

# CORE COMPONENTS OF TEARFUND'S SELF-HELP GROUP APPROACH

Learnings from Tearfund's self-help group (SHG) workshop  
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Front cover photo credit: Self Help Group in Ethiopia  
Cally Spittle/Tearfund

## INTRODUCTION

This report summarises learnings from the Tearfund self-help group (SHG) workshop held in Mwanza, Tanzania, October 15–18, 2018. A core objective of the workshop was to bring together best practice, learning and evidence across Tearfund's country offices currently using the SHG model in their work, and importantly to reach consensus and common agreement on some of the core elements across these programmes. This report provides a summary of the following topics that were discussed:

- Core components of an SHG approach – including key characteristics, principles, structure and features. A summary of key adaptations taken by country offices, as well as feedback on measures that are needed to support a thriving SHG ecosystem, are also provided.
- Key stages of an SHG approach – a table describing the key stages, as well as duration, key steps by stage, and financial and social indicators along the path to maturity.

Supplementary documents include summaries of 1) the methodologies and reports reviewed in preparation for the workshop; 2) feedback from pre-workshop consultation with country offices; 3) feedback from pre-workshop consultation with facilitators; and 4) Tearfund's priorities for development including funding, research, thematic content and tools . A repository on google docs has been created with these summaries and all of the reports reviewed.

# 1 Core components of Tearfund's SHG approach

## 1.1 Key elements of SHGs

A self-help group (SHG) is a group of people, usually chosen from the poorest sectors of the community, who meet on a regular basis to save from their own resources. Facilitators help each group to establish by-laws on how they will operate, and once the collective fund is sufficient, members make loans to one another. In this way, the SHGs provide their members with access to loans, as well as promoting economic, social and political empowerment as members find themselves able to meet their own needs.

**An SHG must have the following key characteristics:**

- **Holistic.** The SHG should focus on holistic development – social, economic, and spiritual growth.
- **A focus on relationships.** The SHG should focus on restoring relationships with God, others, self and the environment. The outworking of this will vary depending on the context.
- **A clear vision or purpose.** The SHG members should have a clear articulation of the purpose or vision for their SHG.
- **Democratic.** The SHG belongs to the members and they should democratically decide how they want to organise and operate the group.
- **Affinity.** The SHG should be founded on the principles of affinity. In other words, members have a natural connection or relationship with others in their group, which provides fertile ground for growing in trust. Groups may not always be homogeneous in outlook/worldview but in some contexts group members are drawn from the same economic status.

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### Key principles of an SHG:

- **Indefinite membership.** Group members intend to meet indefinitely, and do not see their groups as time-bound or having a distinct end point.
- **No planned share-out of group capital.** Related to the above point, in principle groups should not have a predetermined plan for a share-out of their group capital. However, in practice, and in order to respond to specific group needs, groups may create a special savings fund for share-out purposes; share out a portion of their profits; or provide loans at 0 per cent interest for hardship.
- **No initial financial incentive.** Group formation and transformation depends heavily on group members finding and using their own savings, and financial incentive at the start of the process can fundamentally undermine self-efficacy and social transformation. However, some programmes have needed to provide financial inputs either in response to a crisis (eg a drought) or with the ultra-poor. Financial incentives (sometimes known as handouts) in these instances are only provided once groups have reached a certain level of maturity, and require very careful consideration.

### Structure of an SHG:

- **10–25 members.** Ideally groups are 15–20 members with one person per household, but this may vary depending on context (see adaptations in section 1.2).
- **A clear and articulated structure** that includes:
  - **Written record-keeping.** (Where groups are not literate, they may use traditional record-keeping tools and/or recruit someone from the community to do record-keeping for them.)
  - **Transparent record-keeping.** It should be very clear to everyone in the group how much money has been saved, and how much is being loaned and to whom. This can be achieved by diligently recording minutes for every meeting and reading them out at the end, by reading out savings and loans during the meeting, and by providing individual passbooks to members so they can keep track of their own contributions.
  - **By-laws.** These form the backbone of the group's governance structure.

- **Regular meetings.** Ideally meetings take place weekly, but this may vary depending on context (see adaptations in section 1.2). Groups should meet at a minimum of twice per month.
- **Quality assurance.** The type and frequency of this will vary depending on context. Clear mechanisms should be in place for regularly identifying capacity needs and assuring group quality.
- **Physical meetings.** SHG members need to come in person (not send someone in their place) and attend regularly (though savings may be submitted electronically, where applicable).
- **Rotating moderator/leadership.** A moderator is someone who leads the meeting, and it can be very helpful for building member confidence if the role is rotated weekly so that every member can gain experience in walking the group through its weekly activities. Leadership roles such as community representatives, bookkeeper, secretary, treasurer, etc are longer-term roles that should also be rotated on a regular basis (annually).

#### Key features of an SHG:

- **Savings and loan activities (internal).** Group members participate in saving and lending activities, internal to the group (though external activities may come with group maturity).
- **Social fund (internal and external).** Members save into the social fund on a regular basis, complementing the group fund with a source of savings that can be used for helping group members as well as those in the wider community.
- **Credit-plus activities (internal and external).** SHGs engage in credit-plus activities or community development activities – which are activities outside of their internal savings and loans that are part of their advocacy and collective action, and which stimulate linkages with external actors. These activities do not necessarily start at the beginning of group formation, but develop over time with group maturity.
- **Sustaining structure – CLAs and FLAs.** Once 8–12 mature SHGs are present in a community, they each nominate two representatives to be part of a cluster-level association (CLA). The CLA supports the SHG ecosystem at the meso level, by engaging in capacity building and community engagement. Once 8–12 CLAs are present, they each nominate two representatives to be part of a federation-level association (FLA), which supports the SHG ecosystem by engaging in policy issues through advocacy at a macro level. A sustaining structure provides an important modality to 'graduate' SHG ecosystems, but the design of the structure can vary depending on the context.

## 1.2 Summary of key adaptations

Tearfund and partners have been implementing SHGs for nearly 20 years in a range of different contexts. In Ethiopia the SHG journey commenced in 2002 as an effective model in relationship building, poverty reduction, resilience and food security among poor communities. Initially, five SHGs were started in Nazareth, Ethiopia, involving 100 women. The number of Tearfund-supported SHGs across Ethiopia has since risen to 20,000. Many of Tearfund's country offices and partners have learnt lessons from Tearfund partners in Ethiopia and are using the SHG model inspired by Myrada.<sup>1</sup> Over time different country programmes have adapted this original model to suit the dynamics of their context. A few of these adaptations are described below:

- **Peace and reconciliation, Rwanda:** In Rwanda, Tearfund initiated its SHG programme following the genocide. As a result, groups have always started with thematic content on peace and reconciliation, integrating these credit-plus modules at the very start of the process rather than after basic foundation and formation activities have taken place.
- **Distribution of group funds, Malawi/Tanzania:** Multiple countries, such as Malawi and Tanzania, reported that their groups do share out group funds (in other words, they take group funds and distribute them based on individual shares to individual members for specific purposes) – but never group savings/capital. Some choose to share out a portion of their profits, or set up a special fund for share-outs at lean times of the year, or for particular expenses such as education.
- **Financial inputs to SHGs, India/Ethiopia:** In India, regular cash inputs/financial incentives (funds provided to the group from external sources) are provided as part of the government institutionalisation of the SHG programme. The India team also described how it has been critical to provide cash transfers to the mahadalits – the ultra-poor. Because they are so marginalised, the team have found that this cash injection has been critical in allowing them to access critical market linkages and to interact with external actors. However, they are very careful about when and how they give these transfers. Groups have to have reached a certain level of maturity, to ensure that the cash transfer does not undermine their social transformation. In Ethiopia, Tearfund provided cash transfers to groups during the 2016 drought.<sup>2</sup>

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<sup>1</sup> Myrada: the Mysore Resettlement and Development Agency, <http://myrada.org/>

<sup>2</sup> Zischka L (2017) [Humanitarian Cash Transfers Through Self-Help Groups: Making the Most of Local Approaches?](#)



- **Integration with church and community mobilisation, Kenya/Tanzania:** A number of Tearfund's country offices including Kenya, Tanzania and Zambia are currently integrating SHGs within their church and community mobilisation work. This integration is currently taking place at different stages of the church and community mobilisation process depending on the country and the needs of the community, but the entry point for establishing and running these integrated programmes should be the local church wherever possible. Tearfund is continuing to learn and pilot this integration of SHGs and church in different contexts.

Tearfund partners in Tanzania and Kenya have developed an integrated SHG and church and community mobilisation process called 'Pamoja', which means 'together' in Kiswahili. The Pamoja approach goes beyond establishing SHGs to also helping individuals and community members to unleash their God-given potential to overcome poverty. It also aims to build the capacity of group members to collectively assess their social and economic situation and come up with lasting and sustainable solutions.



Self-help group in Bihar, India  
Photo: James Morgan/Tearfund

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## 1.3 Supporting a thriving SHG ecosystem

In addition to the key elements of an SHG described in section 1.1, there are a variety of elements identified that, while not essential, can help an SHG ecosystem to thrive.

**Capacity building for group members:** Providing groups with ways to access information that can build their capacities – for example curriculum related to entrepreneurial and environmental management skills – can greatly enhance outcomes for groups. Groups can also be encouraged to identify information that they would benefit from and seek that out for themselves. In addition to practical skills, capacity building for advocacy as well as collective action via credit-plus activities is fundamental to allow groups to engage in outward-facing activities and grow their voice with government and other actors.

**Capacity building for facilitators:** An SHG facilitator supports and guides the SHG in their weekly meetings for the first year or two of formation. Strong facilitators are key, and are typically defined by their ability to support a group rather than lead a group. Some of these skills are inherent to the person, but a strong support structure for capacity building, learning and self-reflection for facilitators can play a key role in creating a thriving SHG. Group exchange visits with SHG networks within a country or to another country can allow facilitators, as well as programme coordinators, to be exposed to different ideas and ways of working.

**External linkages:** Closely related to the point above, external linkages can play a key role in allowing businesses started by SHG members to thrive. Early business formation relies on group capital and internal lending. However, as businesses grow in scale and scope, SHG members begin to require larger tranches of capital, information and services. Access to credit via financial or government service providers, market linkages and value chain development, and access to information technology are fundamental to allowing SHG activities to thrive, particularly as groups begin to mature and SHG members build their individual businesses and invest in growing business activities.

**Enabling environment:** Engagement with the legal and policy environment plays a key role in allowing an SHG ecosystem to thrive. Where SHG members are investing in individual and/or collective business activities, those activities can be helped, or hindered, by existing legal and policy structures. Therefore, engagement with the wider enabling environment can be critical for an SHG ecosystem to be able to grow beyond their individual activities.

**Investing in key group processes:** Strong record-keeping, as well as a process of self-reflection and continuous learning are important components of a strong group dynamic. Investment in these processes, as well as investment in strong and capable facilitators to support



this is important. Related to this, regular monitoring through self-assessments and audits can help to flag areas where a particular SHG or set of groups is struggling. This information can then be used to help inform and provide targeted support; it can be highlighted to facilitators and programme coordinators where there are clusters of groups that might require additional facilitation or problem-solving support; and it can facilitate group learning and self-reflection.

**Federated structure:** A CLA/FLA system can provide critical infrastructure that allows SHG ecosystems to thrive, by building a hierarchy of groups at the meso and macro level that can support the SHGs themselves, through wider advocacy, influencing, and ultimately legally-recognised capacity as a community-based organisation. Tearfund has been working with different approaches to understand how this federated structure might sit alongside church structures within the context of Tearfund's work.

#### Overview of CLA/FLA structure

A federated structure is typically used with networks of SHGs, and is a critical component to supporting scale and sustainability. Cluster- and federation-level associations take up social, economic and political issues that are beyond the scope of individual SHGs, with CLAs providing key functions at a meso level and FLAs providing key functions at a macro level. Once 8–12 mature SHGs exist in an area, they can each nominate two members to form a CLA. Where the context limits this, five to six SHGs can gather together to join a CLA, for example in rural areas where populations are dispersed. Similarly, once 8–12 CLAs exist, they can each nominate two members to form an FLA. Unlike an SHG, a CLA does not undertake any saving or lending activities. Rather, its purpose is to engage with and strengthen SHGs, motivate SHGs to become involved in social action and engage in community action programmes, build relationships with local government, and create external linkages. The CLA and FLA structures combine to create a community-based organisation that can provide a graduation pathway for SHGs, as well as an exit strategy for implementing organisations, as the CLA/FLA structure takes on the role of implementation and becomes financially self-sufficient.

## 2 Key stages of an SHG approach

The following table describes the key stages of the SHG process, the approximate number of months that it takes to complete each stage, the key steps that align with each stage, and financial and social characteristics or indicators as groups mature.

This table is intended to be indicative only – there is no preset time frame for any of these activities, and groups will move at their own pace. However, a strong divergence from these key stages, either in the time that they take to complete, or the activities along the way, may indicate that a group is moving too fast or too slow, or that they are not adhering to some of the basic activities that need to be in place to underpin each stage of the process.



Self Help Group in Ethiopia  
Photo: Sarah Baldwin/ Tearfund

Key stage	Foundation – Envisioning	Foundation – Sensitisation	SHG formation		Development	Maturity/ Graduation
<b>Duration</b>	Preparatory work: 0–3 months	Preparatory work: 3–6 months	Formation: 0–6 months	Formation: 6–12 months	1–3 years	From 2 years onwards
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Envisioning</li> <li>• Poverty analysis</li> <li>• Stakeholder mapping</li> <li>• Identifying, recruiting and training facilitators</li> </ul>	<ul style="list-style-type: none"> <li>• Sensitisation</li> <li>• Sharing the SHG concept</li> <li>• Follow-up meeting with community</li> </ul>	<ul style="list-style-type: none"> <li>• First meeting</li> <li>• Set vision</li> <li>• Discuss by-laws</li> <li>• Name SHG</li> <li>• Elect leadership</li> <li>• Define membership</li> <li>• Decide meeting protocol</li> <li>• Agree savings amount</li> <li>• Assign bookkeeper, secretary, etc</li> <li>• Train on basic concepts</li> </ul>	<ul style="list-style-type: none"> <li>• Savings</li> <li>• Internal lending</li> <li>• Training</li> <li>• Capacity building (finance, conflict management, business, etc)</li> </ul>	<ul style="list-style-type: none"> <li>• Credit-plus</li> <li>• Strategic planning</li> <li>• Active networking and advocacy</li> <li>• CLAs introduced/ begin to form</li> </ul>	<ul style="list-style-type: none"> <li>• CLA/FLA formation</li> <li>• Self-supporting</li> <li>• Organic growth</li> <li>• Self-governing</li> <li>• Self-sustaining</li> <li>• Networking and linkages within/without group</li> </ul>
<b>Indicators of maturity – Financial</b>			Individual savings	Loans for consumption	Loans for business/ asset creation Proportion of funds loaned to funds saved	Capital investment
<b>Indicators of maturity – Social</b>			<p style="text-align: center;"> <b>Storming</b> → <b>Norming</b> → <b>Performance</b> → <b>Solidarity</b>            (conflict, mistrust)    (acceptance, respect)    (savings, loans, social action)    (unity, replication)         </p>			





Self Help Group in Malawi Photo: Rhiannon Horton/Tearfund

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