

Group Savings, an Alternative Investment Model for Agribusinesses and Smallholders: A case of Chiyembekezo Club in Malawi, from a village bank to an enterprise

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FROM A VILLAGE BANK TO AN AGRIBUSINESS ENTERPRISE

In Chichewa, the national language of Malawi, *chiyembekezo* means ‘hope’. The name seems to suggest the drive behind the inspiring trajectory of a group of smallholders at Jenda in Mzimba District, some 200 km north of the capital Lilongwe. The Chiyembekezo Club has transformed from being only a savings group into a growth-oriented commercial agribusiness enterprise, thanks to group savings that the members used as a start-up investment, amid limited investment opportunities. “We always move with hope, no matter what. We started as a village bank, and now we are heading to be a cooperative”, said Ms. Getrude Jere, Chairperson of Chiyembekezo Club.



Chiyembekezo Club members selling chicken parts
(Photo – Vincent Eliya, CASA Malawi)

Chiyembekezo Club was born from a village bank that had 25 women as members under the name Tovwirane Club. As a village bank, the members made monetary contributions, lent the money among themselves, and distributed the shares at the end of the cycle. In what might have been considered a significant milestone, in 2015 [Malawi Union of Savings and Credit Cooperatives \(MUSCCO\)](#) – a member-based organisation of Savings and Credit Cooperatives (SACCOs) that promotes sustainable growth and development of financial cooperatives

– provided training to the club members and encouraged them to formalise it. However, the suggestion was rejected by a majority of the club members, who later decided to quit the group, marking the toughest test for its survival. “Most of the members left the club having disagreed with the suggestion to formalise it. Some thought the suggestion was meant to scam their hard-earned money. Only six members were left, and with hope we decided to keep rolling on,” said Ms Jere.

The six members continued saving with the club, and in 2021 they decided to venture into a business to start generating income for improved livelihoods and sustainability of the group. Livestock production came to mind. The group used savings to invest in poultry production, starting with 100 chickens in the first year. The group realised significant profit which they re-invested in the business, marking the journey of an agribusiness enterprise that has now expanded their poultry production and in 2023 alone the club raised over 1,000 chickens. The group also ventured into other value chains and started buying commodities from farmers and sold them at a profit. The business continued to grow with increased revenues from the expansion into other value chains, and the vision for the future compelled members who had left the club earlier to rejoin it. In 2023 the membership had grown to over 45 people.

SUPPORT FROM MUSCCO

MUSCCO has played a significant role in helping Chiyembekezo Club to manage its business investment and link them to more opportunities. The organisation fostered the club’s financial discipline and access to both technical and financial support. In 2016, MUSCCO connected Chiyembekezo Club to FINCOOP, a financial service provider that started keeping the club’s savings. In 2022, when MUSCCO became a CASA partner, it also introduced Chiyembekezo Club to the programme, where the members received technical support in poultry production and group dynamics, and refresher training in Village Savings and Loan Association (VSLA) management. This helped the club when they decided to expand the poultry business.



MUSCCO office building (Photo – MUSCCO website)

Ms. Eveless Mwandira is a MUSCCO Community Facilitator in Mzimba who has worked with Chiyembekezo Club for many years. She shares why Chiyembekezo Club stands out from other village banks that MUSCCO has supported in Mzimba:

- “Most village banks tend to share all their profits and thereby have no money to run a business as a group.
- Some groups share all the members’ contributions and profits at the end of the cycle, which makes them fail to pick up in the subsequent year.
- Chiyembekezo Club is among the few groups that invest in a business and only share the dividends.
- Chiyembekezo Club’s leadership has a two-year tenure, with a potential for additional tenure which helps the leaders to have ample time to fulfill the club’s long-term plans.”



Ms. Eveless Mwandira (Photo – Vincent Eliya, CASA Malawi)

FINANCIAL DISCIPLINE – KEY TO ACCESS AND MANAGE INVESTMENT

FINCOOP has played a key role in promoting financial discipline within the group, ensuring it manages its financial resources properly, and getting access to additional investment opportunities. Since the club opened an account with FINCOOP, it has built its savings with the institution, and accessed different financial products such as shares and business loans. Sanderson Muwawa, Field Officer for FINCOOP SACCO in Mzimba, disclosed that the organisation also trained the club on financial literacy and digital financial services, which have been critical in managing their investment. “FINCOOP has provided business loans to the group since 2019. In 2021, the group took 1.5 million Malawi Kwacha, and in 2023 it took 1 million Kwacha. In all the years the group has been able to repay the loan,” said Mr. Muwawa.

Due to the partnership with FINCOOP, the club accessed a seed loan worth 1.8 million Kwacha from Good Nature Agro, a seed multiplication company. In the arrangement, FINCOOP gave Good Nature Agro 1.8 million Kwacha and Good Nature Agro provided seed to the club. Once the club harvests, Good Nature Agro buys the commodities, and the club repays the loan to FINCOOP. Good Nature Agro also provides extension services to the club members.

FROM POULTRY TO MORE VALUE CHAINS

Initially the club started with poultry production before venturing into other value chains. The technical support that the group received from CASA via MUSCCO helped them to operate at a reasonable production cost. For instance, they can produce chicken feed using commodities they source locally from farmers (e.g., soybean, sunflower cake). What makes the club realise good profits is the model they use when selling the chickens. “Looking at the income levels of customers around Jenda, we decided to sell the chicken in parts so that many people can afford it. Guess what? It’s been magical. We can make 18,000-20,000 Kwacha per chicken compared to 10,000 Kwacha that a whole chicken costs,” said Ms. Alinafe Banda, a member who introduced the concept to the club. The group packs the chicken in cooler boxes and sells door to door, on average seven chickens a day.



Chiyembekezo Club members selling chicken parts door to door (Photo – Vincent Eliya, CASA Malawi)

Apart from poultry, the group has expanded its business into buying and selling agro-commodities and crop production. The financial performance of the club indicates that it made a profit of over 500,000 Kwacha from poultry, and 5,300,000 Kwacha from bean trading. This year, the club has grown about 30 acres of beans at Khonsolo in Mzimba District, several kilometres from Jenda.



Members of Chiyembekezo Club working in a bean field at Khonsolo (Photo – Vincent Eliya, CASA Malawi)

GROUP INVESTMENT SUPPORTING INDIVIDUAL BUSINESSES

Shares from Chiyembekezo Club, and the business management skills they acquired from the training activities, have equipped members to establish successful group and individual businesses. Most of the club members have personal ventures, separate from the group businesses, helping them to generate more revenue and acquire assets for their improved wellbeing.

Before joining the club in 2023, Ms. Schollar Jere’s family only had a 1-acre piece of land that they used to produce maize for consumption. Since joining, Ms. Jere has benefited a lot from the group as she has savings and access to loans which she has invested in an Irish potato business. Ms. Jere sells her merchandise at a street market at Jenda, along the M1 road. In a day, she makes a profit of 50,000-90,000 Kwacha. In addition to commodity trading, Ms. Jere also engages in irrigation farming where she grows Irish potato, beans, maize and other vegetables for sale. She has managed to acquire assets such as a decent electricity-connected house and livestock for production.



Ms. Schollar Jere in her maize field
(Photo – Vincent Eliya, CASA Malawi)

Ms. Alinafe Kambulukire Banda is another member of Chiyembekezo Club who joined in 2023. She had been selling sausages and other agro-commodities. However, she could not make a meaningful profit, and the business failed to grow due to limited capital. Through her participation in the group, she has access to more capital and can now make sausages worth 100,000 Kwacha and sell within a few days. This has improved her income and allows her to contribute more shares to the club, at times up to 50,000 Kwacha.

INVESTMENT MODEL THAT IS ATTRACTING REPLICATION

In developing countries like Malawi, access to investment opportunities among Small and Medium Enterprises (SMEs) and smallholder farmers remains limited. Commercial bank loans are expensive, and most financial products are prohibitive to new businesses. With the volatile economic atmosphere, it is also not easy for smallholders to raise capital through individual savings. Therefore, group savings is a promising investment model for small-scale businesses.

The group savings investment model has inspired several groups in the communities near and far. At Khonsolo, community members have come together to form a club in replication of Chiyembekezo Club. Currently the club will be operating as a producer of agro-commodities with an agreement to sell to Chiyembekezo Club. Khonsolo Club's long-term goal is to become an agribusiness enterprise like Chiyembekezo Club.



Ms. Getrude Jere, Chairperson of Chiyembekezo Club
(Photo – Vincent Eliya, CASA Malawi)

Tijanjane and Sunganani clubs are two other groups from the same district that are also emulating the path of Chiyembekezo Club. They have opened an account with FINCOOP where they have started depositing savings through shares. They intend to use the savings to invest in agribusiness. In addition, they are engaging members of Chiyembekezo Club for knowledge sharing.

Chiyembekezo Club has demonstrated the value of group savings. It has managed to purchase a 1-acre piece of land (at a value of 8 million Kwacha) where they want to construct their offices, chicken houses, and slaughtering facilities. Says Ms. Jere, Club Chairperson, "We have grown tremendously. At the start of the club, members contributed a minimum of 1,000 Kwacha per week. Currently, one share is worth 20,000 Kwacha, and members can buy a maximum of five shares per month, with 25 percent interest on loans issued. Our members own assets, and many run their personal businesses. As a group we have moved from just being a village bank. We now hope to become a registered cooperative soon."



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