



Economic Development

CARE Haiti

Sustainable Economic Development programs are part of CARE Haiti's Relief to Reconstruction strategy and reinforce CARE's long term relationship of humanitarian support in Haiti - a country long characterized by high levels of unemployment, food insecurity and environmental degradation. Even prior to the 2010 earthquake, nearly 1.9 million Haitians were considered chronically food insecure with much of Haiti's once productive forest having diminished to 2% of the country's entire land mass.

Community based approaches are at the heart of all CARE programs, with the innovative **Village Savings and Loans Association** program (VSLA) exemplifying this approach. Also called Jar, based on the Creole word for savings, VSLA is a savings focused Self-Help initiative that **organizes village women and builds capacity, knowledge and financial capital**. VSLA is a member-based financial mechanism where individuals form a group with each contributing savings in the form of "shares". The group then lends these shares to members at a fixed rate and period. This self-owned financial tool is used to finance individual livelihood and development initiatives. Unlike micro-credit which is linked to large pools of capital, VSLA creates small capital funds for members, manages money and retains all profits. It becomes a repeating positive cycle, each contributing to the financial and social value of the group as well as individual members.

Project The 2010 earthquake had a significant impact on livelihood and food security with some 600,000 people added to the ranks of the food insecure in Haiti. However, the country has long faced unique cultural and economic conditions which hamper economic development: small and fragmented investments, dispersed populations, disconnected markets and an inadequate banking infrastructure.

CARE's VSLA methodology arose as an evolution of the informal financial sector, replicated from traditional savings groups, which have been functioning in societies for many years. CARE simply formalized the process and provided loan structures that minimize risk and increase the poor access to informal financial services. Whereas most micro finance schemes focus exclusively on credit, or debt, VSLA is based on savings.

Groups have an average of 20-30 members and typically meet every week when members contribute savings according to a system of shares with fixed values. Members can then borrow from the revolving fund at a monthly interest rate decided by the group for a duration of 1 to 3 months. Loan amounts depend on the availability of funds, member demand and individual repayment capacity.

Haiti VSLA achievements:

- **Total savings mobilized** **\$147,481 USD**
- **Average savings per member** **\$35.00 USD**
- **Annualized return on savings** **11.30%**
- **% of members with active loans** **38.3%**
- **Fund utilization rate** **64.5%**

**average income in Haiti is \$2USD/day*

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VSLA member share-out At the end of an agreed period or cycle, usually around 12 months, the accumulated savings and interest earnings are shared among the members in proportion to the amount that each saved throughout the cycle. To ensure that transactions do not take place outside VSLA meetings, a lockable cash box is used to prevent unauthorized cash movement and the risk of record tampering. The cash box requires three keys, each one held by a different member of the VLSA group management committee. Alternatively, some groups are now using mobile phone transfer systems, eliminating the need for cash. In this case, one member keeps the group phone, while 3 other members retain needed PIN codes.

The VSLA Project will continue to promote vulnerable women and girls access to formal financial services and products, build member enterprise skills, and link women & girl entrepreneurs to functioning markets and value-chains. Future steps include:

- *The scale up of VSLA throughout Haiti via partnering agencies and other organizations*
- *Develop mobile technology solutions to provide access to all financial services*
- *Partner with MicroFinance Institutions (MFIs) and local banks to develop products and services targeted at VSLA groups*

Additional CARE Haiti Economic Development Activities The VSLA program is part of CARE Haiti's on-going focus on Economic Development. Additional CARE programs include an agricultural development project in the Gros Morne and a Food Voucher program in the Grande Anse.

CARE's **Conservation Agriculture** project in the Gros Morne addresses the majority population who derive their income from agribusiness. Incomes which are rapidly diminishing due to parceling of land, erosion and reduced soil quality. At the same time, more and more of Haiti's food supply comes from expensive, less sustainable, imported products. Working with Farmers and Community Based Organizations (CBOs), the project seeks to develop innovative methods and techniques to sustainably increase production.

The **Food for Peace** project seeks to increase food security and asset protection for poor households in the Grande Anse Region of Haiti. The project creates new and reinforces existing market linkages which bring local produce into formal commercial outlets, therefore increasing the demand for local products. To do this, the project is piloting an electronic mobile voucher system that can be activated and scaled up in response to future emergencies as well as contribute to longer term development programs.

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