



VSLAs in Emergencies

Evidence from Yemen on Combining Cash with VSLAs for Improving Humanitarian Outcomes

OVERVIEW Over 300 million people around the world live in fragile contexts, with nearly **26 million refugees fleeing conflict and scarcity**. 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.

CARE’s VSLA in Emergencies (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 humanitarian 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.

48%

Of VSLAiE group members set up small business activities with their money

*The average savings amount per VSLAiE member was **\$220**. The percentage of VSLAiE group members with savings **increased from 3% to 100%**.*

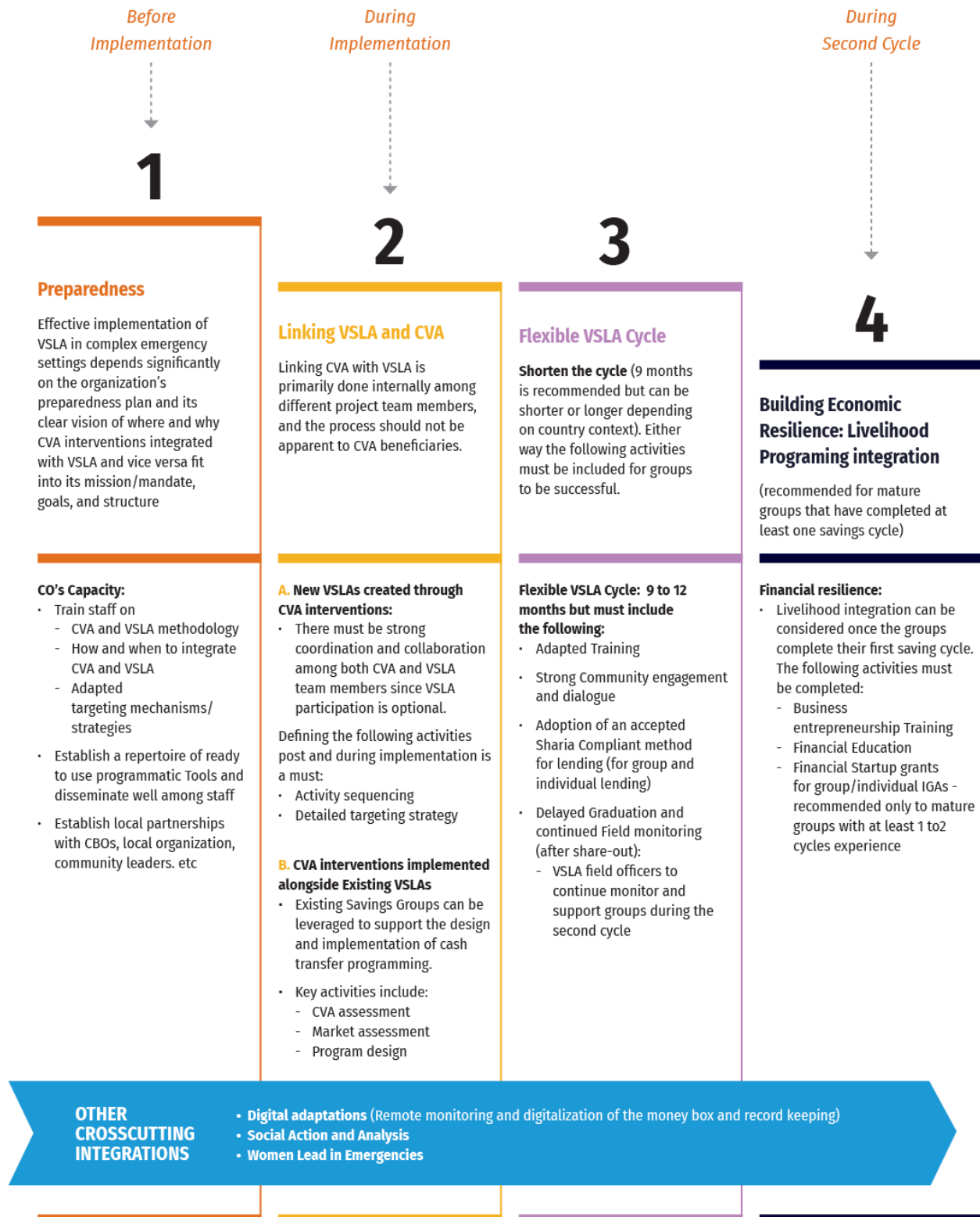
89%

Of VSLAiE members used their money to help people beyond their group

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.

VSLA in Emergencies Approach



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 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.
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 in Taiz, Yemen

In 2021, CARE led a pilot in Taiz, Yemen to refine our VSLAiE approach, build new tools and resources to help implementers, and develop our understanding of how communities respond to and use financial services within these contexts.



What we found in our Yemen pilot went beyond extending access to financial services: it also showcased how financial services can play an important role in supporting social solidarity and building community resilience that goes beyond VSLA membership.

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

Project name: Strengthening livelihoods of crisis affected population through effective VSLAs and Cash assistance in selected district of Taiz governorate, Yemen

Funders: Tiffany Foundation (\$350,000 USD) and Sall Family Foundation (\$100,000 USD)

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:

- **There is broad demand for these services particularly when linked with cash transfers.** CARE sought to establish 12 VSLAiEs 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. 22 VSLA groups (without integrated CVA) were established through community-led replication. People were eager to save, and with the integration of cash transfers many members developed savings (average \$220) to help address future shocks. Preliminary data shows the VSLAiE approach had a positive impact on several indicators of economic resilience.
- **Whilst VSLA members sometimes worried about the risks of taking and giving loans, they still wanted to start their own enterprises to try and build longer term resilience.** 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. Training helped people feel confident they had the marketable skills needed for successful businesses.
- **VSLA members quickly started distributing money to others in the community who were in need.** By the end of the project 89% of participants had used money from the VSLA social fund to help people in need who were not in the VSLA group. Groups felt a desire to help others.

- **With adequate time, accompaniment, and tools, it is possible to establish fully functioning and effective VSLAs in challenging crisis-affected environments.** A strong relationship between CARE and the community which allowed for consistent two-way communication helped to strengthen the performance of these VSLAs.

"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

Going Forward

CARE's VSLAiE pilot in Yemen has demonstrated that it is possible to establish fully functional and successful VSLAs even in the midst of 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:

- **Ongoing monitoring of Yemen pilot groups:** 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.
- **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. New VSLAiE programming has begun in Syria and Jordan and we expect further expansion as part of the ongoing research.
- **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. In order 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.