VILLAGE SAVINGS AND LOANS ASSOCIATIONS (VSLAS)

Village Savings and Loans Associations (VSLAs) are community-led savings groups providing members with a simple, safe and transparent way to manage their finances, offering the services of savings, basic insurance through the social fund, loans, and a social network.

**Group formation**

- 15-25 members agreed and management committee elected.
- Group constitution agreed
- Share price agreed; interest rate for loans set; social fund contribution set, group rules agreed.

**Share out**

- Members save weekly
- Members gather to contribute 1-5 shares plus a small amount for the social fund.

**Committee manage money**

- Management committee record individual savings and closing balance; money kept in locked box with three separate keys.

**Regular loan repayments**

- Loans are repaid with interest at the end of each month.

**Members request loans**

- Each member may borrow up to three loans per cycle at a low interest rate agreed by the group.

**Social fund**

- Members may request money from the social fund for emergencies.

**CARE conducts community sensitisation meetings**

**CARE provides training on key information, with 6 modules over 8 months**

**CARE staff provide supervision and support when savings are shared out**

**CARE staff provide monthly support visits**

**CARE conducts a 2nd quality assessment**

**CARE provides training to prepare for share out**

**Savings**

- Members receive their savings
- Each member receives back the number of shares saved, including interest.

**Loans**

- Members request loans
- Each member may borrow up to three loans per cycle at a low interest rate agreed by the group.

**9 months**

- Loans

**Share out calculated**

- Total savings including interest from loans counted and new share price calculated.

**Cycle starts**

- 9 months

**Group constitution agreed**

- Share price agreed; interest rate for loans set; social fund contribution set, group rules agreed.

**Group formed**

- 15-25 members agreed and management committee elected.

**CARE conducts a quality assessment after 12 weeks**

**Committee manage money**

- Management committee record individual savings and closing balance; money kept in locked box with three separate keys.
**KEY FACTS**
- 15-25 members per group
- Managed by a chairperson, record keeper, box keeper and two money counters
- Weekly savings of small amounts
- Loans available with low rates of interest
- 9-month cycle with savings shared out back to members at the end
- Groups can choose to create a social fund for when members face medical emergencies

**BENEFITS**
- **Simple**: Visual log books with clear records of savings for groups with limited literacy and numeracy skills.
- **Flexible**: Members choose share price and can choose how many shares to save each week.
- **Secure**: Three different members keep keys to the box so it cannot be opened by individuals.
- **Transparent**: All member witness cash counting and recording.
- **Trusted**: Members get all their money back at the end of each cycle so they are not worried it will disappear.
- **Social**: Groups develop a social support network which provides members with a trusted source of advice and develops a strong community spirit.

**VSLAS WITHIN CARE CAMBODIA’S PROGRAMS**
VSLAs do not operate in isolation but link with many other activities to increase the overall impact of CARE’s work.

**Health messaging**: Village Health Support Group (VHSG) members and Village Agents often link health messaging sessions with VSLA meetings for maximum exposure to the community with limited effort.

**Health access**: Access to loans helps members to overcome financial barriers to accessing healthcare, allowing members to act on new health knowledge and increase demand for quality health services.

**Income generation**: VSLAs complement livelihoods activities by providing easy-to-access loans for members to invest in their small business activities, helping to increase the success of these.

**Life skills training**: Some VSLA groups have been linked with additional life skills training, which is having a positive impact on the amount they are saving.

**Saving for education**: VSLA members report that they use VSLA savings for their children’s education.

**VSLAS IN CAMBODIA**
- CARE has supported the creation of VSLAs in **three provinces** in Cambodia: Koh Kong, Ratanak Kiri and Mondul Kiri.
- Nearly **230 VSLA groups** with over **3,700 members** set up by mid 2016.
- Over **80%** of members are female.
- The largest total at the end of one group’s savings cycle so far was **$6,200**.

CARE is supporting VSLAs in Cambodia under a number of projects, many of which have the financial assistance of the Australian Government.