Access to sustainable micro-credit was long considered impossible in the rural communities of Mali’s Sikasso Region. Yet, with the support of the USAID Projet Nutrition et Hygiène (USAID/PNH), villagers are gaining access to such credit with acceptable terms. The integration of these self-managed savings-credit systems—village savings and loan associations (VSLA)—was well received in project communities. This technical brief describes the VSLA approach, results and lessons learned.
VILLAGE SAVINGS AND LOAN ASSOCIATIONS

A village woman’s life in Mali is full and intense. Women manage the household—caring for the home, children, animals—and also often work in their husband’s fields. Rural women are usually poor, have restricted access to land and little opportunity for agricultural production or access to markets in surrounding villages. They have limited decision-making power in the household and do not have the means or access to generate income or contribute to household production. Finally, they eat a relatively poor diet that is neither diverse nor rich in nutrients.

These cultural traditions persisted for centuries, yet now women are beginning to understand that they can take charge and make their own decisions—independently or together with their husbands. Women and men in the community have seen the power of the savings and loan process and have embraced it.

**VSLA Approach**

The purpose of the village savings and loan association is to encourage women to save for things they may require but do not have the ability to obtain. By engaging women in this collective process, an individual woman has quicker access to funds in times of need. Typically women use these funds to access agricultural inputs such as seeds or fertilizer but she might also take a loan to seek medical care or to pay for school fees for her children.

**Establishing and monitoring a VSLA**

When USAID/PNH started, the agricultural extension agent (AEA) explained the project’s agriculture component to the village leadership. The village chose 10 women farmers from the village to participate; these women learned about the possibility to create a solidarity group around farming. These ten farmers and other interested women discussed this possibility to learn more about creating a group-led credit savings business. Once approved, the AEA and the members established the group guidelines and operating mechanisms that include a Constitutive General Assembly that defines rules, regulations, participation, and sanctions, the Management Committee to operationalize these regulations, and finally the Supervisory Committee to manage the process.

The AEA works closely with the peer farmer who lives in the community to support VSLA activities.

**VSLA operations**

The VSLA approach promoted by USAID/PNH focused on creating solidarity groups first; once the group saved enough money, they began offering financial assistance to their members. Most members are women farmers though one or two men participate and serve as advisors. The group meets weekly and collects contributions from each member based on the village context and purchasing power of the group members. So while some groups may collect 250 FCFA (USD0.50) weekly from each member, others might collect that amount monthly. Members create the operating rules that all must follow. The purpose of the group is not to become rich, but to become a cooperative unit. The group size varies from 25 to 100. The groups started to improve their agricultural practices and now are operating as lending groups. Women own and manage the group despite the presence of male members.
Community contributions

The VSLA also provides a link between the agricultural activities and the larger community’s effort to improve malnutrition among pregnant and lactating women and children under age 5, especially those under age 2. Initially the project required women farmers to contribute produce for the health center (CSCOM)-sponsored nutrition demonstrations. However, contributions were not consistent so the project established other mechanisms to ensure CSCOMs had the necessary inputs to conduct the nutrition demonstrations. Wherever possible, women farmers contributed to the CSCOM- and community-led nutrition demonstrations—but they were not the sole contributors. Once VSLAs were established, communities began requesting them to contribute to nutrition demonstrations. They interact with the village coordinating committee (VCC) and usually make a financial contribution to purchase supplies for nutrition demonstration such as milk, sugar, vegetables, etc.

VSLA loans

Village women help each other in many ways. For example, they may provide physical labor during planting and harvest seasons to augment their income. The VSLAs have recently started providing women with loans. In poorer villages, the amount of credit a woman can receive may be low (no more than 10,000 FCFA [USD20] per person) and the repayment period is quite long (2 to 3 months). Members invest mainly in the social sector within the household and in individual agricultural work. The interest rate may be only 10%.

“The VSLA members have established a disciplined credit management approach that has resulted in great success in such a short time. Indeed, our fund has grown from 563,000 FCFA to a total savings of 1,972,900 FCFA in one year.”

— Ava Sekou Diarra, Peer Farmer of YIWRA VSLA
VILLAGE SAVINGS AND LOAN ASSOCIATIONS

percent over 3 months. In villages with more resources, the loan amount may be as much as 25,000 FCFA with a repayment rate of 10 percent over 1 month.

VSLA loans focus on improving household living conditions and are monitored by the members. Together the members decide how to allocate the group’s capital. Loans may be given to individuals or groups. Individual loans are managed by the woman receiving the loan. She may use it to improve household living conditions such as using the funds to pay for health services at the CSCOM or the hospital, or support school fees for children.

As the VSLA groups matured, they have been able to expand income contributions to the group: In addition to the weekly or monthly dues that are customary, some VSLA groups require contributions from collective market gardens that women have started, and some require contributions after selling crops from collective fields. Those women who have a particularly prolific harvest may donate additional inputs to the group either in the form of produce or funds.

To date the repayment rates are 100 percent. This is because women are in groups with their neighbors and they all rely on each other.

To date the repayment rates are 100 percent. This is because women are in groups with their neighbors and they all rely on each other.

“As a group of women, we support each other to aim higher and achieve better results for our family. We have made personal commitments; we have team spirit that keeps us going; we have greater self-confidence and we are learning and imitating good practices that make our families healthier and stronger.”

— Tonfa VSLA

Government and village chief recognition of VSLAs

The Government of Mali provides support to collectives. Thus, the USAID/PNH project has worked to join several VSLAs together and register them formally as unions to access low-cost government seeds and organic fertilizer (Natural Tilemsi Phosphate – PNT). The project has encouraged technical collaboration between the peer farmers and the local agricultural agents, who can identify the need for seeds and PNT. VSLA members
VILLAGE SAVINGS AND LOAN ASSOCIATIONS

have learned that they need to share their needs for seeds and PNT by April/May with their local municipalities.

The USAID/PNH project has seen that VSLAs can help to reinforce social cohesion within the village. For example, a collective field belonging to the VSLA group constitutes a good practice. The project is scaling up such approaches, so communities see the value of the VSLA and the benefits of the community garden/fields. Further, the VSLA has to renew its contract with the village chief annually and document how the proceeds from the field have been used to benefit the community. Eventually the collective field contributions may be able to pay for plowing equipment that would benefit many VSLA members not just those working the collective field.

Results

As part of the project’s agriculture component, VSLA members have gained access to reduced price fertilizer and high-quality seed stock that enable them to plant more and better crops that they can keep for their families to eat. Further, women can use loans to take malnourished children to the health center for treatment. By the end of the project, USAID/PNH will have established 72 VSLA groups reaching 4,320 people in 70 communities. Of these 72 groups, 46 have formed into 6 larger associations established by the project. Collectively all VSLA groups have saved almost USD40,000 that includes granting over USD30,000 in micro loans to its members. Those participating in USAID/PNH-initiated VSLAs can net a profit of approximately USD200 per year after repaying any loans they may have.
In addition to accessing credit, the introduction of VSLAs have created channels for women producers to exchange experience and share skills in accessing supplies, plowing fields, and transforming nutrient-rich vegetables such as orange sweet potatoes and moringa. These skills, shared by group members, aim to increase groundnut, soybean, and cowpea production to increase the nutritional status of children and women, and prevent future risk of malnutrition among these groups.

**Women engaged in VSLAs feel empowered.** The project has seen evidence and spoken with women who feel that they are gaining autonomy in their households and they are able to make decisions for themselves. This is a powerful social change. While not a complete social transformation, the process has started. Women still work in their husband’s fields, but now some husbands have given their wives a plot of her own and allow her to control the proceeds from that plot. Further, the husbands of VSLA members are now consulting with their wives on agricultural practices, health expenditures and other household decisions. In some rare cases women have gained improved purchasing power that allows them to be relatively independent from their husbands. For example some women have hired a person to plow the husband’s field rather than do it herself. Being in a group setting has increased women’s confidence. In some villages, women have approached village leaders for arable land to create community gardens.

**New focus on family well-being in VSLA communities.** Prior to the project’s arrival, most men considered their wives as second-class citizens who were good for procreation and field work. At harvest time, the men would sell the crops, eat in the market and bring little home for the family. When children were sick, they grumbled about paying for health services. VSLA members report that they now can access funds to pay for essentials / emergencies. Members can use a loan to start a business, purchase clothing, seek health services, or educate their children. Further, VSLA members share the lessons they learn about agriculture, nutrition, and health with their husbands. This has helped men understand that they have an important role in keeping their families healthy. In some cases, the men are turning to their wives for advice to improve their own fields. Further, during village meetings and joint supervision visits villagers report
that families are now keeping a portion of the harvest aside for the family to eat to stay well-nourished because they are paying less for medical care and they understand how it positively impacts the family.

**Challenges**

**VSLA members were not always stable.** Girls who marry and move to a different village and those who died or traveled for long periods left a depleted number of group members. This created some difficulties in some groups because the membership was not enough to collect dues needed for borrowers. The project reminded VSLA groups that their governing body should recommend how to replace members who leave the group.

**Equity with respect to borrowing.** All women pay the same amount of contribution to establish and grow the credit fund. When taking out a loan, the amount awarded to a borrower depends on her level of purchasing power and her ability to grow the amount received. As a result, some women in the group may receive only 10,000 FCFA francs while others in the same group, may receive 25,000 FCFA. Again, this challenge can be addressed by the governing body who can help ensure that financial gains are shared equitably across the group.

After learning of their neighbors’ success in establishing a functioning VSLA, the women of Konoko village decided to start their own in April 2016. With the help of Sido’s agricultural extension agent 10 women established a group under the leadership of Mrs. Maiga and each contributed 100 FCFA per week. The group planned to use their savings to purchase organic fertilizer (PNT). The peer farmer in their village helped the group gain access to PNT credit and they purchased 15 bags delivered in November 2016. The peer farmer noted, “Ten years ago the women’s association tried to purchase PNT but they could not afford the 60,000 FCFA price. Today the women of Konoko are so pleased to have received their delivery for only 10,000 FCFA. What a bargain!” This VSLA is proud to have achieved this in seven short months.
Malian law requires renewing savings and credit groups annually. As an informal microfinance framework, Malian law requires that the revenues generated by the activity are shared with members at the end of the annual cycle. The VSLA then has to be renewed each year to avoid competing with the formal microfinance structures. Women are struggling to apply this procedure without breaking their cycle. The project ensured that members understood this legal requirement when they trained and monitored VSLA groups over the life of the project.

Lessons learned

VSLA groups focus on nutrition. In most villages with VSLAs, members participate in other women’s groups such as the neighborhood nutrition groups (Groups Soutien de Nutrition) that organize nutrition demonstrations with nutrient-rich produce and the WASH committees that were formed to improve hygiene in the village. VSLA groups deliberately contribute to nutrition demonstrations by contributing sugar, milk and produce grown in the community gardens. In every meeting, the leader reminds members of the links between the VSLA and nutrition and encourages each member to adopt the desired behavior of a nutritionally sensitive mother.

VSLA can improve household living conditions. During supervision visits and in discussions with village leaders and women farmers participating in VSLA activities, the project found that, in a spirit of cohesion and mutual understanding, VSLA members...
Often collectively agreed to allocate a share of the group’s capital to actions to improve household living conditions. This allowed families to access to health care at the local level or travel to the health reference hospital. The funds helped increase retention rates in school. Communities with VSLA had a higher frequency of collective nutritional demonstrations and increased immunization coverage by coupling nutrition demonstrations with childhood immunization campaigns.

The Government of Mali considers formal VSLAs as official unions. Members of VSLA groups that joined together to form unions were able to access low-cost legume seeds and organic fertilizer (PNT) through government channels. The peer farmers who served as advisers for a VSLA group were able to request PNT and seeds for the VSLA members from the agriculture unit’s agents. This link greatly improved women farmers’ access to seeds and fertilizer. The project has also invested in women’s lobbying group to help individual VSLAs come together to form producer unions that could potentially extend access to resources even further. VSLA members who participate in unions understand that if they participate in more formal cooperatives, they may access even better benefits. Therefore, they are planning to unify further into official cooperatives when they can gather the complex paperwork and the finances to take this next step.

A VSLA strengthens social cohesion in the village. Women’s access to good land is a challenge. The project supported peer farmers to work with women to request land from the village leaders. When VSLAs got the land and produced crops and income that benefited the village, social cohesion increased. Men participated and women were celebrated publicly for their contributions. In fact, the project found that women were eager to create VSLAs that did not have many men because they were worried that the men might try to take over the decision-making and the women felt very capable and proud of making their own decisions. Working together in agriculture (plowing, sowing,
Village Savings and Loan Associations

Field management, harvesting and the transporting produce) allowed women to celebrate together and form stronger bonds. In many villages, all able-bodied women united within the VSLA group.

**Future Recommendations**

The project moved from supporting individuals to assisting these women to form informal associations that could access government supports such as fertilizer and seeds. The project is working with various producer groups: VSLAs, women farmers, market gardeners and seed groups to strengthen their organizational capacity to unite to become larger cooperatives and to become recognized officially by the Government of Mali. When groups form larger structures that are officially recognized by the state they can access supplies and technical support at a reduced cost. Further, promoting producers to form self-managed legume producer unions the potential for sustainability beyond the life of the project. The project has established and trained groups of women lobbyists to advocate for formalizing these groups. As soon as the unions are formed, the volunteers from the women’s lobbying group will assist them in accessing desired inputs such as rainy season vegetable seeds, organic fertilizer, and credit with local banks and other technical and financial partners. Such inputs should increase soy, peanut, and cowpea crop yields.

The project is also working to organize VSLA groups into communal groupings (multiple VSLA groups across the commune), inter-municipal (commune groups uniting to become one at the municipal level) and finally large groupings at the Circle level that can become an official structure. When operational, such inter-municipal groups could contribute to boosting the fight against malnutrition through the various services that their members could offer to communities (e.g. easy access to vegetables, seeds, pulses and credit to farmers).
Village Savings and Loan Associations

Conclusion

A self-managed savings group (tontine) is an old practice in Sikasso Region to help its members with unexpected expenses. But tontines were generally ad hoc and provided limited support. The VSLA approach used by USAID/PNH focused savings groups around a particular objective, nutrition-sensitive agriculture, and established a structure with rules for operating the association. The objective to combat malnutrition gave added purpose to the members. The project’s effort to create Legume Producer’s Unions to enable women to access additional government resources typically available to officially recognized structures only, is ongoing and with the support of municipalities, these unions are being encouraged to form Federations (formal cooperatives) so the women involved will continue to thrive.

The VSLA component of the project has been very successful in enabling women to gain access to credit so she can make her own decisions to keep her family healthy and prosperous. With access to such credit women are starting small income-generating activities that ease the financial pressures on the entire family. VSLA members report consistently that during joint supervision visits and village coordination meetings that being in a VSLA has helped improve social cohesion among the villagers. VSLAs contribute to community nutrition demonstrations and help members in need. They are a useful channel to share new information and members participate in village activities such as cooking demonstrations and environmental sanitation. In the words of one member, “The VSLA gives us opportunities to operate as we wish and allows us to meet our daily needs.”

“What the VSLA gives us opportunities to operate as we wish and allows us to meet our daily needs.”
— VSLA member

What is USAID/PNH?

The USAID-funded Project Nutrition and Hygiene (PNH) managed by Save the Children with partner SNV aims to improve the nutritional status of pregnant and lactating women and children under two years of age in six health districts of the Sikasso Region, Mali. It is agriculturally productive, a center for trade, and one of the most densely populated regions of Mali. Over the course of six years, the project reached over 10,000 pregnant and lactating women and 50,000 children under 2 years of age with a full package of interventions.

This brief is made possible by the generous support of the American people through the United States Agency for International Development (USAID) Bureau for Global Health under terms of Cooperative Agreement No. AID-688-A-13-00004. The contents are the responsibility of Save the Children, and do not necessarily reflect the views of USAID or the United States Government.

For more information, contact:
PNN Project, Save the Children, Village CAN Rue 356 Porte 123 Wayerma, Sikasso
VILLAGE SAVINGS AND LOAN ASSOCIATIONS. The VSLA component of the project has been very successful in enabling women to gain access to credit so she can make her own decisions to keep her family healthy and prosperous. Women have access to credit to start small income-generating activities that ease the financial pressures on the entire family and improve nutrition outcomes.