



VESA LEARNING BRIEF

Strengthening Household Resilience Through Economic Empowerment

OVERVIEW The USAID funded Strengthening PSNP4 Institutions and Resilience (SPIR) Program, led by World Vision in a consortium with CARE and ORDA, is intended to help households in the PSNP4 program achieve food security for their households through a combination of savings, diversifying their sources of income through income generating activities (IGAs), and skills training that can help them graduate from food assistance. SPIR supports 526,444 direct project participants in the Amhara, Oromia and SNNPR regions of Ethiopia.

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VESAs are groups of 15-25 households, brought together as a foundation for all economic and social activities supported by the project. The members of a VESA are self selected groups of neighbors and peers and include both men & women (often the husband and wife from a single household). Organizing PSNP4 households into VESAs is a cost effective way of delivering diverse services and technical support to large numbers of households in an efficient manner. In SPIR, VESAs serve as an entry point for: financial literacy and business skill trainings, exposure to agricultural technologies and information, linkages to microfinance & input/output markets, & other livelihoods interventions. In addition, VESAs build social cohesion and capital and are a safe and fertile environment for training/ discussion on social and cultural norms that may impede development and contribute to food insecurity.



VESA leader Amina Alii, one of the younger members of the group, says that the financial skills training she has learned through SPIR has helped her save half of her income (20 birr in her own savings and another 40birr through the VESA) and has 60 birr left over for household consumption. Amina stands with her three goats, which she has bought and is fattening with training she has received through SPIR. She aspires to graduate from the safety net so that she can make room for others in the program.



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Driving along the lush green valley in the agricultural corridor of Chiro Woreda, West Hararghe, it is easy to forget that this is a drought prone region of Ethiopia. But ask any PSNP4 beneficiary if their lives have been affected by El Nino in recent years, and there is a resounding chorus of angst ridden consensus. For them, losing one crop season is the

difference between subsistence and famine. The harsh reality of subsistence living is an all too familiar fate shared by over 7m PSNP4 participants in Ethiopia.

The Government of Ethiopia’s PSNP4 program, which does, provides food/cash assistance as a safety net that has enabled 29,668 PSNP4 participants in this Woreda to keep from starving and to help provide an avenue out of poverty. Households participating in the PSNP4 live on less than \$1/day. One crop failure, a death in the family, or an illness that can propel them into extreme poverty. Many of the extreme poor in Ethiopia borrow money just to eat 1 meal a day, and in turn they are indebted to local illegal money lenders known as “arata” who charge 30-50% interest on the most meager of loans or be indentured servants on the farms of the same money lenders. Paying the loan on the other hand would take the average PSNP4 household 1 year to repay,



assuming a productive harvest. Even farmers who have a successful harvest, have only 6 months of food sufficiency, relying on loans to feed their families for the remainder of the year.

To combat this cycle of intergenerational poverty, one of the most effective ways to help households graduate from the safety net and into long term food security is to promote a culture of saving. SPIR has adapted the CARE developed Village Economic Savings Association (VESA) model to convene groups of 20-30 households to save together, learn together, and support each other to graduate from receiving food/cash assistance. VESAs have been active for less than a year in Ifa bas kebele but have already saved enough for members to share out their collective savings. In the case of the Haka-bas VESA, the first share-out was 17,000 Birr among 20 households. Unlike traditional VSLAs, which are groups of women deals with savings and lending only, VESAs include both members of the household and encourage couples to share together, make decisions together, group discuss and



resolve local social issues and invest in income generating activities (IGAs) together – engendering a collective effort to lift the household out of poverty from the outset.

PSNP households in West Hararghe mostly grew maize during the summer months and sorghum during the rainy season (March – May). But for most, one bad crop left them

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dependent on food assistance from the government. But members of the Haka-bas VESA have received training in VESA methodology, financial literacy, IGA and business skill trainings. Shoa fattening is one of the most rewarding IGAs for VESAs, especially for women as they can participate in the activity close to their homes. In the Ifa-bas kebele, Haka-bas VESA members each bought 1 mature goat or 2 baby goats from their 1,300 birr share-out. The typical member borrowed \$600 birr from the VESA, invested it in buying 1 goat, and returned the loan within 3 months. In most cases, both husband and wife are engaged in productive trades including petty trading, shoa fattening, as well as traditional farming.

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