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Savings and Solidarity in Crisis

Lessons and experiences from CARE's VSLA in Emergencies pilots

This report was made possible by a grant from the Implementer-Led Design, Evidence, Analysis and Learning (IDEAL) Activity. The IDEAL Small Grants Program is made possible by the generous support and contribution of the American people through the United States Agency for International Development (USAID). The contents of the materials produced through the IDEAL Small Grants Program do not necessarily reflect the views of IDEAL, USAID, or the United States Government.



Executive Summary

“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”

(Programme Team Member, CARE Yemen)

Globally an estimated 1.1 billion women, nearly one in three, are excluded from the formal financial system¹. This is particularly true in humanitarian crises. When crisis hits, formal financial institutions can find it difficult to operate and people living in emergencies are often seen as too high risk, too isolated, and too poor to engage with financial services.

And yet people living in humanitarian crises are some of the most in need of financial services. They often live in contexts where the state apparatus is under strain or not functioning at all, and employment opportunities are few and unstable. People in emergencies are frequently engaging in a delicate balancing act: managing short-term cash flow, a need to address income shocks, and a desire for longer term resilience.

In 2020, an estimated 243.8 million people living in 75 countries were assessed to be in need of humanitarian assistance². The need for effective support to these communities is evident and considerable. And yet, sectoral knowledge on how to expand access to financial inclusion within emergency settings is under-developed, as noted by the Consultative Group to Assist the Poor (CGAP): *“Further evidence is needed to better understand the demand for and use of financial services by different segments of populations affected by crises. Improved evidence around specific products that have high potential in crisis environments is also needed.”*³

² Development Initiatives, 2021. *Global Humanitarian Assistance Report 2021*. Available at: <https://devinit.org/resources/global-humanitarian-assistance-report-2021/>

³ El-Zoghbi, M., Chehade, N., McConaghy, P., & Soursourian, M. (2017). [The role of financial services in humanitarian crises](#).

¹ [Deconstructing the gender gap in rural financial inclusion \(fao.org\)](#)

CARE's VSLA in Emergencies Research

The Village Savings and Loan Association (VSLA) model with its focus on establishing low cost, self-administered informal financial services - with the ability to link to formal financial institutions where available - has the potential to help address this gap and lay a foundation for future economic recovery. Since 2019, CARE has been working through our VSLA in Emergencies (VSLAiE) approach to increase sectoral learning on how to successfully implement VSLAs in some of the most challenging crisis affected settings.

In research undertaken from 2019-2020, CARE consulted over 125 specialists across 45 countries – from CARE country offices, and other humanitarian and development agencies - to understand when, where and how VSLAs can support emergency response. From this consultation, we were able to identify three learning objectives:

- a. To establish practical guidance and tools to assist in ensuring that VSLAs are a component of livelihood promotion for this highly vulnerable population.
- b. Whilst VSLA and cash transfers have the potential to be highly complementary, there is little understanding about how to use these mechanisms alongside one another in ways which enhance rather than compromise their effectiveness.
- c. Define how financial services can play an important role in supporting social solidarity and building community resilience that goes beyond VSLA membership

This paper will primarily focus on learning and experiences from CARE's 2021 pilot in Taiz, Yemen which was active from November 2020 to October 2021. However, we also include some limited findings from ongoing pilots in Syria and Jordan which are in the preliminary stages of group formation and which have been active since December 2021. In all three contexts CARE has previously faced challenges in establishing fully functioning VSLAs and it is for this reason that CARE has selected these contexts as testbeds for an approach which is tailored more specifically to crisis-affected environments.

These pilots will help to refine CARE's VSLA in Emergencies Approach, build new tools and resources to help implementers, and to assist CARE and the sector to develop understanding of how communities respond to and use financial services within crisis affected contexts. Going forward CARE will be looking to understand in more detail how this approach can be layered with other initiatives such as livelihoods development support, and CARE's Women Lead in Emergencies approach in order to further build resilience of communities and ensure that they have greater voice within humanitarian emergencies.

In addition to outlining experiences of establishing VSLAiEs in these contexts we will also outline learning from Yemen which went beyond the extension of financial services. **Our experience in Yemen showcased how financial services can play an important role in supporting social solidarity and building community resilience that goes beyond VSLA membership.**

Key findings

There is demand for these services, and positive outcomes when linked with cash transfers.

CARE sought to establish 12 VSLAiEs in Yemen but demand exceeded this. By the end of the first cycle, 16 full VSLAiE groups (with integrated Cash and Voucher Assistance [CVA]) were set up. Communities also led replication of 22 VSLA groups (without integrated CVA) without direct project support.

People in Yemen were eager and able to save, despite the challenging environment. And, with the integration of cash transfers many members developed a considerable savings 'cushion' (average \$220 over ten months) to help address future shocks. Preliminary data from also shows the VSLAiE approach had a positive impact on several indicators of economic resilience.



The Syria, team established 44 groups within the first 5 months to reach 824 members. Savings were as high as \$46USD per person for some longer running groups.

In all locations, and particularly Jordan, some hesitancy has been present when the VSLA idea is initially introduced. This has been overcome with approaches which include consistent and frequent community engagement, and advocacy by VSLA members.

The research confirms that sequencing cash and VSLA in line with the outlined VSLAiE approach is appropriate and that an operational separation between VSLAs and cash integration should be ensured.

Whilst cash and VSLA can be complementary to one another it is important that the two interventions are not made contingent upon one another. VSLA membership should not be a criterion for cash targeting and cash recipients must be under no obligation to join a VSLA. Keeping the two operationally separate also means that teams can avoid a perception among the community members that VSLAs are reliant upon or a vehicle for receiving cash transfers, which would have the potential to undermine the longer-term sustainability of the VSLA.

Skills training was necessary to help women feel confident taking risks with loans, starting their own enterprises, and building longer term resilience.

Training helped people feel confident they had the marketable skills needed for successful businesses and helped to address the perception of risk that was associated with offering larger loans for business.

In Yemen, in the first few months of lending, groups focused on loans to stabilize consumption. However, with the addition of business skills training, we saw an increase in the number of business loans offered.

VSLA members quickly started distributing money to others who were in need.

In both Yemen and Syria, we can see evidence that the social fund performs an important community function. In Syria it has become a mechanism for providing social support to others within the VSLA, who are frequently members of the same kinship group.

In Yemen, however, the impact is much broader than this, reflecting Yemeni social norms around social support networks. By the end of the project 89% of participants said they had used money from the VSLA social fund to help people in need who were not in the VSLA group, and the team observed considerable use of the social fund to collectively support vulnerable people within the community.



With adequate time, accompaniment, and tools, it is possible to establish fully functioning and effective VSLAs in challenging crisis-affected environments.

Establishing VSLAs in crisis-affected contexts is challenging for a variety of reasons. Teams must exercise adaptation and problem solving to understand different community needs and to address issues that may arise.

For this reason, it is important to ensure that teams have trained staff, and that a preliminary project phase is in place to ensure coordination of various stakeholders, effective and consistent communication with communities and groups, staff are appropriately trained in VSLAiE and CVA methodologies, and that standard operating procedures are in place and adherence is monitored.

In both Yemen and Syria concerted efforts to ensure consistent and frequent community outreach have been vital for ensuring that the team can respond to misconceptions or concerns that the communities may have, and that action can be taken to adapt the approaches where necessary to meet the needs of the target groups.

Our pilot in Yemen benefitted significantly from budget flexibility, highlighting the importance, in challenging contexts, of having flexible budget available to be able to respond to community needs or changing circumstances.

Budget flexibility within the Yemen pilot meant that it was possible to offer significant changes to the project in response to community feedback. In some cases, this went as far as adding new project activities, including training for replicated VSLAs and business skills training. The ability to respond to the expressed needs of community members in this way meant that programming was reflective of context but also helped to build trust by demonstrating to participants and communities that their opinions were important and were listened to. This had a significant impact on the trust that the community had in the project team.

Introduction

Why do we need VSLAs in Emergencies?

Access to financial services can bolster economic resilience by providing people with savings to smooth over fluctuations in income, and access to credit streams which can help them to invest in assets or income generating activities. However, VSLAs can be difficult to implement within humanitarian programming which is often short term, and there is little sectoral understanding of how to integrate VSLAs with other humanitarian modalities that target economic resilience, for example CVA. Approaches are needed which can bridge the gap between life-saving Livelihood Provision and longer term Livelihood Promotion programming¹. These approaches must be flexible enough to work within a context which is frequently changing and respond to sporadic periods of instability.

CARE's VSLAiE approach looks to provide practitioners working in crisis affected and emergency contexts with the set of tools and guidance that they need to adapt traditional VSLA methodologies to the complexities of crisis-affected settings. By doing this CARE seeks to extend access to financial services to some of the most underserved and economically precarious people in the world.

The VSLA in Emergencies approach

The VSLAiE approach builds on CARE's decades long history of implementing VSLAs by introducing four components which strengthen the ability of VSLAs to integrate appropriately within humanitarian programming. The four components which makes up the VSLAiE approach are:

1. Preparedness: Context analysis, contingency planning and preparedness are critical steps that enable organizations to respond quickly and effectively during a crisis. CARE's VSLAiE approach includes the provision of standard operating procedures, tools to strengthen key aspects of contextual analysis including gender analysis, and training staff on VSLAiE. Since women and girls face disproportionate burdens from crisis, including increased risk of gender-based violence and decreased access to critical health services, establishing the plans to address the specific needs and constraints of women in emergencies is a necessary first step in coordinated humanitarian response.

2. Linking VSLAs and CVA: VSLAs and CVA can be highly complementary interventions, but they need to be managed carefully to ensure that they do not negatively impact upon one another. The successful integration of VSLAs and CVA requires an assessment of markets, gender norms, and other needs as well as appropriate identification and targeting of households. However, it is also important that both components are kept operationally separate, that best practice is followed and particularly that access to each intervention is not made contingent upon the other.

3. Flexible cycle: The VSLAiE allows for a cycle which can be shortened to less than the 12 months that is traditional for VSLAs to account for aspects of the context of implementation and to ensure that it can more appropriately deal with humanitarian programming constraints. There are trade-offs that need to be considered when deciding the length of the cycle however, including the length of time needed for full functionality to develop within the VSLA. In the case of the Taiz, Yemen pilot CARE successfully established a fully functioning VSLA over a 10-month cycle. **This step also requires an emphasis on accompaniment and responsiveness.** Crisis-affected contexts are frequently quick to change and unstable. For this reason, it is important - particularly within the first cycle of a VSLA - to ensure close accompaniment and good communication channels between the team, groups, and community. Contact should be frequent, and communication should be reciprocal. The team should seek, where possible, to incorporate the views of the community back into response. This will help to build trust, ensure that opportunities can be capitalized on, and that any concerns and issues of the broader community do not escalate. In addition to ongoing accompaniment, it is also important to ensure there are robust complaints response mechanisms in place which are appropriate to context.

There is a fourth step that focuses on building economic resilience through livelihood programming integration. It is recommended that this step is implemented only for groups that have completed at least one savings cycle. This step had not been completed in this pilot and more information will be shared on its integration in future research on the VSLAiE Approach.

CARE also seeks to further develop understanding on other key areas of implementation which includes how technology can be used to enable VSLAiE, and how CARE can work with partners including formal financial institutions to increase the potential services available to participants. More information on CARE's VSLAiE approach is available in this [briefing](#).

¹ FAO (2010) [Countries in protracted crisis: what are they and why do they deserve special attention?](#)



This paper will primarily focus on learning and experiences from CARE's 2021 pilot in Taiz, Yemen which was active from November 2020 to October 2021. However, we also include some limited findings from ongoing pilots in Syria and Yemen which are in the preliminary stages of group formation and which have been active since December 2021.

YEMEN PILOT: November 2020- October 2021, Completed.

34%

Project groups saved, on average, 34% of their cash transfers

\$220

Average savings per VSLA member: \$220



48% of group members set up small business activities with their money.

16  **300**

16 project groups with 300 women

3 → **100%**

The percentage of VSLA group members with savings went from 3% to 100%



Loans were twice as likely to be used for business after skills training than before.



89% of people used money to help people beyond their group

39% / **28%**

Negative livelihood coping strategies dropped from 39% to 28%

22  **609**

22 self-created groups were created by others in the community with 609 members

Preliminary data from CARE Syria pilot: November 2021- Ongoing

~~40~~ **44**

44 groups have been established within the first 5 months of the project, 4 more than the target number.



824 people are participating in VSLAs, 54% women and 46% men.

~~\$19~~ **\$46**

Average savings per VSLA member after only 5 months (\$19 USD) with some of the more mature groups averaging as much as \$46 USD.

38 

38 groups have already entered the savings phase with all these groups also establishing a social fund.

19 LOANS

5 groups have entered the lending phase and 19 members have taken loans, with the average loan amounting to approximately \$65USD



There have been 14 distributions from the social fund

Preliminary data from CARE Jordan pilot: December 2021- Ongoing

8  **155**

8 groups have been established with 155 members



96% of members are women and only 4% are men.



At least one group has already chosen to engage in a collective business and to use the VSLA as a mechanism to save and distribute profits.

VSLA in Emergencies Approach

Before
Implementation

1

Preparedness

Effective implementation of VSLA in complex emergency settings depends significantly on the organization's preparedness plan and its clear vision of where and why CVA interventions integrated with VSLA and vice versa fit into its mission/mandate, goals, and structure

CO's Capacity:

- Train staff on
 - CVA and VSLA methodology
 - How and when to integrate CVA and VSLA
 - Adapted targeting mechanisms/ strategies
- Establish a repertoire of ready to use programmatic Tools and disseminate well among staff
- Establish local partnerships with CBOs, local organization, community leaders. etc

During
Implementation

2

Linking VSLA and CVA

Linking CVA with VSLA is primarily done internally among different project team members, and the process should not be apparent to CVA beneficiaries.

A. New VSLAs created through CVA interventions:

- There must be strong coordination and collaboration among both CVA and VSLA team members since VSLA participation is optional.

Defining the following activities post and during implementation is a must:

- Activity sequencing
- Detailed targeting strategy

B. CVA interventions implemented alongside Existing VSLAs

- Existing Savings Groups can be leveraged to support the design and implementation of cash transfer programming.
- Key activities include:
 - CVA assessment
 - Market assessment
 - Program design

3

Flexible VSLA Cycle

Shorten the cycle (9 months is recommended but can be shorter or longer depending on country context). Either way the following activities must be included for groups to be successful.

Flexible VSLA Cycle: 9 to 12 months but must include the following:

- Adapted Training
- Strong Community engagement and dialogue
- Adoption of an accepted Sharia Compliant method for lending (for group and individual lending)
- Delayed Graduation and continued Field monitoring (after share-out):
 - VSLA field officers to continue monitor and support groups during the second cycle

During
Second Cycle

4

Building Economic Resilience: Livelihood Programing integration

(recommended for mature groups that have completed at least one savings cycle)

Financial resilience:

- Livelihood integration can be considered once the groups complete their first saving cycle. The following activities must be completed:
 - Business entrepreneurship Training
 - Financial Education
 - Financial Startup grants for group/individual IGAs - recommended only to mature groups with at least 1 to 2 cycles experience

OTHER CROSSCUTTING INTEGRATIONS

- Digital adaptations (Remote monitoring and digitalization of the money box and record keeping)
- Social Action and Analysis
- Women Lead in Emergencies

The Context: Taiz, Yemen

This paper primarily focuses on a pilot which took place between November 2020 and October 2021, in Taiz, Yemen.

The humanitarian crisis in Yemen remains severe. For seven years Yemeni people have been living in a context characterised by severe economic decline, as well as famine and cholera. Over 20 million people, two thirds of the population, need humanitarian assistance.

CARE's VSLAiE pilot was implemented over 10 months in 2021 in Taiz, which has been a flashpoint of the current civil war and has experienced high levels of conflict. The crisis has led to a near total collapse of social protection and government run services and this gap is now partially filled by humanitarian agencies, as well as social solidarity networks¹.

Our project baseline, outlines the context in Sama, Taiz where the project was based. Social norms are conservative, and women do not have a high level of economic participation. At the beginning of the pilot only 19% of women reported having any involvement in the management of household income.

The communities within this pilot are living in an acute food and livelihood crisis² and major exchange rate fluctuations have only increased the economic precarity of the people living in Taiz. Among the groups targeted by the VSLAiE project, most people had either borderline or poor levels of food security and around 39% of people were regularly using negative coping strategies to make ends meet:

- 22.1% were using so called 'stress' level coping strategies, such as selling household assets like a radio or furniture or reducing expenditure on education or on healthcare products.
- 13.4% were using 'crisis' level coping strategies such as selling productive assets like sewing machines, or bicycles, or consuming seed stocks that were meant to be saved for the next agricultural season.
- 3.4% were using 'emergency' strategies such as selling their home or their land, or their last female animals.

Most people (77%) work in precarious livelihoods as day labourers and almost all (97%) had no savings to fall back on when they faced an expense like a medical bill or funeral costs. Fifty-eight percent of people needed to borrow from friends, family or acquaintances in the month preceding the start of the pilot, demonstrating just how much, in this context, people rely on each other to be meet their needs. Research, including a recent [report by REAL](#) (also focused on Taiz), has spoken to the relational nature of resilience in protracted crises. This is evident in people's behaviours throughout this pilot and is an important dynamic to consider within this context.

Previous attempts to implement VSLAs in this community were hampered by delays to programming and a lack of time to reach full functionality which in part resulted from a lack of VSLA training and preparedness. The VSLAs did not offer loans and had become dormant by the start of the pilot.

PRIOR TO THE YEMEN PROJECT BEGINNING IN TAIZ

ONLY
22%

of people had acceptable levels of food security


39%

of households had to rely on negative coping strategies in order to survive such as selling assets or reducing spending on medicines


97%

of people within the community have no access to savings


58%

of people had to borrow from friends, family or acquaintances within the month preceding the baseline

1 Kim, J., Elsamahi, M., Humphrey, A., Kadasi, A., & Maxwell, D. (2022). [Sharing to Survive: Investigating the Role of Social Networks During Yemen's Humanitarian Crisis](#). Washington, DC: Resilience Evaluation, Analysis and Learning (REAL) Associate Award.

2 The communities worked with were assessed to be at IPC levels 3 and 4 indicating 'Acute Food and Livelihood Crisis' and Humanitarian Emergency.

KEY INFORMATION FOR THE TAIZ, YEMEN, VSLA IN EMERGENCIES PILOT

Research Funder: USAID IDEAL (\$100,000USD)
Tiffany & Co Foundation (\$350,000USD)
Sall Family Foundation (\$100,000USD)

VSLA Project Dates: 1 November 2020- 31 October 2021

VSLA cycle length: 10 months

Amount provided in cash distributions: 584,000 YER (\$632 USD) was distributed per person over 10 cycles

Number of participants: 300 VSLAiE participants across 16 groups (with integrated cash transfers)
609 VSLA participants across 22 groups (no integrated cash transfers, resulting from community-based replication).



Key findings

1. There is demand for these services and positive outcomes, when linked with cash transfers.

After some initial hesitancy from the community, we saw a considerable acceleration in the number of people who wanted to take part in VSLAs. This in part resulted from advocacy by VSLA members:

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

OF THE 16 YEMEN PILOT GROUPS WITH CASH INTEGRATION BY THE END OF THE PROJECT:

100% MEMBERS SAVING

100% of members had savings and the average amount of savings per member was 203,003 YER (\$220 USD). This is compared to only 3% at baseline.

\$220 USD AVERAGE

34% SAVED

The average savings amount to around 34% of the cash transfers given over the 10 cycles, or just over 3 cycles of cash distributions.

3 CYCLES of CASH DISTRIBUTION

9% AVERAGE LOANED

All groups had offered loans, with some groups distributing as much as 21% of the pot in loans (9% average). 193 loans were given in total for a variety of purposes including to pay for medical expenses, to buy assets like animals, or to invest in a business.

193 LOANS GIVEN

145 DISTRIBUTIONS TO SOCIAL FUND

All groups had distributed money from the social fund. By the end of the project 145 social fund distributions had been given at an average of 28,908 YER (\$31 USD).

\$31 USD AVERAGE

The Taiz VSLAiE pilot cycle was 10 months long (as opposed to the traditional 12 months) and, by the end of the project, these VSLAs were fully functioning.

The pilot provided for cash transfers for 300 VSLAiE members across 16 groups, all of whom were women. However, beyond these groups many more people wanted to become members. **Due to flexibility in budget the project offered training in the VSLA methodology to an additional 609 people who formed an additional 22 groups, demonstrating considerable demand for these services.**

The simultaneous use of cash and VSLA ensured that people could build up a solid savings 'cushion'. Recent literature looking at the intersection between cash transfer and financial services highlighted that whilst cash is a good practice approach to targeting extreme deprivation, there are gaps in practice that hinder longer term resilience. Research has found¹ that cash transfer can unintentionally incentivise recipients to consider only the purchases and investments made possible by each payment, overlooking the options available if money from several payments were accumulated. Consistent lack of integration of financial literacy support also leaves recipients to negotiate complex prioritisations themselves². The VSLAiE approach helps to address these issues and we can see that members did begin saving quickly.

In Yemen, by the end of the project the average savings per member was 203,003YER (\$220 USD). Cash distributions, across the 10 cycles amounted to 584,000 YER (\$631 USD). **The average savings then, amount to around 34% of the cash transfers given over the 10 cycles, or just over 3 cycles of cash distributions.** We know that cash frequently does not provide a long-term solution for people living within crises. But where cash can be appropriately sequenced, VSLAs provide the services needed to help people make the most of their cash distributions and start to plan for the future.

In Syria and Jordan, where we are in the preliminary months of the pilots, we can also see the emergence of fully functioning VSLAs. In Syria, the best established new pilot, 44 new groups have been established and 38 groups are already steadily saving, despite significant livelihood challenges which include high levels of inflation. Some groups have been running longer than others and some of the best established groups have saved as much as \$46 USD per person on average, after only a few months of saving. All groups have opted to establish

social funds and some groups have begun distributions to members. 5 groups have entered the lending phase and 19 members have taken loans, with the average loan amounting to approximately \$65USD.

In Yemen, at project endline, we can see evidence of positive outcomes: by the end of the project all 300 of the full VSLA pilot members had savings, where previously 97% of people did not have any. Where previously people were borrowing from one another, by the end of the project people were instead drawing down on their savings.

Key indicators of economic resilience were also positive:

- There was a reduction in the percentage of people who rely on negative coping strategies, which **dropped from 39% to 28%**. The largest reduction came from the number of people using 'crisis' coping strategies which fell from 13% to 6%.
- **Food consumption scores remained relatively stable**, because the baseline was conducted during the point in the agricultural year where food is more readily available and the endline was conducted during the 'hungry season'. As such, stability in this indicator should be considered positive.

CARE will be working with these groups longer term to monitor the sustainability of these results and to understand how these results maintain themselves in the absence of CVA.

"I had been struggling to provide for the essentials. I took a loan from the VSLA but I also topped it up with my own savings. With this money I was able to buy a cow and some goats. With this I could make some money by selling the butter and the milk but also I could make sure it helped us too because I can make yogurt to feed to my children instead of buying it."

(Radeya, a VSLAiE participant, Yemen)



¹ [Cash and Change Using Behavioral Insights to Improve Financial Health in Three Cash Transfer Programs](#), Ideas42, September 2019.

² Ibid.

2. CVA and VSLA can effectively be run alongside one another but should be kept operationally separate.

The research confirms that sequencing cash and VSLA in line with the outlined VSLAiE approach is appropriate and that **an operational separation between VSLAs and cash integration should be ensured.**

The Yemen pilot began with an approach to VSLA and CVA which was closely linked with VSLA specifically targeted at those who were receiving CVA. However, this presented some problems including a perception among community members that the two approaches were dependent upon one another. To tackle this the Yemen team were required to do considerable engagement with community members to ensure that the separation and purpose of the two interventions was clear. As stated above, 609 community members who did not receive CVA eventually joined VSLAs and were trained in the VSLA methodology. This was important for clarifying and strengthening the community's understanding of VSLAs.

Whilst cash and VSLA can be complementary to one another it is important that the two interventions are not made contingent upon one another, and do not appear to community members to be contingent on one another.

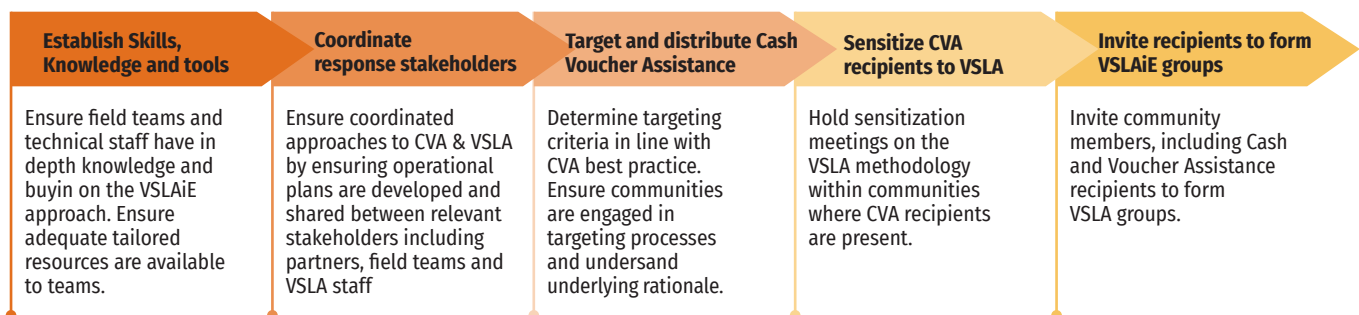
VSLA membership should not be a criterion for cash targeting and cash recipients must be under no obligation to join a VSLA. This is in line with good practice both on VSLAs and CVA. However, keeping the two operationally separate also means avoiding a perception among the community members that VSLAs are reliant upon or a vehicle for receiving cash transfers, which would have the potential to undermine the longer-term sustainability of the VSLA.

This is also reflected in the approach to VSLAs taken within our Syria pilot where the team has focused on establishing VSLAs with the community at large but also made specific effort to sensitize CVA recipients to the potential benefits of VSLA. Linking of VSLA and CVA followed the below sequence:

It is important to ensure that best practice on both CVA and VSLA is followed, with CVA targeting criteria engaging community stakeholders in ways that avoid elite capture or the perception of unfairness or bias among community members.

The CARE VSLAiE team will be making use of opportunities in longer term humanitarian programming to investigate key aspects of demand and functionality that are beyond the scope of this research because of the timeframes. These future research plans will include:

- Exploring the threshold of vulnerability for being able to make use of VSLAs.** Whilst the pilot community are certainly vulnerable and there is significant food and livelihood insecurity, in communities where there is, for example, a famine or humanitarian catastrophe (IPC Phase 5) we may find that a longer term or staggered approach which provides longer running assistance and stabilisation activities are needed before VSLAs are appropriate. We will therefore, through work on multi-country humanitarian and livelihood programming examine the potential to reach more vulnerable populations by staggering and layering CVA, VSLA and other livelihood interventions to be able to address immediate vulnerability, promote resilience, and build skills.
- Exploring how VSLAs continue to support economic resilience and how savings are utilised beyond the end of cash distribution cycles.** In future research CARE will continue to monitor groups including the groups established as part of the Yemen pilot in to ensure we can understand the longer-term sustainability of these changes, which was beyond the time scope of this paper.



3. In Yemen, whilst VSLA members worried at first about the risks of taking and giving loans, they still wanted to start their own enterprises to try and build longer term resilience.

By the end of the Yemen project all VSLAs had begun lending and 193 loans had been distributed to members. However, at the beginning of the project VSLA members were hesitant to lend due to a fear of people defaulting and a loss of savings. As a result, loans in the earlier part of the project were mostly low value:

“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)

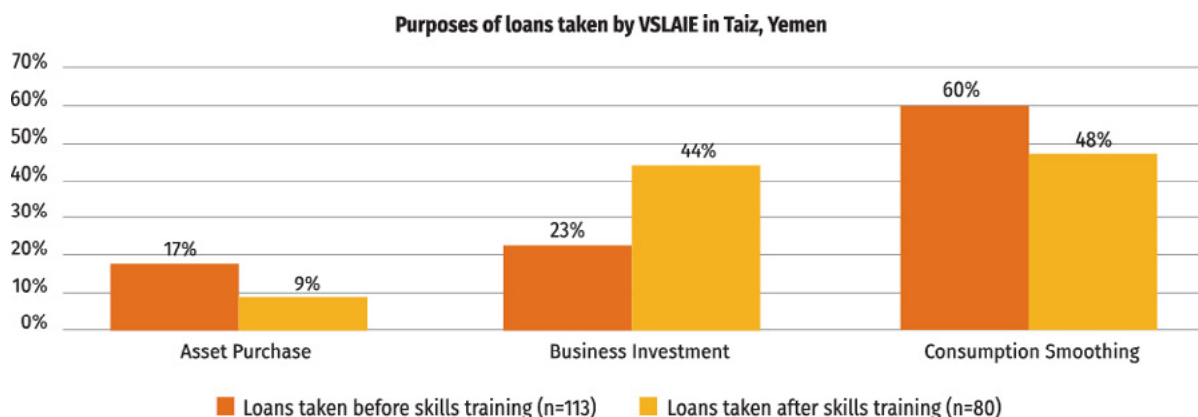
Loans distributed through VSLAs are generally used for three purposes:

- 1. Business investment:** Taking a loan to invest the money in a business to provide a long term and sustainable income.
- 2. Asset purchase:** Taking a loan to purchase an asset such as an animal or a bicycle. In many cases the purchase of an asset can be viewed as non-liquid savings which may accumulate in value, whereas liquid savings may depreciate according to broader economic trends such as currency fluctuations.
- 3. Consumption smoothing:** Taking a loan to spread the cost of a non-investment purchase over a longer period. This may be used where there are unforeseen income shocks such as medical expenses, or one-off large payments which are difficult to accommodate in one go (e.g., marriage costs). In some circumstances where there is an unexpected shortfall in income or liquidity this could cover purchasing and spreading the cost of everyday items until cash is available, although this is often an indicator of precarity.

VSLAs, particularly earlier on in the project, chose to focus the use of loans on consumption smoothing and staff observed

that, because of concerns about losing savings, groups were frequently choosing to restrict the size of each loan to the proportion of individual member’s savings. This meant that loans were effectively operating as a kind of withdrawal function: enabling people to use the savings that they had built up to address shortfalls in liquidity. These loans were undoubtedly useful to members who had previously frequently needed to borrow money from friends, family, and acquaintances when they could not meet their expenses. However, business and asset-based loans have the benefit of providing income, strengthening the longer-term economic resilience of the VSLA members.

Indeed, the desire from the community was for the longer-term economic security that came with being able to make an income and so community members requested additional skills-training, which due to available and flexible budget the team were able to provide. The pilot planned for community training, but the topics were selected by the community based on need. This training focused on marketing, business skills, and vocational training. Community members were able to choose trainings out of a selection that included food and cheese making; sweet making; sewing; hairdressing and cosmetics; engraving and pigment making. **By the end of the project 48% of VSLA members were engaged in small business activities.**



“I’m a widowed mother of two children, a boy and a girl. I have epilepsy. We have a modest life, and it is difficult for me to provide for our essentials and my treatment costs. I borrowed from the association to buy a sewing machine for 180 thousand Yemeni riyals and improve our living conditions. I was trained and learned a lot of things, including sewing. Now, I can sew dresses and robes.”

(Ons, VSLAiE Participant)

The provision of this training had a significant impact on lending practices: more confident in their business skills, members started increasingly providing larger business loans. **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.** Participants felt more confident in lending larger amounts of money due to the combination of becoming more comfortable with the methodology and feeling more confident in lending to people who wanted to set up businesses.

Exactly when and how to introduce business skills training within different contexts will be a focus for future research. It may be that consumption smoothing, or low risk investment (e.g. in animals or other assets) will inevitably be a focus of early lending because of the need for groups to build confidence in the process, and to address their immediate needs. CARE will be looking to integrate VSLAiE into multi-year projects in order to understand better how groups lending

practices change across multiple cycles, and to understand how to layer CVA, VSLA and livelihoods support in ways which meet the needs of the most vulnerable and which allow us to understand how to bridge the gap from Livelihoods Protection to Livelihoods Promotion. This will also be a focus within the next stages of the Syria pilot where the multi-sectoral nature of the project allows for us to build up more of an understanding of how business skills training can come to influence the choices that people make about how to invest.

“I have seven daughters and three sons. After I lost my husband, I was responsible, alone, for ensuring my family had what they needed. Since the conflict, both food prices and our struggles increased. It has become difficult to buy flour, sugar, rice and other basics.

At the beginning of the project, the community registered us. We learned many things, about saving, taking, and repaying the loans. Before I didn’t have the skills for a business. I didn’t know anything about marketing, and I didn’t have sewing skills. In the past we used to spend any money we had. I never thought about starting a business but thanks to the training we gained these skills.

I borrowed 90 thousand Yemeni Riyals from the association’s fund and I went to Tiaz city. There I bought a sewing machine. Now I sew clothes, for my children but also to sell and I’m going to continue on with my business so I can provide for the needs of my family.” (Rabaya, VSLAiE participant, Yemen)



4. In Yemen, VSLA members quickly started distributing money to others within the community who were in need.

One of the strengths of the VSLAiE approach in the context of Taiz was the role of the VSLA Social Fund as a mechanism for providing monetary support to non-VSLA members who were struggling. Two key findings from Yemen were:

- 1. VSLAs puts power back in the hands of participants** as they decide how they want to use the apparatus of the VSLA. In the case of the Social Fund the outcome of this was that groups decided they wanted the Social Fund to provide emergency grant funds to the wider community, not just VSLA members.
- 2. The Social Fund potentially allows for humanitarian relief to be shared more broadly**, functioning as a kind of informal social protection. Unlike some other approaches to humanitarian assistance, this works within the existing norms and networks in Taiz, where sharing and social solidarity are highly valued behaviours. It also ensures that helping others falls less on individuals and can be more collectivised.

Traditionally, the Social Fund is an additional VSLA fund which members pay in to. Kept in a specific bag in the cash box, the Social Fund is managed separately from the savings and loan fund. This fund can be drawn upon by VSLA members to cover emergencies or urgent needs. VSLAs are administrated and run by members, and their approaches are defined by members. This aspect, and the flexibility of purpose and interest, means that VSLA is a programming modality which can be adapted to the specifics of context. In Taiz, all groups

decided that the Social Fund should be used to administer funds to people in need, regardless of whether they are a VSLA member or not:

“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 CARE Yemen team emphasised that this adaptation is in-line with the social norms in Yemen which emphasise sharing and social solidarity: the sharing of resources is commonplace and social solidarity networks are often an important dimension of how people address shocks and deal with crises and precarity¹. The ability to help others in this way was a highly valued outcome of the VSLAiE pilot, and something which was highlighted in focus group discussions where members stated that the ability to help those who had not received humanitarian assistance was a key benefit to being part of a VSLA. **At the end of the project, 89% of VSLA members stated that they and their group had used money from the Social Fund to help households outside of the group to respond to crises.**

¹ Kim, J., Elsamahi, M., Humphrey, A., Kadasi, A., & Maxwell, D. (2022). [Sharing to Survive: Investigating the Role of Social Networks During Yemen's Humanitarian Crisis](#). Washington, DC: Resilience Evaluation, Analysis and Learning (REAL) Associate Award.



By the end of the project, the 16 groups had established a Social Fund pot with an average of 261,981 YER (\$283 USD). Across all groups, 145 Social Fund distributions had been made averaging approximately 28,908 YER (\$31 USD). The purposes of these distributions varied but included paying medical expenses such as cancer treatment or caesarean deliveries; helping with wedding and funeral expenses; paying for clothing for orphans; or providing support to incarcerated people.

Recent (2022) research by REAL², also conducted in Taiz, highlighted the role that communities ('social solidarity networks') play in ensuring a safety net for people in Yemen, where community members frequently share items and cash that is distributed by humanitarian actors. REAL's work highlighted that typical modalities of humanitarian relief have not nurtured these social support networks and that humanitarian actors need to provide support that works within norms around community-led assistance and social support. By contrast, VSLAiE's have the potential to nurture

² Ibid.

practices of social solidarity. 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.

In Syria we can see also evidence of the ability of the model to flex to the context and attitudes of groups members. Whilst we do not currently see evidence of sharing outside of the group there are indications that the social fund is being operationalised quickly. Whilst groups were initially sceptical of the need for a social fund, groups very quickly became able to see the benefit of being able to offer communal support to others within their group. Since the project began in November of 2021 14 distributions have been made, with 5 of those occurring in January, only 6 weeks into the groups' formation. The Syria Team report that social fund distributions tend to focus around providing collective support for people when they, for example, have a new baby or get married. This, again, is an example of the social fund being used in order to support existing community giving practices.

5. With adequate accompaniment, time, and tools, it is possible to establish fully functioning and effective VSLAs

As we can see from the above, there are significant benefits to a VSLAiE approach. However, there are many challenges to setting up VSLAs within humanitarian contexts. Among these is the fact that VSLAs are less common in traditional humanitarian programming, and there is likely to be a learning curve when teams first implement them. However, implementation can be made smoother by ensuring the presence of:

1. Adequate accompaniment, time and tools to ensure that groups can mature from savings to lending and start to become comfortable in their lending practices.
2. Adaptive Management was an important component of success. In particular, frequently seeking feedback and offering timely responses to issues raised

1.1 Adequate accompaniment, time and tools

The VSLAiE approach allows for a shortened cycle to account for the frequently shorter timeframes of humanitarian

projects. The Taiz VSLAiE pilot cycle was 10 months long- as opposed to the traditional 12 months - and, by the end of the project, these VSLAs were fully functioning. However, being able to shorten the cycle, relies on ensuring that project preparedness is prioritised and that tools are in place so that teams can hit the ground running.

Whilst communities with high levels of accompaniment can quickly become comfortable with the methodology, the process of establishing fully functional VSLAiEs is also something which can take time. In the case of the Taiz VSLAiE pilot, it took 7 months before lending practices were embedded and these initial loans were usually small. A shortened cycle can work, but flexibility is encouraged where possible to ensure that all components can be embedded. Ensuring a smooth approach to establishing VSLAs which gives as much time as possible for the cycle will be beneficial: this reinforces the need for the 'Preparedness' approach component and particularly for high quality tools that help teams animate the project quickly and effectively.

Particularly important aspects of preparedness include:

1. Having well trained staff with knowledge and understanding of both the VSLA methodology and best practice for CVA.
2. Having templates and tools available which include, for example, baseline assessments, risk analysis, and gender and conflict analysis.
3. Having programmatic Standard Operating Procedures with clear guidance on approaches to be taken.

Beyond this, as articulated by our Syria Pilot Team, it is important to ensure that understanding and knowledge of VSLAs is not siloed within the response. The full team, including implementation partners, need to understand how VSLAs fit within the response programming so that they can ensure a joined up approach.

1.2 Adaptiveness, accompaniment and responsiveness

Across our pilots in Yemen, Syria, and Jordan, we have seen that, frequently, there may be reticence among the community for an approach which does not fit with the traditional modalities of humanitarian assistance. In these

cases, working with the community to shift perceptions and establish VSLAs which meet the risk appetites, and social conventions of the context can take some time. In Yemen, both participants and team members highlighted that the community were, at first, hesitant about VSLAs.

“The VSLA members especially feared that there wouldn’t be any benefits. Many of the VSLA members expected the failure of VSLA groups.”

(CARE Yemen, Project Team Member)

It was only through the Yemen team’s dedicated engagement to address these concerns that the community came to realise how VSLAs might be beneficial to them. Within the first months of the pilot, community perceptions underwent a transformation and VSLA members started advocating to others about the benefits of the VSLA.

“A broader sensitization and information campaign on VSLA projects was very much needed for communities to make a decision. The campaign particularly needed to address any unfounded rumours or misunderstandings.”

(Focus Group Discussion)





One of the key strengths of the Taiz VSLAiE pilot was the level of open dialogue between CARE and the community. It was this accompaniment and communication that helped to transform community views of VSLAs.

This dialogue was facilitated by two dimensions:

1. CARE's pre-existing relationship with the community:

CARE had worked with this community before, and there was a sufficient history of trust to enable the CARE team to work with the community to adapt or address what did not work and make improvements as they went.

2. Regular community engagement: The team regularly engaged with the whole community, and the CARE Yemen team conducted at least 3 field visits a week. This meant that not only were issues dealt with, but they were dealt with quickly. In some cases, due to some budget flexibility, responses to community feedback were significant and included adding project activities. This continued to strengthen trust and meant that time was not lost within the relatively short 10-month pilot.

The budget flexibility was also an important component of success. An ability to adapt and reprofile budget lines to enable new activities meant that additional project components could be added according to the feedback from the community. The ability to build a community space for VSLAs to meet was also an expressed need of the groups and the wider community and one that it was possible to respond to due to availability and flexibility of budget reprofiling. This

was a key enabler of adaptive management - the ability to proactively understand the needs of communities and to respond to these needs - and helped to ensure successful implementation of the VSLA pilot.

CARE has also looked to ensure that these principles are embedded throughout our ongoing pilots. In Syria, for example, the team has sought to engage the community through a significant programme of outreach meetings. Within the first months of the pilot the CARE Syria team conducted meetings with 15 local councils and authorities, 350 community leaders and more than 1,800 potential participants. These meetings gave the team the opportunity to understand how the community wanted to engage with VSLAs, and to engage in an ongoing dialogue with them about the process. This has been followed up with considerable monitoring to make sure groups feel comfortable with aspects of the approach.

It is recommended that within VSLAiE programming, project teams maintain significant engagement with the community throughout the first cycle to ensure that issues can be dealt with quickly and that the community feels ownership over VSLAs.

“At first we weren't convinced by women's participation in VSLAs. We didn't expect this change to happen. But women have benefited a lot, and I witnessed how my wife benefitted from this project. She started to make accessories and sew clothes. I supported her, and she also took a loan from the VSLA. Her work is now going well.”

(Alhafed, Participant's husband, Yemen)

Going forward

CARE's VSLAiE pilots have, so far, demonstrated that it is possible to establish fully functional and successful VSLAs even amid acute food and livelihood crises. By making the most of the complementarities between cash and VSLA, and responsibly providing simultaneous access to both interventions, it is possible to help people to bridge the gap between humanitarian assistance and longer term economic resilience. This helps to address some of the shortcomings of traditional cash approaches which can incentivise short termism and which do not help people to navigate the complex work of financial prioritisation in an unstable economic context.

Furthermore, this research indicates that the flexibility of the approach has some additional benefits: notably, that VSLA members can adapt their approach to their own social context. In Yemen this meant that VSLAiE assistance could work with, rather than against, the norms of social solidarity and sharing that are prevalent in the context of Taiz. This approach can be amplified even further by ensuring that the project team were actively, consistently, and frequently getting feedback from the community and then responding to that feedback in a timely manner.

However, going forward CARE will be looking to further explore how VSLAs can be used in emergency settings to achieve positive outcomes both for VSLA members and the wider community. This includes:

- **Research to better understand sustainability of VSLAiE programming:** This research has yielded clear insights about what is required to successfully develop fully functioning VSLAs within emergency contexts. However, this research was finalised at the end of the first VSLA cycle, therefore whilst we can see some clear outcomes, we are unable to judge the longer-term sustainability of these outcomes. As a result, we will be working with the groups on an ongoing basis to understand how these results maintain themselves and how the VSLAiE approach works in the longer term. CARE plans to conduct a sustainability review of VSLA programming in Yemen, including ongoing monitoring of groups established as part of the Taiz pilot in order to understand how these groups sustain themselves longer term.

- **Inclusion of VSLAiE in longer term humanitarian projects:** Given findings around the potential, explored in this research for VSLAiEs to engage with livelihood programming initiatives like business skills training, CARE will be looking to better understand whether CVA, VSLA, and Livelihood programming can be layered or sequenced in order to serve some of the most vulnerable people. Taking advantage of multi-year programming opportunities we will look to layer different programme approaches to try and maximise positive outcomes for the most vulnerable groups. This research will help further our understanding of the role that VSLAiE can play in bridging the gap between Livelihood Provision, Livelihood Protection, and Livelihood Promotion.
- **Programming in new contexts:** Every programming context is different, and we can already see the ways in which social norms in Yemen came to interact with the performance of the VSLA in Taiz. Therefore, CARE will be looking to establish further research in other locations to build up a body of evidence on how VSLAiEs can be adapted to a wide variety of contexts. We have begun this process with our pilots in Syria and Jordan which are highlighting contextual differences, and CARE is also looking to establish new VSLAiE pilots in Colombia and Ecuador in 2022.
- **Building out a toolbox for VSLAiE:** VSLAiE is an approach rather than a model because it must be adapted significantly to the operational context in which it is being implemented. To ensure rapid and appropriate adaptation and operationalisation, CARE is currently adding to a toolbox for VSLAiE which can be drawn on by project teams. This will include adaptable templates, Standard Operating Procedures, and examples from varying contexts of how to manage different aspects of the approach.

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