

Overview of Village Savings and Loan Associations

In 1991, CARE started supporting communities to create Village Savings and Loan Associations in Niger. Village Savings and Loan Associations (VSLAs), also known as Voluntary Savings and Loan Associations are small community-based savings and lending groups that meet, usually in rural areas all across the world. With a current reach of over 6 million people globally,¹ members (majority if which are women) save on a regular basis, to create and support a strong savings culture in the community and to allow a safe space for the rural poor to access small loans. These groups base their activities on trust, accountability, and transparency in all transactions. Savings groups are generally much less expensive per person reached compared to offering other financial services in rural communities.² Saving groups are shown to reach the very poor (living below \$1.25/day) and marginalized who often do not have access to financial services.³ In a study of seven randomized control trials measuring savings group impact, all seven programs showed that they reached the very poor.⁴ Studies organized by Oxfam America, Freedom from Hunger and International Rescue Committee show a decrease in poverty rates as a result of participation in savings groups.^{5,6}

In addition to increased incomes and access to credit, CARE's VSLAs promote women's empowerment and increase their decision-making skills and self-confidence, while broadening their social and economic networks. As a result, mothers of participating children will be organized into 15-25 member Saving and Loan Association groups to facilitate targeted educational sessions on nutrition and EED and to ensure fidelity to and monitoring of interventions. It is therefore expected that participating women would belong in a total of 250-300 groups. Participation in the

¹ <http://www.care.org/work/economic-development/microfinance>

² Rippey P and Fowler B. Beyond Financial Services: A synthesis of studies on the integration of savings groups and other developmental activities

³ Gash M, Odell K. The Evidence-Based Story of Savings Groups: A synthesis of seven randomized control trials; September 2013

⁴ Ibid

⁵ Annan, J., T. Bundervoet, J. Seban, and J. Costigan (2013). "Urwaruka Rushasha (New Generation): A Randomized Impact Evaluation of Village Savings and Loans Associations and Family-Based Interventions in Burundi." Final Evaluation. International Rescue Committee.

⁶ Bureau of Applied Research in Anthropology and Innovations for Poverty Action (BARA and IPA). (2013). "Final Impact Evaluation of the Saving for Change Program in Mali, 2009–2012." The University of Arizona and Innovations for Poverty Action.

groups have been found to introduce elements of accountability as members hold one another accountable to committing to and practicing recommendations. In addition, commitment made by individuals at the end of the facilitated sessions enable them practice learned skills.

VSLAs are a sustainable approach to nurturing groups that are encouraged to be self-sufficient. CARE is known for our expertise in supporting women to access credit through VSLAs. CARE currently reaches an estimated 3.1 million people in through VSLAs in 26 African countries.