



VSLAs in Emergencies

Combining Cash with VSLAs for Improving Humanitarian Outcomes

OVERVIEW Globally, 339 million people need humanitarian assistance, and this figure is growing. The global humanitarian funding need is \$51.6 billion. With historically high numbers of people living in crisis – for increasingly protracted periods of time – CARE is committed to supporting people’s ability to navigate crises, sustain economic security and ultimately thrive, despite the challenges they face. To date, however, few solutions have proven to be both effective and scalable. This lack of clear solutions inhibits investment, change and progress.

The Village Savings & Loan Association (VSLA) model gives a unique opportunity to approach financial inclusion for those living in crisis once combined with cash and voucher assistance (CVA). 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.

Since 2017, CARE has piloted and refined our VSLA in Emergencies model to address these issues. This model is owned by and administrated by participants and aims to support people living in crisis to address and recover from shocks; and support people to build more resilient livelihoods. When we properly sequence and integrate VSLAs into a package of interventions to support livelihoods, they can be a powerful tool for livelihood recovery. There are also early indications that these results can sustain themselves over time, offering longer term resilience for highly vulnerable communities.

CARE’s VSLA in Emergencies (VSLAiE) approach provides practitioners working in crisis affected and emergency contexts with guidance needed to adapt traditional VSLA methodologies to the complexities of humanitarian settings. With insights and data from pilots run in Yemen, Jordan, and Syria, CARE seeks to extend access to financial services to some of the most underserved and economically precarious people in the world.

94%

Of VSLAiE group members in Syria reported increased joint decision-making on income between men and women

*The average savings amount per VSLAiE member in Yemen was **\$194 USD** even without cash assistance one year on since the project end.*

79%

Of VSLAiE members in Jordan were able to meet at least some of their basic needs up from 53% at baseline

VSLA in Emergencies Approach



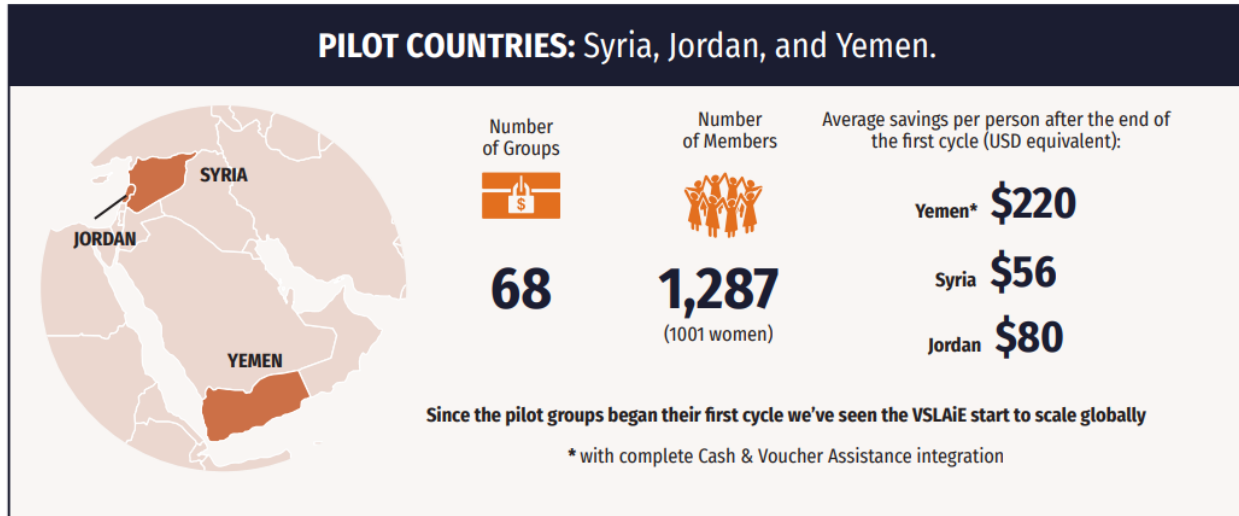
The VSLAiE Model

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 when an emergency occurs, and to effectively meet the needs of crisis-affected people.

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. **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 excellent 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.
4. **Flexible cycle:** The VSLAiE allows for a shortened cycle 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.

CARE's VSLAiE Research

CARE has now launched three pilots for VSLAiE in Yemen, Syria, and Jordan. We now have data from end of pilot findings from Syria and Jordan as well as the results from the second year of the Yemen sustainability study. As the result of funding from USAID IDEAL, CARE has been able to return to communities in Yemen, one year on from the end of the first cycle and observe the sustainability of the gains from the VSLA pilot.



Key findings:

- VSLAiE allowed members to have a better balance between spending and saving.** Many participants in Jordan and Yemen reported using the majority of loans for consumption smoothing expenditures such as paying medical fees, paying off debts and for buying household items. Additionally, members have also invested in new assets, even if they haven't used loans to do this. 51% of people in Yemen reported that they had been able to invest in new assets since joining the VSLA.
- Food security improved for VSLAiE members.** In both Yemen and Syria, there was a considerable improvement in the number of participants who have acceptable levels of food security and decreases in the number of people with poor levels of food security. When identifying benefits from the VSLA, participants frequently referenced the ability to address their food security as being an important outcome of VSLA membership for them.
- Members were able to decrease debts while being able to meet more of their basic needs.** In Jordan, the percentage of people saying they could meet all their basic needs rose from 4% to 11% and the number saying they could meet none of their basic needs fell from 14% to 4%. In Syria, the number of people who reported being debt free rose by more than 20%. Among those who had debts, the number of people characterizing their debt as 'high' fell by 27 percentage points, while the number of people characterizing it as 'low' rose by 14.
- VSLAiE members contributed money to others in the community who were in need.** In both Yemen and Syria, groups used their solidarity funds to offer significant support to people outside of the VSLAs who need help, including orphans, people in need of medical assistance and other at-risk members of the community.
- One year on from the project end in Yemen, the VSLAs are now independently active, saving, lending, and continuing to distribute 'solidarity' funds to others in need in the community.** Through the sustainability study, CARE returned to groups that were established as part of the initial Tiffany-Salls VSLAiE project and found that all 16 groups are still active, saving, and lending. Groups have maintained a savings buffer even without cash assistance. Only 3 participants (out of 159) received any CVA from any source since the end of the project and yet the average savings per member has only fallen slightly from \$220 to \$194 USD each. 90% of

study participants reported that their income had increased since joining the VSLA and has helped in maintaining this savings buffer.

Learnings and Next Steps

CARE's VSLAiE pilots continue to demonstrate that it is possible to establish fully functional and successful VSLAs even in the midst of acute food and livelihood crises. However, in these pilots, some key learnings have been identified to effectively establish VSLAs in these contexts.

- **Build strong in-country VSLA capacity and staff.** There should be basic knowledge of VSLA implementation across key program staff across all sectors. Additionally, financial inclusion and VSLA staff/coordinators should have more in-depth knowledge of VSLA and be the point persons for implementation. Within this staff, there should be strong coordination between CVA and VSLA at all levels.
- **Work with communities for the sequencing of livelihood interventions with VSLAiE.** Ensure that interventions meet members where they are while also responding to their immediate needs and addressing long term vulnerability through livelihood programming. Using longer term cash strategies alongside VSLA implementation allows for more sustainable approaches to livelihood promotion. This will differ considerably from community to community. Therefore, working closely with communities to respond to expressed needs is important, as is having flexible budgets which can respond to the expressed needs of communities.
- **Address fear while sensitizing participants and communities.** In many crisis affected settings, establishing VSLAs will be complex since there may be social norms, fears, or community dynamics which affect how easy they are to establish. As a result, the first cycle of VSLAiE will require time for sensitization and accompaniment. Maintaining a responsive relationship with the community will aid trust and will also help teams to know when issues arise and should be addressed. This requires consistent presence in communities with rapid feedback cycles.
- **Enable adaptation, particularly through the first cycle.** Since all contexts are different it is important that VSLAs can adapt, not only to changing contexts but also to changing desires of VSLA members. This can be done through approaches such as introducing flexible budget lines, using strategy testing, and ensuring that community feedback is enabled and responded to.
- **Ensure gender inclusion.** Conduct gender analysis within VSLAiE programs to ensure that gender dynamics are understood and that the program can respond to needs. Work to address Gender Based Violence in Emergencies (GBViE) and protection to mitigate any risks. Lastly, safely target women by ensuring outreach and mobilization activities reach women where they are and actively look to include them in interventions as well as be included in program decision making.

The VSLAiE pilots in Syria, Yemen, and Jordan have generated enormous interest in the model and the adaptation of VSLAs in emergency settings. CARE will publish and socialize a toolkit on VSLAiE implementation for practitioners that will enable humanitarian organizations to implement the model in their contexts. Additionally, CARE will now test the model in Sub-Saharan Africa and Central and Latin America. In line with disseminating the VSLAiE toolkit, CARE will develop a strategy to support key scaling partners (WFP, UNHCR, USAID) to implement the approach in different contexts and through programs implemented by those organizations.