

Learning package: Community strengthening and engagement

## Village Saving and Loans Associations: saving money to save lives

Out of pocket expenses can prevent access to important health services. Village Savings and Loans Associations help communities to save in advance to improve access to care and enable stronger livelihoods for their families.

Sixty-four per cent of Cambodians draw upon their own income to cover healthcare-related expenses, including transport.<sup>1</sup> While formal mechanisms exist to offset these costs, such as the Health Equity Fund (HEF), Partnering to Save Lives' (PSL's) snapshot surveys of community referrals in the northeast found that as many as 91% of surveyed health centre clients used their own personal resources to fund their expenses. It is therefore important for community members to have sufficient funds available to ensure access health services when they need them.

Village Saving and Loans Associations (VSLAs) enable communities to collectively pool their resources and draw on them for small loans as needed. PSL established 300 VSLA groups with over 4,768 members (77% female) in three provinces (Koh Kong, Mondul Kiri and Ratanak Kiri).

VSLAs met regularly to contribute to their savings and withdraw loans for healthcare (including transport costs), small business start up, agriculture and education. Social funds were also established to support emergency expenses, including healthcare, and PSL integrated reproductive maternal and newborn health (RMNH) education sessions with these meetings.

### At a glance: Village Saving and Loans Associations

- Each group has 15-25 members and is managed by an appointed chairperson, a record keeper, box keeper and two money counters.
- Groups operate over a nine-month cycle of saving and loans. Members contribute savings each week, plus a small allocation for a social fund, which covers emergency expenses for all members.
- Members can borrow up to three low-interest loans per nine-month cycle. These are repaid with interest at the end of each month.
- At the end of the nine-month cycle, all members receive their savings back, plus interest earned.

1. National Institute of Statistics, Directorate General for Health, and ICF International (2015). Cambodia Demographic and Health Survey, 2014.

In the three provinces with VSLAs (Koh Kong, Mondul Kiri and Ratanak Kiri), group funds totalled:

**USD 979,514**

Loans distributed to members totalled:

**USD 1,281,818**

Loans distributed for health purposes totalled:

**USD 146,513**

**4,920**

members accessed the social fund to cover healthcare and related expenses to the value of:

**USD 94,200**

## As a result of their participation in VSLAs:

- 99%** of surveyed members reported that their ability to pay for health services for themselves and their family improved
- 97%** of surveyed members report that their health has improved.
- 95%** of surveyed members report being more likely to visit a health facility.

Source: CARE (2018). Comparative Evaluation on Community-Managed Savings-Led Approaches in the Mekong.

## Lessons learned

The VSLAs empowered members to use available funds as they saw fit to improve their lives. This included saving for healthcare, and the number of loans distributed for health expenses increased over time, even as the number of active groups decreased over the life of PSL. The following key lessons were derived from the VSLA implementation process.

- VSLA processes were designed for transparency, which helped group members to trust the system. All cash counting and recording was done in front of members at group meetings and groups used visual log books to record savings so all members (including those with limited literacy and numeracy skills) could monitor progress. At the end of each nine-month cycle, members received their savings back, so they were not worried that the money would disappear.
- VSLAs had dual benefits of encouraging savings while also enabling health education and referrals, although PSL noted that education sessions should be kept short as they are not the primary purpose of group meetings. In Ratanak Kiri, where many of the VSLA chairpeople were male, PSL found that it was often more culturally acceptable to link women in the VSLA to female service providers and/or community volunteers for RMNH health education. This helped to ensure that messages were conveyed adequately and that women were comfortable to ask questions.
- During evaluation activities, focus group and interview participants indicated that women tended to take loans if they can anticipate and plan for the costs of accessing health services, such as transport, medicine, consultation and other fees. By planning for these costs and accessing a loan, women could borrow a larger sum than what is available in the social

fund (capped at USD10 per person, per loan) and more adequately cover their expenses.

- VSLA groups were successful in engaging women and ethnic minorities. Overall, 77% of participants were women and, in Mondul Kiri and Ratanak Kiri 92% were from ethnic minority groups, demonstrating that VSLAs were an effective strategy for reaching vulnerable groups and helping to establish a financial safety net.

## Recommendations

VSLAs enabled communities to save for important expenses, while also providing a channel for health education and referrals. For future programming, PSL recommends to:

- Support commune councils to lead VSLA activities within their community for greater sustainability.
- Incorporate companion activities (such as health education) where appropriate to encourage attendance and promote participants' long-term engagement with VSLAs. Strengthen linkages between VSLAs, service providers, Village Health Support Group leaders, Traditional Birth Attendants, Commune Committees for Women and Children, and other community volunteers to enable health promotion messages to be shared at VSLA meetings.
- Incorporate strategies to enable and improve the participation of women and ethnic minorities. Use diverse languages where possible and appropriate.



Credit: CARE/Josh Estey

