

SAVINGS, CREDIT AND SOLIDARITY: COLLECTIVE TOOLS FOR WORKERS IN INFORMAL EMPLOYMENT A STEP-BY-STEP GUIDE



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2025



Tribute to Ela Ramesh Bhatt

The gentle revolutionary: a pioneer in women's empowerment and grassroots development, founder of the more than 2 million member Self-Employed Women's Association (SEWA) in India. Member of the Indian Parliament 1986-89. Gandhian practitioner of non-violence and self-reliance.

A tribute to Sister Ela Bhatt, who – from within India's textile trade union movement and faced with the large layoffs after the country's independence – had a vision of how to organize workers in the informal economy to fight for their rights and have more dignified living conditions.

She knew the secret lay in building collectiveness and self-reliance, which creates solidarity, overcomes individualism, increases income, alleviates poverty and empowers, thus creating collective strength to demand rights.

Long live the legacy of Ela Bhatt, to SEWA and to all organizations that were willing to build the Social and Solidarity Economy and strengthen workers in the informal economy.

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SAVINGS, CREDIT AND SOLIDARITY:

COLLECTIVE TOOLS FOR WORKERS

IN INFORMAL EMPLOYMENT

A STEP-BY-STEP GUIDE

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SAVINGS, CREDIT AND SOLIDARITY:

COLLECTIVE TOOLS FOR WORKERS IN INFORMAL EMPLOYMENT

A STEP-BY-STEP GUIDE

Introduction

Across the world, millions workers in informal employment earn a living through street vending and market trading. Every day, they face multiple challenges:



Authorities often seize their goods, sometimes using force.



They operate in groups on the fringes of legality.



They lack access to social security, missing basic rights.



Their income is unstable and frequently exceedingly low.



They lack access to child care, so they work with constant concern for their children's safety and well-being.



The distrust of the formal banking system forces them to borrow from loan sharks when in need.

“We are poor but so many and share so much”¹ (SEWA founder Ela Bhatt in 1974).

By coming together through mutual support, teamwork, solidarity and cooperation, workers in informal employment can improve their living and working conditions, secure their basic needs, and gain access to basic rights such as healthcare, housing and education.

We invite you to learn how workers worldwide organize to protect their dignity, exercise their rights and develop initiatives that strengthen their social safety nets and improve their families’ lives. **Organized in solidarity and trust, workers prove that a fairer, safer life is possible!**

Learning about the ideas and actions that support collective organizing and improve the quality of life and work is essential – and so is understanding what the social and solidarity economy (SSE) involves. SSE values and practices provide useful tools to increase incomes, secure rights and offer social protection; just a few of the many benefits of this collective approach.

The SSE includes many different practices. When workers come together, they

can find shared solutions to everyday issues. But the SSE is more than that: it is an experience – like planting a seed in people’s hearts – which guides you to build collective groups that help people stick together and better their lives. Some examples include **mutual support groups and solidarity-based savings and credit systems**.

Around the world, many organizations, including those of street vendors and market traders, started this way: by saving together for a shared goal. This increased their security in the context of poverty, provided a savings buffer for emergencies and setbacks, united their efforts, and – over time – empowered them to face situations that threaten their dignity.

This is why we created this guide, which is rooted in the lived experiences of workers’ organizations and based on several studies. Step by step, you will learn about the SSE and explore examples and advice on how to set up your own solidarity savings and credit system – one that strengthens your organization and transforms your life.

Join us on this journey! Let us learn together how to build a solidarity savings and credit system from the ground up, using the principles of the social and solidarity economy!

¹ Quote attributed to Ela Bhatt. See: Learning for Justice. <https://www.learningforjustice.org/classroom-resources/texts/ela-bhatt>

Social and Solidarity Economy

In the comic, street vendors Maria, Marta, Joaquim and Luz support each other to improve their living and working conditions. Although their circumstances are different, they have found common ground, united their efforts, and learned to trust and support one another. They have pooled their incomes and, step by step, achieved some of their goals. **Helping one another voluntarily for the common good** is the foundation of the SSE.

What Do We Mean?

The SSE encourages economic activities that focus on enhancing workers' well-being, rather than accumulating wealth. As individuals working in vending or trading or offering services, you are already part of this economy. With the will and dedication to make it better, you can help to strengthen the SSE further.

The SSE does involve handling money, but it extends much further. It encompasses everyday activities that show solidarity and cooperation. See the examples below. Have you noticed that you are already practising these?



Looking after a fellow vendor's stand when they go to the toilet or speak to customers.



Making collective purchases at wholesale prices to obtain fairer deals.



Sharing food.

REMEMBER!

Participating in the social and solidarity economy is voluntary. Everyone is free to decide whether they want to join.

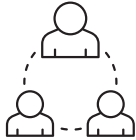
ACTIVITY 1

IDENTIFYING THE SSE IN OUR LIVES: SOLIDARITY IN OUR DAILY ACTIVITIES

Divide a sheet of paper into three parts and write the following titles at the top of each section:

- Family and Friends
- Neighbours and Acquaintances
- Fellow Workers

Under each heading, list actions you have taken to **help these people**. For example:

 FAMILY AND FRIENDS We care for the children of friends and relatives while they are at work.	 NEIGHBOURS AND ACQUAINTANCES We organize household repairs together in our homes.	 FELLOW WORKERS As food vendors, we team up to buy goods together or in small groups (wholesale) to pay lower prices.
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Once you have noted some activities, reflect on the following questions:

- What do these activities have in common?
- What values lie behind them?
- How do you feel when you offer or receive such gestures?
- Why would it be beneficial to continue practising these actions?

Afterwards, share your experiences as a group and discuss your reflections.

What the SSE Looks Like in Practice

As a daily practice, the social and solidarity economy can take many forms. Most commonly, it is organized as **cooperatives, associations, mutual societies**, and social and solidarity-based productive initiatives that operate according to the following principles:

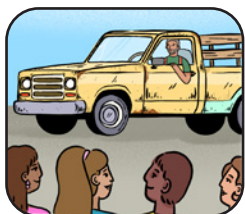
1. Voluntary participation
2. Prioritizing participants' well-being over profit
3. Collective, democratic and transparent decision-making

The core values of these initiatives are solidarity, cooperation and fairness.

The SSE, in all its forms, aims to promote collective well-being and a more dignified life for workers. It is based on the collective, where individuals come together and organize to achieve shared goals.

One of the main needs for workers in informal employment worldwide is to achieve security and economic stability. Many groups have addressed this through collective organizing and mutual support.

What do we want?



To produce with less effort



To increase the value of our products and services



To improve our working conditions

So, what have we done?



We have formed a consumer cooperative, or (without formally doing so) we have launched collective consumer initiatives, such as bulk buying to reduce costs.



We have set up a producer cooperative, or (without naming it) we have come together to buy equipment that boosts our production, or we have supported one another in making products.



We have created a worker cooperative, or we have organized ourselves to work collectively and achieve more secure incomes. We have set up spaces such as community kitchens, childcare facilities, tool storage units, food stalls, toilets and water access points.

Cooperatives are the most well-known and most regulated form within the SSE, but there are many other ways of organizing that serve a similar purpose. Establishing a formal cooperative is not the only option. Street vendors and market traders can form several types of organizations or initiatives that promote collective well-being through solidarity, helping to improve their incomes and job stability.

AND THERE ARE IMPORTANT ADVANTAGES!

Forming a cooperative, mutual society, trade union or association allows you to advocate effectively for your interests to governments, businesses and international bodies. Being part of a collective is essential for making your voice heard and gaining both legitimacy and recognition.

EXAMPLE 1

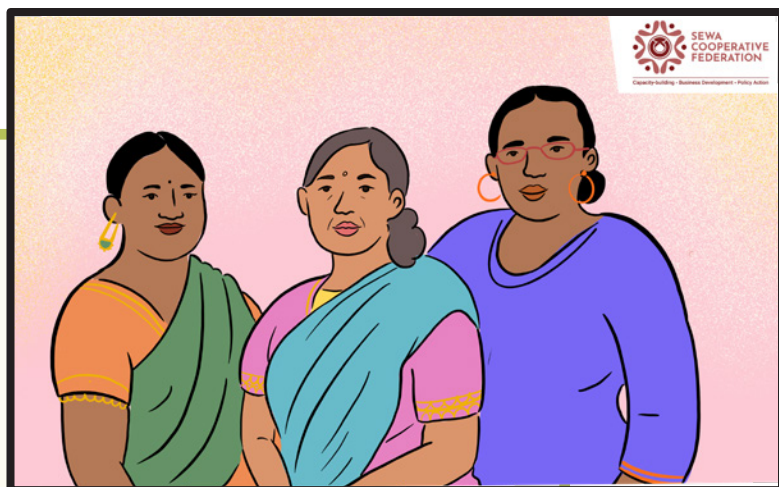
YES, WE CAN!

SEWA IN INDIA: MUTUAL SUPPORT GROUPS, SAVINGS, AND A COOPERATIVE BANK

The Self-Employed Women's Association (SEWA) is a trade union in India that brings together over three million women in informal employment, including home-based workers, street vendors, market traders, domestic workers, waste pickers and many others. With its active engagement with street vendors and market traders, SEWA became a member of StreetNet International. From the outset, SEWA members organized themselves through self-managed mutual support groups to identify shared challenges, help one another, and save collectively, all with the goal of increasing their security.

The initial idea was to offer mutual support in exceptionally tough situations, such as domestic violence, extreme vulnerability, illness, seizure of assets, or having to start over from scratch. But members also faced many common issues, like being unable to work or bring food home during the rainy season. So they started to meet regularly to talk, find solutions and save money together. They created a joint fund to support each other, collectively deciding how to use the money.

Through their collective efforts, they set up a trade union, which later challenged the police and city authorities as they advocated for street vendors' rights. All of this was possible because of self-managed mutual support groups.



While the collective grew stronger, members still faced a major challenge: their incomes were low and formal banks refused to lend them money. This led them to set up their own cooperative bank, which allowed them to save and access solidarity-based loans.

SEWA also organized based on its members' work – groups of waste pickers, milk producers, farmers, craft makers and childcare workers were formed, and there was even a radio cooperative.

In forming the SEWA Cooperative Bank, workers followed these steps:

1. They identified an urgent need: access to financial resources to achieve economic independence. This need arose because traditional banks did not consider women workers in the informal economy to be viable clients.
2. They made collective decisions and set up practical steps to reach this goal.
3. They founded a cooperative bank and a solidarity savings and credit system designed to meet their needs, allowing them to buy supplies, pay for essential expenses, and access healthcare, housing and education.

4. They designed services based on their economic circumstances, taking into account their operations, when they were able to save and the terms under which they could repay loans. They also shared responsibility, reinforcing collective commitment.

The bank is part of the SEWA Federation of Cooperatives and provides financial education, helping members to organize, save, plan and reach their goals independently and safely.



How Did Members Strengthen the Cooperative Bank?

- They set a minimum weekly deposit for each member, tailored to what was most convenient for each person.

- They developed clear and accessible procedures, aware that not all members could read or write.
- They agreed on a baseline interest rate for loans, aiming to strengthen a solidarity system so it could provide more services to members.
- They promoted financial education to help members manage the system independently.
- They registered and formalized bylaws outlining rights, responsibilities and procedures to support collective organizing.

Through all this work, they managed to meet their basic needs, buy supplies, send their children to school, improve their workspaces, and purchase tools and equipment. The SEWA example serves as an inspiration. Today, SEWA is a well-established organization that empowers its members and represents women workers in informal employment at the political level. It is recognized internationally as a women-led trade union and participates in major forums, including the International Labour Organization.

But let us go back to the start: these self-managed mutual support groups planned their own work and formed cooperatives and associations to carry it out.

EXAMPLE 2

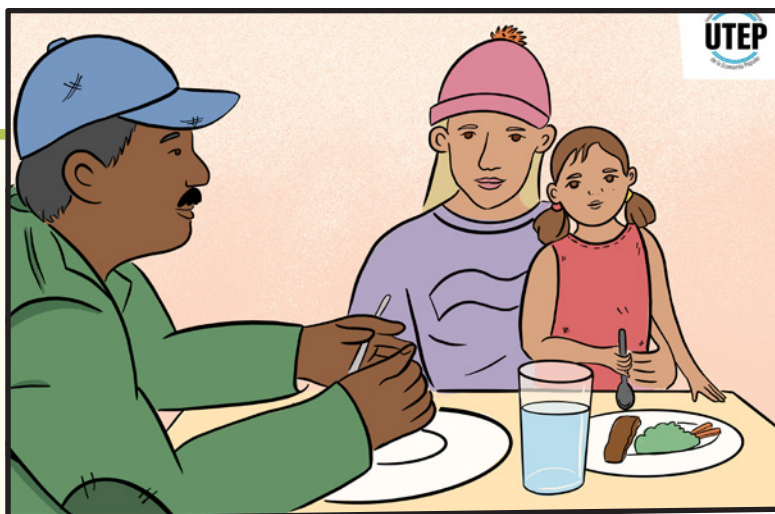
WORK BRINGS PEOPLE TOGETHER

UTEP IN ARGENTINA

The street vendor section of Argentina's Union of Popular Economy Workers (UTEP, or *Unión de Trabajadores y Trabajadoras de la Economía Popular*) is affiliated with StreetNet International. Formally registered as a trade union in 2016, UTEP advocates for the rights of popular economy workers – that is, workers in informal employment across various sectors, including waste pickers, street vendors, garment makers, construction workers and childcare workers. It has about 420,000 members, with voting rights to select their union leaders.

UTEP's garment workers formed cooperatives to make the transition from working alone at home to sharing a common workspace equipped with industrial machinery. This change lowered their operating costs. They also started buying raw materials in bulk, which further decreased their input expenses. But their most significant gain was collective bargaining power: by producing together, they negotiated better prices and earned higher incomes through direct sales to wholesalers.

The transformation has been profound. UTEP's hard-working members now share their daily experiences, support each other to face challenges, and recognize that they face common struggles. This is the core of the social and solidarity economy in action: a game changer!



Childcare and Community Organizing

UTEP members identified childcare as a significant obstacle for workers in the popular economy – the term used in Argentina to refer to the informal economy. With inadequate facilities, many workers had no choice but to bring their children to their workplaces.

In response, UTEP's Social and Community Branch promoted childcare initiatives organized as cooperatives. Over time, these initiatives proved so effective that they started receiving support from the public sector.

These cooperatives have grown beyond basic care and now provide education, psychological and social assistance, and nutritious meals. The Children's Leisure and Learning Centres (*Centros Infantiles de Recreación y Aprendizaje*) offer comprehensive childcare for workers in informal employment.

Using the same cooperative approach, UTEP expanded its efforts to secure other basic rights, such as healthcare and food security. Members organized mutual aid schemes linked to

subsidized distribution channels and established community kitchens where meals are prepared at minimal cost, helping members fight food insecurity.

Through sustained community organizing, UTEP persuaded the government to fund both food

supplies and the wages of the cooks in these facilities. **Organizing and solidarity were transformed into public policy on food security!**

The national government elected in 2024 has, however, dismantled many of UTEP's gains.

No matter what type of cooperative or solidarity-based organization you choose, it is important to start by considering your needs, available resources, and how to progress – step by step – toward improving your working and living conditions. Reaching an agreement on rules, rights and shared responsibilities is also crucial for ensuring collective well-being.

What matters most is taking the first step and starting to build – together – an organization that empowers workers!

Solidarity Savings and Credit System: A Powerful Tool of the Social and Solidarity Economy

We have examined examples that illustrate the SSE and discussed some experiences related to saving and lending, and now it is time to explore these experiences more thoroughly. In many instances, they have evolved into SSE “schools” – spaces where principles and values are not only taught but also collectively practiced, as participants work to improve their financial circumstances.

Solidarity Savings and Credit System: What Is It?

A solidarity savings and credit system is a type of collective organization where workers regularly contribute money into a shared fund, which is then used to support each other's financial needs. Workers make joint decisions on how to use the money they have saved together. For example, after saving for a certain period, they may offer loans to members and democratically decide who most needs access to the funds at that time.

Workers might also decide to allocate some of the funds for shared needs. This could include hiring a doctor, renting a communal stockroom, or accessing basic services like water, toilet facilities or charging stations. They could also use the funds to buy supplies in bulk, helping to lower costs for everyone. These actions foster security and trust, strengthen mutual support and enhance workers' capacity to face challenges together.

Importantly, this **system is not intended to generate profit**. Its purpose is not to accumulate wealth but to serve the community and its members. That is why it is founded on principles of solidarity, trust, mutual support and shared

responsibility. All decisions about the use of funds are made democratically, with every member having both a voice and a vote. There is consistently clear and transparent oversight of how the funds are managed.

This type of system also supports families, communities and local economies by enabling workers to get ahead without depending on traditional banks, or money lenders who charge unfair and often abusive interest rates.

EXAMPLE 3

SAVINGS-LED GROUPS

SYTRIECI IN RWANDA

In Kigali, the capital of Rwanda, a trade union for self-employed workers in the informal economy (SYTRIECI, or Syndicat des travailleurs indépendants de l'économie informelle) was established in 2014. As an affiliate of StreetNet International, SYTRIECI primarily represents street vendors and market traders and advocates for their rights.

From the beginning, SYTRIECI promoted the formation of self-organized savings groups, each consisting of 30 members. The union plays a vital role by providing guidance, information and full-time operational assistance. Each group elects a five-member committee responsible for managing the members' savings, overseeing withdrawals, and distributing solidarity-based loans.

This initiative has enabled many workers to pay off debts, expand their businesses, and access essential



services such as healthcare. During the COVID-19 pandemic, the funds proved to be a lifeline, helping families put food on the table.

SYTRIECI has also supported merging individual groups into larger federations. As a result, there are now five federations with a total membership of over 800 workers. This example shows that collective power can transform lives!

Solidarity savings and credit systems, created and led by workers in informal employment, offer access to financial services that enhance both living and working conditions. Although some individuals may oversee management

tasks, it is important to recognize that this model runs collectively. It is sustained by the contributions of all members and strengthened when every worker follows the agreed-upon rules and takes part in decision-making.

The systems differ significantly from those of a traditional bank or business. In a solidarity-based organization, every participant has a voice, contributes to decision-making, and benefits from the outcomes. Planned and adapted collectively, solidarity savings and credit systems take into consideration the needs, resources and circumstances of their members. In other words, everyone matters, and each person plays an active role in a project that they own.

Advantages of the Systems

Solidarity savings and credit systems safeguard workers in informal employment from abusive financial practices, such as short-term loans offered by unregulated groups. These loans often carry extremely high interest rates and are impossible to repay, eventually

trapping borrowers in a cycle of debt. In many cases, workers face intimidation, threats or even physical violence.

In this context, solidarity savings and credit systems provide a fair alternative tailored to workers' realities. Benefits include:

- 1. Low interest rates** compared with those charged by traditional banks or unregulated money lenders.
- 2. Retention of collected interest within the group**, which then reinvests this money to maintain the system and fund collective initiatives.
- 3. Flexible repayment schedules that are agreed on** according to members' incomes and production cycles.
- 4. Inclusion of people who are excluded from formal finance**, giving them access to credit and services that recognize their working and living conditions.
- 5. Prevention of over-indebtedness**, as the lower interest rates make repayments manageable and reduce risks to personal or family finances.
- 6. Self-governance and ownership**, as workers decide their own rules and commitments, which strengthens collective organizing and responsibility.

REMEMBER!

In these systems, collateral does not involve physical goods or external guarantors. Instead, assurance stems from the group's commitment and members' ties built over time. Participants support each other, taking proportional responsibility for the group as a whole. In the same way, the group guarantees support for each individual. Shared responsibility and self-regulation are the fundamental principles of every solidarity savings and credit system.

The way responsibility is shared differs among groups. Sometimes, if one member cannot pay their debt, the others share the burden collectively. Other groups establish internal mechanisms to absorb defaults – at least in part. This means that if a loan cannot be repaid, there are ways for the group to manage the loss together.

In every situation, the systems operate on principles of solidarity. Therefore, coercive methods are never used to recover debts. Poverty and financial difficulties are addressed through mutual support and a commitment to social justice, aligning with the values of the social and solidarity economy.

Rotating Savings and Credit Associations: A Simple and Trustworthy Community Path

Rotating savings and credit associations (ROSCAs) are community-based methods of saving and lending among people who know and trust one another. This practice is common in many parts of the world, especially where banks or financial institutions are absent.

In Latin America, ROSCAs are known by different names depending on the country or subregion: *natilleras* (saucepans), *juntas* (joints), *cundinas* (spreaders), *vainas* (sheaths) or *panderos* (shells).

The system is simple: a group agrees to meet regularly, such as weekly or monthly. At each gathering, everyone contributes a fixed amount of money. The pooled funds rotate among members so that each person has their turn to receive a certain amount.

Unlike formal loans, ROSCAs do not charge interest. Each participant contributes and receives what they are entitled to; it is a non-profit practice. The system depends on trust and collective commitment. And there are no intermediaries: the group organizes, regulates and manages itself. The order of distribution can be decided by drawing lots, by need or through group agreement.

ROSCAs offer a practical solution for workers in need of funds without relying on money lenders or banks. They can then cover urgent expenses, invest in economic activities, buy school supplies, organize a celebration, or settle a debt. ROSCAs also promote saving habits, especially among workers who struggle to save on their own. Additionally, they foster trust, solidarity and a sense of community among participants.

Deepening Our Understanding: Step by Step FIRST



- 1. Assembling the Group:**
Workers hold their first gathering and create a list of members. They discuss shared needs and how to address them together.



- 2. Forming the Initial Group:**
Members volunteer to set up a solidarity savings and credit system through voluntary contributions.



- 3. Second Organizing Meeting:**
Participants agree on the formal composition of the group, record names, and outline principles, goals and commitments. All decisions are documented in meeting minutes – and these are signed by everyone.

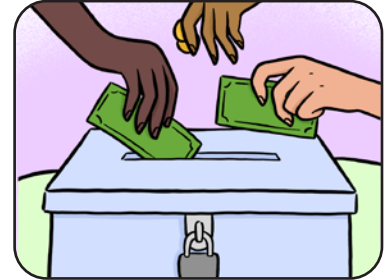
THEN

1. Establishing Basic Rules: The group agrees on how the system will function. For example:



- a. How are decisions made? By consensus or majority vote? What quorum (for example, 50%+1) is required for decision-making?
- b. What is the minimum individual contribution?
- c. and how often are contributions made?
- d. Where is the money kept?
- e. How are contributions recorded?
- f. After what period can withdrawals be made?
- g. What issues might arise, and how will they be resolved?

2. Starting Contributions: All members begin contributing willingly and in good faith, trusting each other and committed to mutual support.



3. Meeting Regularly: The group meets periodically (for example, once a month) to review contributions, discuss challenges and decide on fund use for the benefit of all. **All key decisions must be made collectively and recorded in signed minutes.**

4. Using the Funds: Funds are gradually allocated to address individual and group needs.



FINALLY



1. Strengthening the System: As the group expands, enhancements are made to the solidarity savings and credit system to improve living and working conditions.

2. Leaving the Group: Members can leave at any time and withdraw their own savings.

Backing and Securing the System: Transparency and Honesty

Initially, many questions may arise; that is to be expected. For example, how can members trust one another? What if someone runs off with the savings or does not contribute but still takes a loan?

The key to any solidarity savings and credit system – and any SSE organization – is **transparency in management and accountability**. In other words, everyone must be aware of where the funds are held, how they are used and who manages them. Repaying loans on time and in full is also essential to support the system and build group trust.

Tips to achieve this:

- Establish clear rules with defined **consequences for intentional non-compliance**, such as suspension of loan privileges or, in severe cases, loss of membership.
- Begin with **small groups** (no more than 30 people). Larger memberships can be divided into new groups.
- Promote self-regulation through internal subgroups.
- Maintain clear and accessible records of contributions, loans and savings.
- Protect the funds in a cooperative bank or a legally recognized institution.

- Designate delegates to approve cash transactions, maintain detailed transaction logs and conduct routine audits.

Every country has its own rules and requirements.

Before forming a group or joining an existing one, it is important to **research local and national regulations**. Certain thresholds of pooled funds may trigger specific legal obligations.

Understanding and adhering to the relevant regulatory framework helps to prevent legal issues. It also promotes the safe and sustained growth of solidarity savings and credit systems.

If workers have questions about these issues, **they should consult a worker cooperative or similar organization**. These entities can share their experiences and guide workers through the process.

IMPORTANT!

Management should not be concentrated in the hands of a single individual or a small group. Solidarity savings and credit systems are a **collective responsibility** shared by all members.

As the group expands, it may be useful to **formalize the organization**: draft bylaws, register officially and – if possible – open a cooperative bank account in the group's name. This improves transparency and monetary management.

Accounts that support online consultations and transactions should be considered because they allow money managers to operate via computer or mobile phone rather than having to visit a bank.

Common Challenges and How to Overcome Them



HIGH DEFAULT RATE

Many members do not repay their loans.

Strategies for Resolution:

- Implement a follow-up mechanism to inquire about defaulters' situations and seek personalized solutions.
- Establish internal emergency funds to cushion overdue payments.
- Keep records of late payers or defaulters.
- As a last resort, suspend loan privileges for members who persistently default.

NON-PERFORMING LOANS

Unpaid loans accumulate, leaving the system short of cash.

Strategies for Resolution:

- Create a collecting team authorized by the group.
- Offer flexible repayment plans to help members meet commitments.



NO CASH FOR NEW LOANS

Insufficient funds to continue lending.

Strategies for Resolution:

- Adjust loan sizes to reflect the group's possibilities and applicants' means.
- Link loan eligibility to prior savings, for example, lend only up to the member's total savings initially, then gradually increase up to twice their savings levels.

Why Do Some Workers Stop Repaying?

- **Economic** crises affect workers' ability to meet commitments.
- A lack of **saving habits or financial planning** leads to prioritizing immediate expenses over loan repayments.
- When **collection mechanisms** are difficult to access and members cannot easily deposit their contributions or instalments, they will end up spending their money elsewhere.

Exploring Solutions

Education and Awareness Raising: It is essential to offer financial training so that members can understand the importance of saving and planning for medium- to long-term goals. Highlight the advantages of saving rather than spending on immediate purchases and raise awareness about repaying solidarity-based loans as a personal and shared responsibility.

Ease of Deposits: Make contributing easier by organizing mobile brigades that visit workplaces to collect deposits and, where possible, provide digital options. This helps prevent overdue payments and defaults.

Digitalization and Financial Security:

It is advisable to explore digital banking options to streamline collections, safeguard collected funds, and improve transparency. Cooperative entities are especially well-suited to SSE principles.

But if no local cooperative exists, you can consider traditional banks.

Solidarity and Financial Support:

Creating an **emergency fund** is a valuable strategy to help members who are facing temporary hardship. This kind of support stabilizes the system while strengthening a sense of community and cooperation.

REMEMBER!

Failing to meet obligations affects not only the defaulters but the entire system's operations, harming the whole group. Shared responsibility and individual accountability are therefore essential to ensure the stability and viability of solidarity-based savings.

ACTIVITY 2

CREDIT AMONG FRIENDS

To understand how loans function within solidarity savings and credit systems, imagine your group is already established and able to grant loans. Follow these steps:



1. **Individually**, write on a card the need you wish to address. For example: "I need someone to take care of my child while I work." "I need to buy more supplies." "I need to repair my vehicle."



2. **In small teams**, read each person's needs aloud and decide collectively who needs the loan most urgently.



3. **The chosen person in each team** then explains to the group why they need the loan and why the group should grant it.

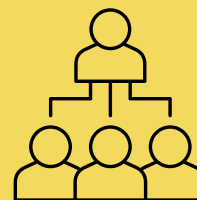
The **rest of the group** assesses the situation and decides collectively the:

- Loan amount.
- Terms and conditions for repayment (how and when).
- Commitments taken by the borrower if they are unable to repay.

4. The **group shares its decision** with the others.

At the end of the activity, reflect together on these questions:

- How did you choose who received the loan?
- How did you feel when negotiating the terms?
- How would you implement this system in a common-fund group?



How to Create Solidarity Savings and Credit Systems

Freedom of choice is vital! If enough fellow workers wish to establish a solidarity savings and credit system within your organization, start a process of dialogue, design and planning to make it a reality. Not everyone needs to participate, but you need enough committed members to ensure continuity and viability. They will form the initial group.

The initial group must meet regularly to advance the initiative and make decisions to reinforce the system.

The First Fund

Once the system is agreed on, transparency is essential. Participants should be provided with unique IDs or membership cards.

Establish an initial monetary target that forms the first fund and gets the system up and running. Set a mandatory contribution according to everyone's realistic ability to pay.

This first fund serves as the **system's operational basis** and should not be used for non-urgent needs or loans. Its goal is to support operations such as keeping records, monitoring, ensuring accountability and covering costs related to safeguarding or investing resources. It may

even serve to **compensate managers** during this initial stage.

Kick Off!

When the solidarity savings and credit system's infrastructure is established – once members agree on where contributions will be held and who will safeguard, manage and collect them – the system is prepared to begin operations.

Collectively establish the following:

- Frequency of contribution collection.
- Minimum compulsory contribution.
- Minimum and maximum loan sizes.
- Rules for loans, repayment plans and actions if payments are overdue or unpaid.
- Types of savings and methods for deposits and withdrawals.
- Interest rates and use of generated funds.

REMEMBER!

Solidarity savings and credit systems must be flexible and tailored to members' situations, activities and lifestyles. There is no one-size-fits-all approach. For example, you might forgo a monthly minimum contribution and instead encourage continuous savings and responsible resource use. Above all, decisions should be made collectively for the benefit of all members.

EXAMPLE 4

NEW MEMBERS AND BENEFITS

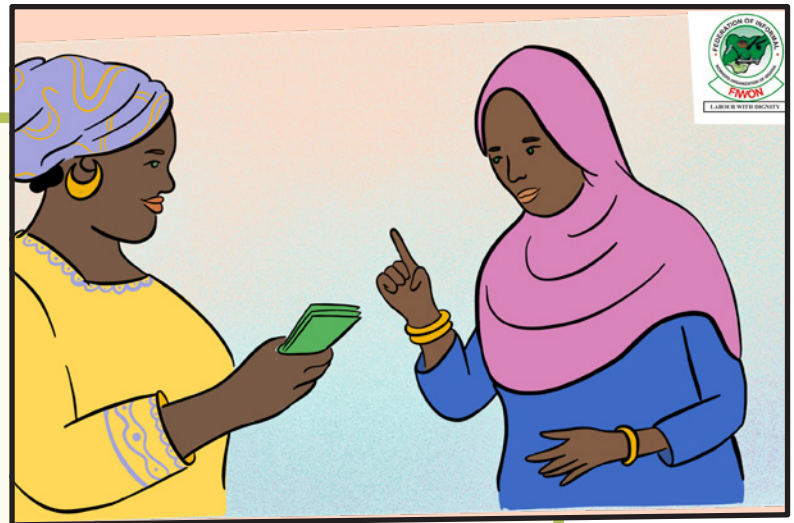
FIWON in Nigeria

The **FIWON Multipurpose Cooperative Scheme** is an outgrowth of the **Federation of Informal Workers' Organizations of Nigeria** (FIWON), which is affiliated with StreetNet International. By joining the cooperative, workers gain access to a broad range of services, the availability and popularity of which may differ depending on the State they live in. Through self-organizing, FIWON improves members' economic situation and access to social protection.

Workers who wish to join the savings and credit system must make an initial minimum financial contribution. Over the following six months, they must continue to make regular contributions. After this period, members become eligible for assorted services. These include low-interest loans, the opportunity to purchase household appliances or even land, and access to targeted savings schemes.

What makes FIWON's system stand out is its flexibility. It does not require members to contribute a fixed amount or follow a set payment schedule. Workers can choose whether to contribute daily, weekly or monthly, and can adjust the frequency to suit their needs.

Furthermore, all members – regardless of their savings – can take part in training on monetary management and other essential skills. These regular training sessions have been carefully



designed to reflect the economic realities of workers in informal employment and to lessen their financial burden.

FIWON also offers access to health insurance. How? This is managed through an annual contribution that members can pay either per individual or per family – whichever suits the member best. The total can be settled in two instalments over a 12-month period. A key benefit is that members only pay a reduced share of the cost of prescription medications. Insurance coverage is available at both public and private hospitals.

In the State of Osun, this system has proven especially popular, particularly among older people and women of childbearing age. Many workers prefer to enrol individually, as this choice is more affordable. Once again, flexibility is key.

To aid the cooperative's management and decision-making, an organizational structure based on geographical grouping has been adopted. Instead of requiring everyone to attend meetings at a central location, members meet and coordinate within local groups, depending on their availability. This decentralized model reduces the

logistical burden and promotes greater participation.

When it comes to collecting contributions, FIWON adopts a method inspired by traditional community savings groups. Instead of expecting members to travel to a payment centre, trained agents visit communities directly to collect payments. This approach – common in informal financial systems – is better suited to the realities of workers in informal employment and has proven to be highly effective.

An innovative aspect of FIWON's system is the use of digital technology for collections. Field agents record all cash transactions on a digital platform, enabling members to see their contributions updated in real time.

This has enhanced transparency and contributed to building trust within the cooperative.

Field agents play a crucial role in the system. They officially represent the cooperative and their success relies not only on their local presence but also on the quality and reliability of their outreach.

This model clearly demonstrates how combining traditional practices with suitable technology and strong, trust-based relationships can establish solidarity-based financing systems. The social and solidarity economy can be adapted to various contexts and offer real solutions for workers in informal employment.

How to Know How Much Money to Lend

- In some systems, loans are restricted to the amount accumulated during the mandatory saving period.
- In others, loan limits grow with the length of membership. For example, after two years, members might borrow two or three times their savings, with gradual increases up to a set cap.

What Is the Guarantee for Loan Repayment

The primary collateral is not tangible – it is participants' willingness to trust and support one another.

Savings and Credit Subgroups: A Strategy for Self-Regulation and System Operability

Dividing large solidarity savings and credit systems into smaller savings subgroups can be an effective strategy.

Each subgroup is self-regulated and handles:

- Management of its own savings.
- Compliance monitoring (agreed minimum savings contributions).
- Loan payment tracking among the subgroup's members.

Subgroups help members regulate themselves for the entire system to run smoothly.

Within each subgroup, a coordinator and a treasurer are usually appointed.

Supported by members, these workers:

- Encourage compliance with savings targets (minimum amounts and time limits).
- Promote prompt loan repayments among members.
- Keep detailed financial records of contributions and repayments.

Subgroups function as collecting and monitoring units, but also play a key role in:

- Promoting solidarity savings and credit systems.
- Disseminating relevant information to members.
- Maintaining constant communication among subgroups and the system's overall coordinating team.

The collection of savings and loan repayments ensures that funds are available for continuous lending, system strengthening, and growth.

Clear, accessible collection mechanisms are vital because workers in informal employment often have irregular incomes, changing schedules, and family responsibilities, making consistent participation difficult. Innovative solutions

are necessary to ensure the system works for everyone.

There are several ways to organize the collection of contributions, depending on the dynamics and capacities of each group. One effective method is programmed savings, where contributions are gathered during coordination, monitoring or accountability meetings. This approach is particularly efficient when the organization holds meetings regularly.

Solidarity Brigades: Savings and Repayment Collection

This method relies on field managers, who visit each member of the solidarity savings and credit system. They check in with members, share updates, collect savings and keep a record of each transaction.

EXAMPLE 5

SAVINGS AND CREDIT SUBGROUPS

Corporación Fomentamos in Colombia

In Colombia, **Corporación Fomentamos** exemplifies how financial inclusion and grassroots mobilization can work. This non-profit organization was established in Medellin in 2003, with the goal of enhancing access to financial services for those excluded from the formal banking system, especially workers in informal employment.

Fomentamos works through a structure called solidarity circles. These small groups combine access to microcredit with financial education and training. They bring together people who share similar living and working conditions. They organize to receive support, take part in training sessions, and collectively manage their financial needs. Solidarity circles help build mutual trust, encourage shared responsibility and promote savings as a tool to support workers' well-being.

The loans offered by Fomentamos are aimed at addressing the everyday needs of low-income workers. The loan conditions are fair and accessible – and are coupled with training sessions. Participants learn how to manage their

finances, track their spending and income, and set financial goals.

With women comprising 75% of participants, Fomentamos is notable for its support of women's economic empowerment.

To expand its reach, Fomentamos has established partnerships with both public and private organizations. These include government departments as well as solidarity-based cooperatives such as Confiar, Cotrafa and Juriscoop.

In Medellin, organizations of workers in informal employment have adopted this model and linked it with Fomentamos. One example is the General Union of Informal Workers (UGTI, or *Unión General de Trabajadores Informales*), a StreetNet affiliate. UGTI comprises 105 street vendors in the city and has established a system of savings and credit subgroups, each consisting of 12 members. These subgroups meet every 15 days to monitor savings activities, encourage engagement and perform collection duties.

This kind of financial self-management shows how grassroots organizing can foster collective trust, enhance economic resilience and generate opportunities for workers in informal employment.

EXAMPLE 6

SOLIDARITY BRIGADES: SAVINGS AND REPAYMENT COLLECTION

SEWA in India

India's Self-Employed Women's Association (SEWA) has developed an effective method to reduce the risk of missed or delayed payments. The method relies on local solidarity brigades, made up of field managers responsible for collecting payments and building strong relationships with members.

Solidarity brigades are usually neighbours or fellow workers, which makes it easier for them to connect with members and reinforce their legitimacy. They collect the payments and give them to a designated person who acts as the custodian or central fund holder.

The collection schedule is flexible and arranged individually with each member to accommodate varying working hours and family responsibilities. This adaptability is a key reason the system functions effectively. As the role of solidarity brigades is so significant and demands both time and effort, it is essential that field managers are compensated fairly for their work.

ACTIVITY 3 COMMITMENT ROUNDTABLE

1. Write down a skill or resource you can contribute. For instance:
 - a. "I have a van."
 - b. "I am good at managing."
 - c. "I can keep accounts."
 - d. "I have lots of followers, and I can recruit."

2. Sitting in a circle, share your contributions.



3. Form subgroups by skill set and resources, discussing how you would use individual and collective capacities to start a solidarity savings and credit system.

4. Then, answer the following questions:
 - a. Why is everyone's participation important?
 - b. How can each member's talents be best used?
 - c. How can trust be built in a savings and credit group?



Solidarity Savings and Credit Systems, ROSCAs, Savings-led Groups, and Cooperative Banks

The following comparative table outlines the key differences among the four types of community-based financial organizations we have studied (solidarity savings and credit systems, rotating savings and credit

associations (ROSCAs), savings-led groups, and cooperative banks). Although they vary in formality, structure and scope, they all aim to provide collective access to financial services.

	Solidarity Savings and Credit Systems	Rotating Savings and Credit Associations (ROSCAs)	Savings-Led Groups	Cooperative Banks
 Period	Permanent or long-term	Temporary (until funds fully rotate)	According to the agreed group cycle	Permanent, with a formal structure
 Main function	Savings and solidarity loans	Rotational savings	Savings and internal loans	Comprehensive financial services
 Loans and interest	Yes, for solidarity and internal management	No	Yes, with agreed-upon interest	Yes, with competitive rates and a social-purpose orientation
 Formalization	Can be formalized and regulated	Usually, informal	Informal, with clear agreements	Formal, regulated by law, and with cooperative by-laws
 Control and monitoring	Structured and participatory	Built on trust	Moderate, with internal logs	Internal and external audits, periodic reporting
 Collective objective	Addresses common group needs	Limited to rotation	Covers individual and collective expenses	Yes, reinvesting the surplus in community services

And now, do you feel inspired to organize and establish your own solidarity savings and credit system?

We hope this guide has offered ideas and motivated you to seek recognition as workers and push for the formalization of your rights.

Solidarity savings and credit systems serve as a strategy to build community, unity and trust. They can provide the foundation for a strong trade union

capable of representing workers and advocating for their rights.

They are not just about saving, but about creating collective power to improve the living conditions of workers in informal employment.

Get to work! Let us generate more social and solidarity economy experiences.
Through organizing, confidence and willingness, workers in informal employment will chart a collective path towards a more dignified life.

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About WIEGO

Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global network focused on empowering the working poor, especially women, in the informal economy to secure their livelihoods. We believe all workers should have equal economic opportunities, rights, protection and voice. WIEGO promotes change by improving statistics and expanding knowledge on the informal economy, building networks and capacity among informal worker organizations and, jointly with the networks and organizations, influencing local, national and international policies.

Visit www.wiego.org



About StreetNet International

StreetNet International is a global network of organizations of street vendors and market traders dedicated to democratically representing the interests of people working in the sector and advocating for their rights. Today, StreetNet International operates in over 55 countries and has more than 800,000 members worldwide. Our goal is to strengthen and support affiliated organizations to protect and promote the rights and livelihoods of street vendors and market traders, especially women. For this purpose, we encourage advocacy, capacity building, education, democratic governance, representation, and solidarity among all workers.

Visit streetnet.org.za