhance SHG operations, there is a need to digitise their activities to improve efficiency, enhance accountability and enable them to operate in difficult circumstances that impede on physical meetings. Tearfund appreciates the support of local organisations involved in the project delivery, and Instiglio and partners for introducing the Covid-19 Adaptation Fund. Tearfund will continue to gather key lessons from this intervention, as the loan continues to be rotated over two years to 400 more SHGs. The endline evaluation (currently taking place) will provide quantitative data to be assessed against the baseline. The biggest challenge was the short implementation period, and although we encourage other stakeholders working with SHGs/savings groups to engage in these innovations, we encourage a longer implementation period to provide sensitisation, and time to learn from SHGs about their needs, to discuss contracts in more detail and to gather learning.