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## Village Savings and Loan Associations (VSLAs) in Emergencies: CARE's Pilot in Taiz, Yemen

April 26, 2022 | 9:00-10:00 am ET

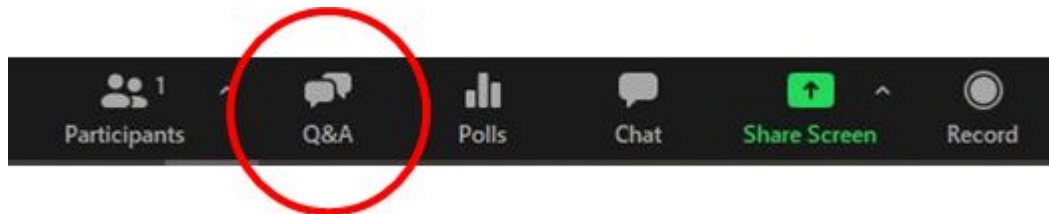
## Everyone must select a language!

- Click “interpretation” at the bottom of your Zoom window
- Select the language that you would like to hear: Arabic, English, or French



## Questions & Answers

- Please ask your questions in the Q&A box!



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# VSLAs in Emergencies

**Lessons and Experiences from  
CARE's VSLA in Emergencies  
Pilots**

# Agenda & Panelists

- VSLA in Emergencies Model Development
  - Natacha Brice, Senior Technical Advisor – VSLA in Emergencies
- VSLA Context in Yemen
  - Barack Kinanga, Food Security and Livelihood Advisor-Yemen
- VSLA in Emergencies Research Pilot
  - Charlotte Heales, Manager of Monitoring, Evaluation, Accountability, & Learning

# Why a VSLA in Emergencies Research Project?

## Purpose

To understand how the standard savings and loan methodology can be adapted in crisis settings, and how VSLAs can serve as both an entry point into communities as well as a platform through which to deliver humanitarian planning and response.

## End Goal

To Strengthen the quality and impact of emergency programming by developing a **VSLA in Emergencies (VSLAiE) model that can be adapted and scaled**



# Who we asked...

**14**

KIIs in 7 country offices  
with VSLAiE experience

More than

**125**

CARE technical experts  
engaged in consultations  
across 45 country offices

**12+**

Peer NGOs involved in an  
industry-wide learning  
event in collaboration  
with the SEEP Network

**3**

Regional workshops  
documenting and  
validating CARE's learning

# Key Challenges

## VSLAiE Implementation

- Constant movement
- Remote monitoring
- Difficulty to self-select
- Refugees' inability to save
- Saving cycle length

## CVA/VSLAiE Integration

- Short term VS long term
- Refugees' perception of CVA
- Sequencing of project's activities (VSLA/CVA)
- Lack of coordination among CVA/VSLA staff members





# What we learned...

1. Preserve the flexible nature of VSLA
2. Ensure robust in-country VSLA capacity
3. Link VSLAs to CVA at the programmatic and not at beneficiary level
4. Harmonize humanitarian donor requirements with the VSLAiE methodology



# VSLAiE Approach



# 1 Preparedness



## Targeted challenges:

- Lack of coordination among CVA/VSLA staff members
- Short term VS long term
- Sequencing of project's activities (VSLA/CVA)
- Constant movement
- Remote monitoring

## Capacity Building

- VSLA ToT
- How and when to integrate CVA and VSLA
- Adapted targeting mechanisms/strategies

## Programmatic Tools

- SOPs
- Gender integration tools
- Business skill/trades/Conflict resolution training curriculum
- CBOs, local organizations, community leaders and local financial services providers are vetted, and capacity assessed
- Master agreements drafted
- Use of technology (Digital Saving Group Solutions)

## 2a Linking VSLAs and CVA: New Groups Creation



### Targeted challenges:

- Refugees' inability to save
- Sequencing of project's activities (VSLA/CVA)
- Refugee's perception of CVA

- Strong systemic coordination and collaboration among team members (CVA and VSLA)
- Define and establish Targeting strategy
- Determine the right sequencing of activities (both VSLA and CVA)

## 2b Existing VSLAs: CVA Integration



### Informed Program Design and Implementation

- Selection of delivery mechanism (voucher, mobile or cash in envelop via MFIs/money transfer companies)
- Determine Transfer value, frequency and duration
- Communication and accountability system
- Beneficiary Registration
- CVA Delivery location
- Communication and accountability system

#### Targeted challenges:

- Women-centered humanitarian programming
- Integration of existing VSLAs into design and implementation

### 3 Flexible Saving Cycle



#### Targeted challenges:

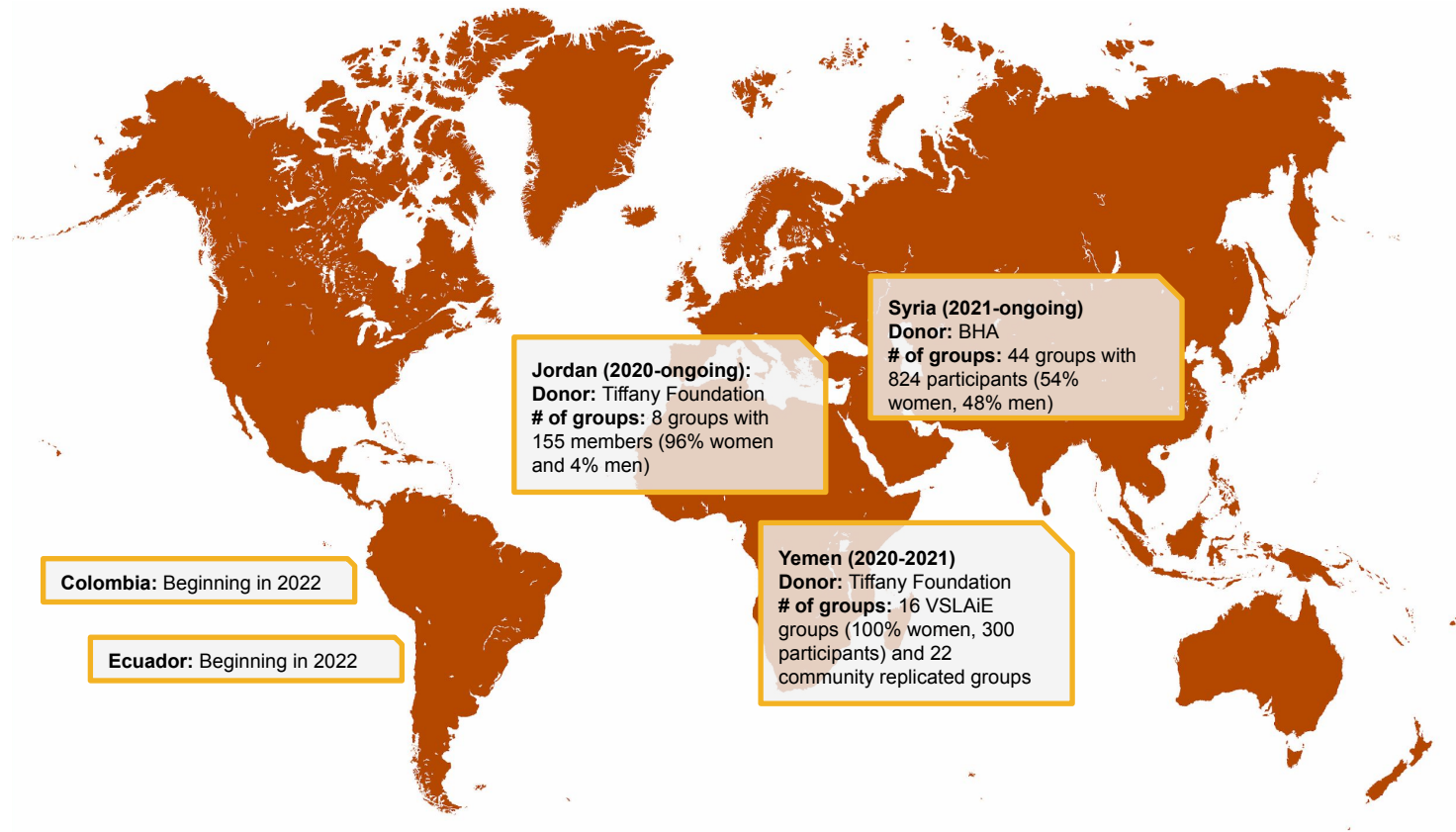
- Short term vs long term
- Saving cycle length
- Refugees' inability to save

#### Shortened Cycle (9 to 12 months)

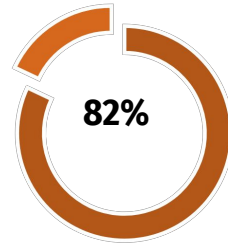
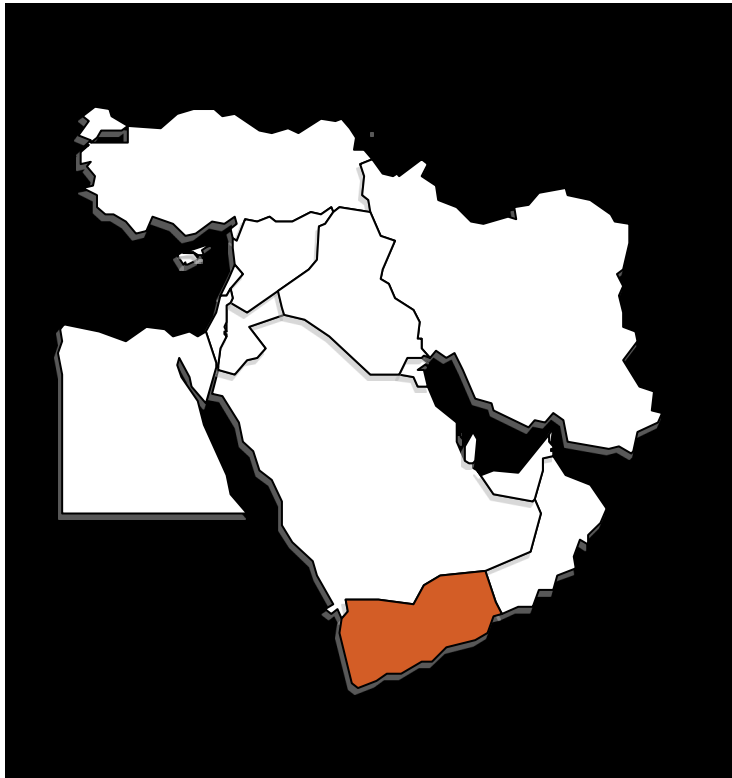
#### MUST INCLUDE

- Adapted Training
  - Promotion of saving with specific goals/objectives
  - Promotion of Saving from CVA received
  - Conflict and peace building
  - Community sensitization on VSLA
  - Business skills/trade training
- Accompaniment and responsiveness
- Delayed Graduation:
  - VSLA field officers to continue monitor and support groups during the second cycle

# VSLAiE Pilot Locations



# Yemen – Worst Humanitarian Crisis in the World



of 29 million population in need of humanitarian support and protection



An intensifying civil conflict has devastated the economy, destroyed critical infrastructure and compromised people's livelihoods



No access to sustainable sources of finance for both men and women in Yemen. Women being the most affected.



# Our Journey...

CARE introduced VSLAs in Yemen at the height of the conflict

2017



2019

Through 'failing forward' we learnt that the traditional VSLA model alone wasn't sufficient for successful VSLAs in emergencies. ic Empowerment in Yemen

To date, CARE have formed 120 VSLA groups across different governorates

2022

**Rationale:** to provide men and women an opportunity where they can save their money, borrow and learn other financial management skills

**Started** with 10 groups using the traditional VSLA model to address group needs

# VSLAiE Pilot

## Targeting

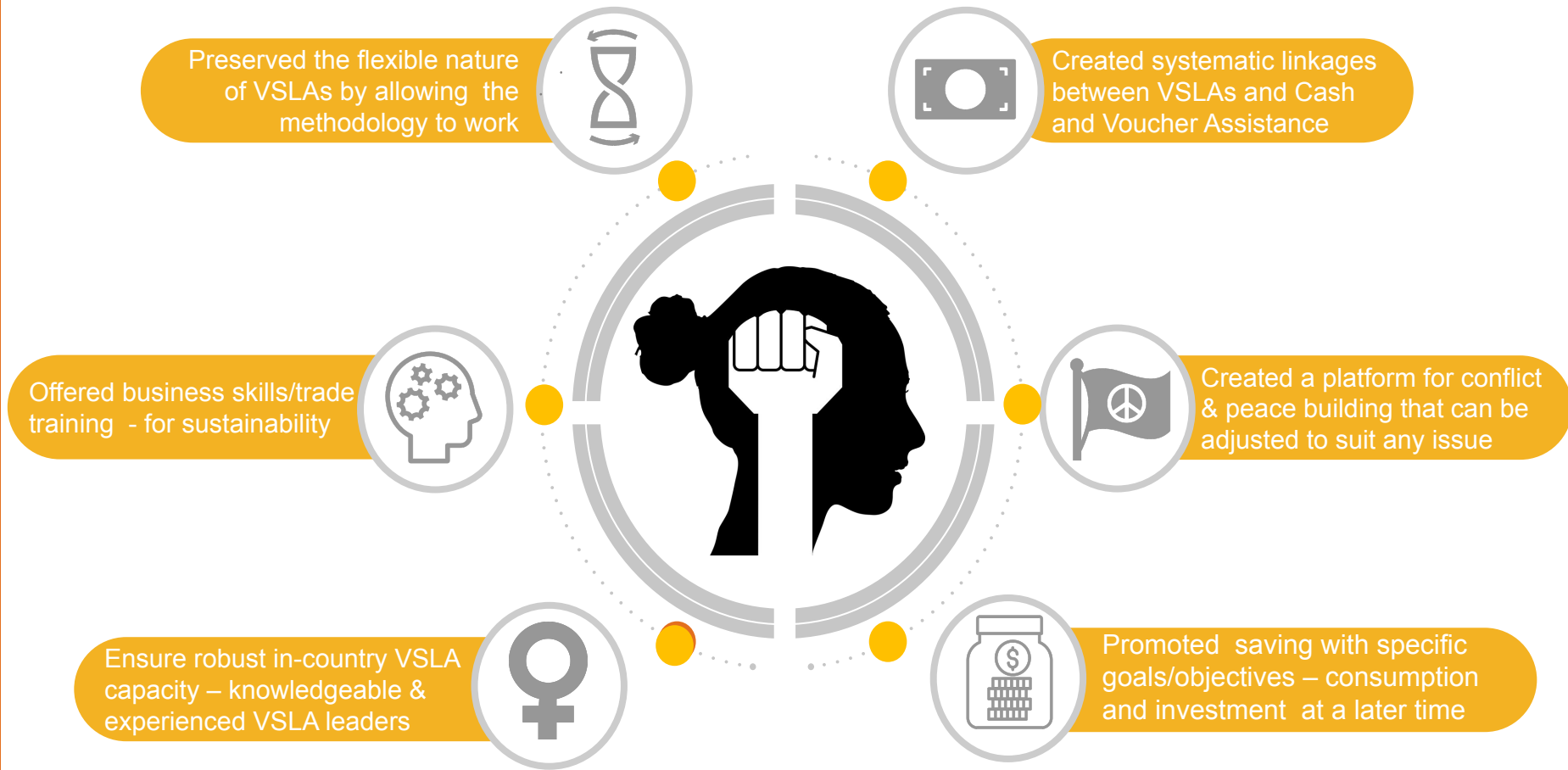


- Implemented in Taiz, Yemen in 2021 over 10 months.
- Context of an acute food and livelihood crisis and huge economic instability



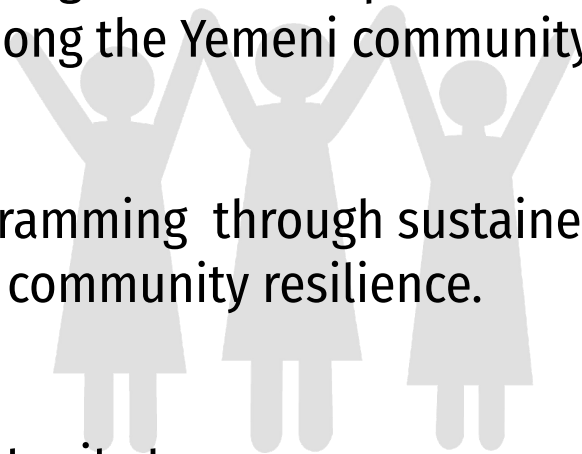
- 300 women were engaged in 16 VSLAiE (CVA +VSLA). 609 people engaged in community replicated VSLAs.
- We targeted women who were experiencing severe food security but with previous VSLA experience

# Adaptations Approaches



# Achievements and Key Learning

- The 'impossible' is 'possible'- despite the VSLAs being a new concept in Yemen, the concept is getting wide acceptance among the Yemeni community.
- VSLAs programming alongside humanitarian programming through sustained cash transfers can be a potent vehicle in building community resilience.
- Introducing VSLAs in Yemen has given us an opportunity to open a new frontier on VSLAiE
- VSLAs are giving women economic opportunities and business skills providing opportunity to incorporate gender equality in their homes and communities even during transient times of crisis



# Key Learning from the pilot

## Key Learning 1: Preserve the flexible nature of VSLAs

### *Context opportunities and challenges:*



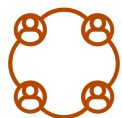
The saving culture should be promoted and encouraged to rebuild resilience. VSLAiE offers financial access services which are often not available in emergency contexts



Careful consideration should be put in place when targeting for VSLAiE. The VSLA services should be made available and anyone can be targeted but special consideration should be put in place. Not every context works for VSLAiEs, and it takes longer for people in crisis to build up savings than in development settings.



Cultural sensitivity should be put into consideration – e.g. Islam and interest (*Riba*)



The principles of VSLA require that community members mobilize their own resources for saving. But in emergency settings, they may need external support to propel them into some form of stability.



We also must think about what happens if the people must move again, and what they need to build resilience. Are grants possible for successful VSLAiE groups?

# Key Learning Continued

## Key Learning 2: Ensure robust in-country VSLA capacity

*We have learned that having well-trained VSLA staff is key to successful VSLAiE*

One of the key challenges is getting staff who can ensure the growth of VSLAs beyond the program period. Usually implementing VSLAs alongside humanitarian projects means depending on shared staffing and division of shared level of effort – it may not be enough to ensure VSLAs are well supported.

## Key Learning 3: Link VSLAs to CVA at the programmatic & beneficiary level

*Design opportunities and challenges.*

Linking VSLAs to CVA at the programmatic and beneficiary level is possible. CARE Yemen CONTINUES to implement VSLAs programming alongside humanitarian programming that was piloting on sustained cash transfers in building community resilience. To date 120 VSLA groups have been formed as a result of these approach.

# Key Learning Continued

## Key Learning 4: Harmonize humanitarian donor requirements with the VSLAiE methodology

*Having access to flexible donor funding is a success factor for VSLAiE.*

- While infusing VSLAs with ongoing Humanitarian programmes is cost effective, stand alone VSLAs have high chances of being more successful especially when it runs beyond regular humanitarian programme period
- Not all donors appreciate that VSLAiE can work and therefore, most our donors overlook this approach.

## Key Learning 5: Sustainability

*VSLAiEs is not in itself financial sustainability but a service to enable pathways to sustainably*

- Other services like business, life skills trainings should be offered alongside
- Support with business grants where investment costs are low should be considered
- Community livelihood assets should be supported as business enablers

# The VSLAiE Yemen Pilot

- Implemented in Taiz, Yemen in 2021 over 10 months.
- Context of an acute food and livelihood crisis and huge economic instability
  - Only 22% of people had acceptable levels of food security and 38% had poor levels of food security
  - 39% of households had to rely on negative coping strategies like selling assets
  - 98% of people had no savings
  - 58% of people had to borrow from others in the preceding month.
- VSLAiE project was funded by the Tiffany Foundation (\$350,000) and included:
  - A 10 month VSLA cycle
  - 584,000 YER (\$632 USD) in Unconditional Cash Transfer distributed per person over 10 cycles
  - 300 households (across 16 groups) received VSLA and cash





# Establishing Functional VSLAs

## Yemen (2020-2021)



300 women engaged in 16 VSLAiE (CVA +VSLA).  
609 people engaged in community replicated VSLAs



Average saving per VSLAiE member \$220, this amounts to 34% of their cash transfers



% of people with savings went from 3% to 100%



48% of people set up small business activities with their money



89% of people reported using money from the social fund to help others in the community



The percentage of people using negative coping strategies dropped from 39% to 28%

## Syria (2021- Ongoing)



44 groups established in the first 5 months. 824 members (54% women and 46% men)



Average saving per VSLA member after only 5 months is \$19 USD with some of the more mature groups averaging \$46



5 groups have entered the lending phase, 19 members have taken loans averaging \$65 USD



There have been 14 distributions from the social fund

## Jordan (2021- Ongoing)



8 groups have been established with 155 members (96% women and 4% men)

# Finding 1: There is demand for VSLA and positive outcomes when linked to CVA

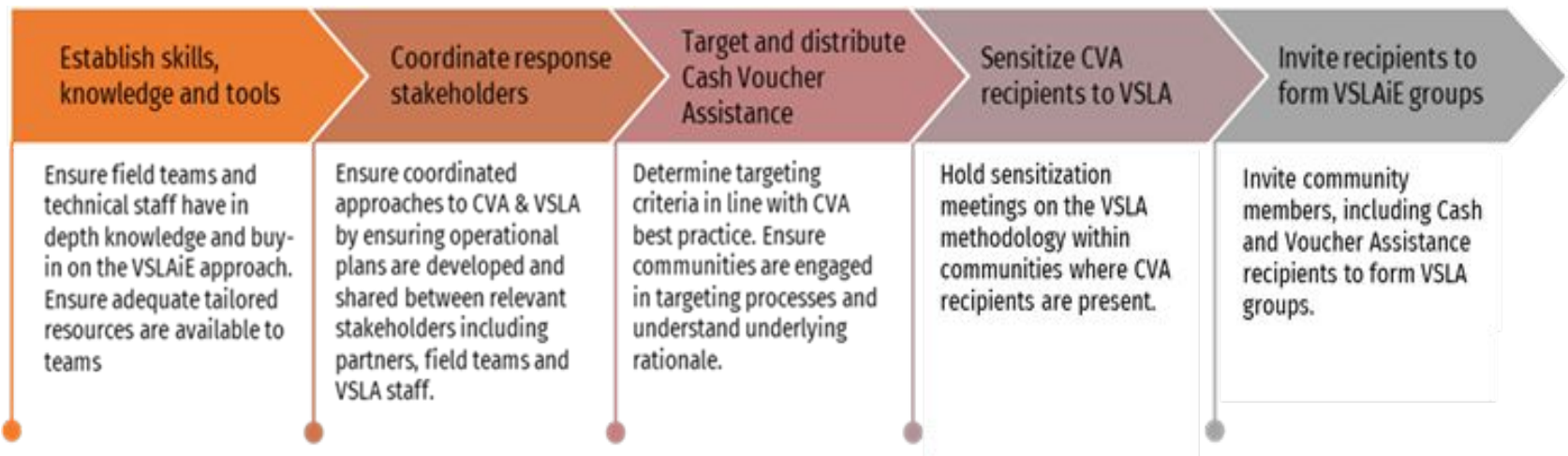
- CARE has established VSLAs with full functionality (savings, lending, and social fund)
- Frequently some early hesitation but this can be tackled by demonstrating the value of VSLA to people.

*“VSLA members helped and encouraged others to create VSLAs, like the ones in the Tiffany project” (Focus Group Discussion (FGD) participant)*

- We have seen more VSLAs established than the target because of demand.
- In Yemen VSLAiE members saved up to 1/3 of their cash distributions and we did see positive outcomes in livelihood coping strategy index and stable food consumption scores.
- To understand the longer terms sustainability of these outcomes CARE will be working to monitor these and other groups to understand how the savings ‘cushion’ is drawn down on and how it impacts longer term resilience.

## Finding 2: CVA & VSLA can work together but should be kept operationally separate

- There are risks associated with integration of VSLA and CVA. It is important that whilst VSLA should be made available to CVA recipients the two are not made contingent upon one another
- Best practice in CVA targeting should be maintained
- It is important to ensure that the full team, not just VSLA staff members, have a good understanding of the principles of offering VSLAs to CVA recipients.



## Finding 3: Offering business training can amplify the positive impacts

*“At the beginning loans were very few and for essential needs, like medical expenses or food. Later, after the skills training, practices began to change, loans were bigger, and they were more focused on starting businesses” (Project Team Member)*

- In Yemen initially there was some reticence about lending. Groups limited members to only take out as much money as they had saved.
- The focus in those earlier days was on consumption smoothing. The Yemen team spoke to the groups about their concerns and, at the request of members, instituted business skills trainings. This had a transformative affect on lending.
- Where consumption smoothing made up 60% of loans in the earlier part of the project, in the last two months this accounted for less than half (48%) of loans. Meanwhile, loans for business investment increased from 23% to 44% after business skills training was provided.
- Further exploration within multi-year programming would be helpful for understanding the sequencing of CVA, VSLA, and Business skills training and potentially other interventions like Women Lead in Emergencies. CARE has plans to explore this within a multi-year Yemen response.

## Finding 5: Operationalising VSLAs takes time, tools and accompaniment

- It is important to meet communities where they are. You cannot rush people in to VSLAs and they must be empowered to make the VSLAs their own. There may be some communities who need a period of CVA before they can progress on to VSLA.
- Shortened cycles can work but require preparedness and it might not work everywhere. Flexibility on the length of cycles is advised. Important aspects of preparedness include:
  - Having well trained staff with knowledge and understanding of both the VSLA methodology and best practice for CVA.
  - Having templates and tools available which include, for example, baseline assessments, risk analysis, and gender and conflict analysis.
  - Having programmatic Standard Operating Procedures with clear guidance on approaches to be taken.
- Embedding flexibility in the budget and taking adaptive management approaches can help respond to specific contexts
- Accompaniment and responsiveness is required this means:
  - Ensuring regular contact between field teams and the community at large
  - Having a relationship of trust- preferably built on being able to respond. For this budget flexibility can be helpful.

## Finding 4: VSLA members distributed money to others in need

*“There was an accident in the community. It was very serious and the VSLAs wanted to support even though it affected people not in the VSLA group. They wanted to feel like their association could provide something for the wider community not just themselves”* (Yemen, Programme Team Member)

- The research highlights the flexibility of the social fund and the potential for communities to use it and adapt it to their social context.
- In Yemen groups chose to adapt it so that instead of distributing social funds to members who experienced shocks, it was distributed to community members in need.
- Distributions included funds to pay for support to orphans, to people who had been imprisoned. Funds were frequently granted to people who were facing significant medical expenses which included cancer treatments, costs of caesarean sections, costs associated with a severe car crash.
- Recent (2022) research by REAL, also conducted in Taiz, highlighted the role that communities (‘social solidarity networks’) play in ensuring a safety net for people in Yemen but that these can become exhausted from the protracted crisis. By offering women a collective approach to sharing and solidarity which is less likely to place the burden on a single person than individual giving, the Social Fund allows VSLA members to save together and ensure they have enough to help others in urgent need.

# Going Forward

1. Continuing the research agenda with further study in new context and with a sustainability study looking across Yemen programming
2. Inclusion of VSLAiE in longer term humanitarian projects to better understand the progression from Livelihood Provision to Livelihood Protection, and Livelihood Provision
3. Building out the toolbox for VSLAiE to include not only tools but also examples of how this has been operationalised in context.

# Upcoming Guidelines



1. VSLAiE Toolkit
  - ü SOPs
  - ü Base line and End line assessment
  - ü Integration of Rapid Gender Analysis (RGA)
  - ü Risk analysis
  - ü Conflict analysis
  - ü Curriculum (samples)



# Thank You!

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