



FEED THE FUTURE TANZANIA ADVANCING YOUTH

Young Woman Extending Access to Finance for Youth Farmers in Kyela

After an Advancing Youth training on establishing youth savings and lending associations, young woman from Kyela, Southern Tanzania starts five youth savings groups in five villages around her hometown in one month, providing 97 rural youth farmers access to their very first loans



Photos: Princely H. Glorious, DAI Global LLC
Mkami (center) stands with youth members of one of the five savings and loan associations she has established in villages around Kyela, Mbeya

Kyela is a small town near the Tanzania-Malawi border famed for its aromatic rice. The town has flourished from the crop, with the taste and texture of Kyela rice prized in domestic and export markets. Over the past decade, banks and mobile money kiosks have followed this trading boom in Kyela – providing town dwellers secure options to save their money, pay bills, make transfers to family, conduct business transactions and get loans to grow their businesses. But the young farmers who grow the rice in surrounding villages are still locked out of this growth in financial services. The journey to the nearest bank can be up to 50 kilometers long, typically done by bicycle on hilly, muddy roads and navigating between flooded paddies. Often, at the end of this journey, the bank tells them they can't get a loan since they lack the assets to serve as collateral to secure loan repayments.

In May, Mkami Tetele, 23, a craftswoman from Kyela, attended a training on establishing and managing youth savings and loan associations held by the Feed the Future Tanzania Advancing Youth activity. Like rural youth around the world, youth in Kyela are financially excluded. Globally, 70 per cent of young rural farmers noted access to finance as their most significant difficulty (FAO and IFAD, 2014) with only 6 percent of youth borrowing from formal financial services compared with 11 percent of adults (World Bank, 2013). To address the financial exclusion youth in Kyela and other parts of Tanzania face, Mkami was one of 61 youth trained across the country to establish youth savings groups and train other youth to do the same.

Since May, Mkami has established five savings groups for youth farmers in five villages around Kyela, each comprising about 15-30 young women and men. The groups are formal savings and credit associations that hold regular meetings, save together and issue loans to their members from these savings. For most of the young farmers in Mkami's groups, these are the first and only loans they can access. And the loans are improving their lives – allowing them to start new businesses, expand existing ones and meet their family needs. Members also contribute to a group social fund that provides a safety net for group members during emergency situations. Interviewed group members say the groups have been life-changing already:

“Before the loan, our family income depended on the rice harvesting season. The loan has allowed me to buy beans from other villages and sell them at





(L & R) Mkami leading a session at two of the youth savings and lending associations she established in villages around Kyela.

“There’s freedom in knowing that now we are not limited to making money only once a year. The loan has allowed us to grow our business and improve our life as a family.”

- **Paschalia Namwasile, 25**, group member and borrower from one of the savings groups established by Mkami

a profit in my village. There’s freedom in knowing that now we are not limited to making money only once a year.” says Paschalia Namwasile, 25.

Kais Mwarioga, 29, adds: *“My wife and I started a small business selling bananas, but it stagnated since we could only buy small quantities and didn’t have money to transport them into town. The loan helped us buy more bananas and deliver to more outlets in Kyela. And since both her and I are group members, we hope to take another loan soon.”*

Mkami says all the five savings groups she manages have stories like this of how the loans are changing youths’ lives. The loans are offered at an agreed, low-risk interest rate and this interest provides a return on members’ savings. This accumulated return is shared out to members at the end of an agreed cycle, typically 12 months, so members have an added incentive to repay their loans. And it’s not only the loans that the youth farmers are thankful for.

“These days I face my problems with confidence since I know I have a network of likeminded youth to support me. We plan to invest together as a group, and seeing how much we’ve saved in just a short time has me excited for how much we can accomplish together,” says Askofu, 27.

Mkami says seeing the impact of the five savings groups she has established on the 97 rural farmers who comprise them, inspires her to continue spreading the training she received from the Advancing Youth activity. She is herself a contributing member in one of the savings groups, and notes the positive behavioral effects it has had on her own life and her handicrafts business: instilling financial planning and discipline.

“If you told me three months ago that I would have helped 97 youth from surrounding villages save money and get loans, I wouldn’t believe you. The training I received from the Feed the Future Advancing Youth activity has allowed me to contribute to my community in a way I didn’t think was possible for me. Before the training, I myself thought I needed help from someone else but now I teach others that any difference you want to make in Kyela begins with you – and your savings group!”