

## GOOD PRACTICES AND LESSONS LEARNED

### World Vision – Somalia

Project: Nugal Empowerment for Better Livelihood Project

#### Good Practice - Linking Business Facilitation with savings groups and financial service providers

##### 1. Brief summary

For the first time, a business coaching intervention in the form of Business Facilitation (BF) is implemented in a fragile context and a highly informal economy. In addition to empowering beneficiaries in opening their own businesses, World Vision has trained the BF groups in the formation of Village Savings and Loans Associations (VSLAs) and further created linkages to formal financial service providers like banks. Hence, beneficiaries were able to open bank accounts with local banks. 60 of the BF graduates were even able to access loans from Amal bank, which they use to expand and diversify their businesses. This has helped to integrate them better into a more formal economy and to improve their understanding of available capital and business improvement.

##### 2. Key Areas of Good Practice

- Community based savings and credit schemes (3.5)
- Providing support to informal economy operators/workers to access services (social protection services, business registration, access to formal savings and credit schemes, training, etc.) (3.1)
- Entrepreneurialism and business management training (3.2)
- Enabling especially vulnerable groups on economic empowerment (women, people with disabilities, affected by HIV, youth, refugees, migrants, minority groups, etc.) (4.6 ....)

##### 3. Context - Brief description

##### Where the good practice was implemented

The activity was implemented in the district capitals (urban settings) of 5 out of 5 implementation districts: Garowe, Eyl, Burtinle, and Dangorayo and Godobjiran

##### Why it was implemented:

The good practice was developed to build the capacity of the beneficiaries in financial planning and to be able to access capital. It also provides an entry point to the formal economy. Experience has shown that skills trainings are not sufficient to enhance livelihoods. Beneficiaries also need to be trained in financial literacy, how to save money, and how to access capital to support their businesses in order to be economically successful.

##### Who is involved:

Project staff, Ministry of Commerce, representatives from financial service providers (e.g. Amal Bank), Community Business Councils  
BF graduates who for the most part consisted of vulnerable and marginalized women

##### When the activity was implemented:

The project first started with skills and business facilitation training in the first year of implementation in 2015. In 2016, VSLAs training was conducted and the linkage with financial

service providers created. For the remainder of the project, staff then supported the beneficiaries in setting up bank accounts and running the VSLA groups where necessary and with establishing the Community Business Councils. VSLAs are designed in such a way that they run independently after the end of the project.

#### **4. Level and type of innovation of the good practice**

Projects in Somalia usually do not provide the linkage to financial instruments and often end with the provision of skills training. Or training in VSLA is provided without the skill and business facilitation training. This Good Practice is innovative as it provides a comprehensive integration and interlinks age between all these components.

#### **5. Description: What are the processes and steps involved?**

World Vision's Business Facilitation (BF) project model is different from the other business/entrepreneurship trainings provided by the other NGOs as World Vision did not provide any handout/start up kits to the beneficiaries. Instead World Vision provided business training, coaching, mentoring and supported Community Business Associations (CBA) formation. The aim was to improve the local business environment and link graduates to service providers (local banks). This enabled beneficiaries to obtain loans to start new businesses or expand their existing businesses in terms of size and variety.

Since World Vision was not providing any capital to BF trainees to start new businesses or expand their business; there was an innovation to link BF graduates with financial service providers/local banks to open savings accounts as well as take loans to initiate businesses.

- Through the project, World Vision developed a strong and effective partnership among financial service providers and BF beneficiaries during training sessions up to graduation.
- World Vision invited these service providers to participate in BF graduation ceremonies to share bank services they have for small business owners
- World Vision Operations Manager, Project manager and BF officers met with Amal Bank Chief Executive Officer (CEO) to advocate for BF graduates to be considered when they apply loans as they acquired business knowledge, skills and attitudes to run new business idea with profits.
- BF officers had frequent meetings with local banks for linkages for the graduates to start bank saving accounts
- Inviting guest speaker from Local banks to BF session to share bank services that exist within the banks
- Bringing together Community Business Association, (CBA), Ministry of Commerce, Ministry of Labour and Youth and service providers to improve small business
- Trained saving group for VSLA (Village Saving and Loan Associations) and supported VSLA with start-up kits which they will continue after end of project for saving and browning money

Additionally:

- The project linked vocational training and business skills with the delivery of basic social services such as the issuing of birth certificates, and advocacy training.
- The project identified inhibiting factors and helped to address them, such as conducting advocacy trainings about citizenship and rights, trainings on conflict resolution, and organising meetings with local politicians on what they (can) do for the community.

#### **6. Resources: What resources and skills are needed to carry out the good practice?**

Knowledge in VSLAs and economic graduation project models, coordination skills

### **7. Sustainability of the Good Practice**

VSLA groups and Community Business Councils are set up in a way that they will run independently after the end of the project. The bank accounts that the beneficiaries have set up will remain open after the end of the project. Beneficiaries who have already set up bank accounts are encouraged to support other communities in setting up their accounts.

### **8. Links to Other Resources:**

Video clip, which also shows the linkage to financial service providers, was produced about the Business Facilitation project model. Currently, World Vision Australia's Communications team is visiting the project to document success stories. In house expertise includes project staff and World Vision Australia's Social Entrepreneurship and Economic Development (SEED) team.

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### **9. What the originators of the Good Practice would do differently if they were to do it again**

We would include the linkage and access to financial instruments from the beginning in the design of similar projects. Experience from resilience projects has also shown that linking CfW activities in with savings groups is more sustainable than stand-alone cash transfer interventions and that CfW beneficiaries who are also part of savings groups are more resilient in the long run.