

## From micro-savings to the formal economy

Most households in Haiti are highly vulnerable, particularly to natural disasters and food security crises. Some progress has been achieved, and yet the level of poverty in rural areas remains acute: nearly 70% of rural households are chronically poor, lacking access to basic goods and services. Micro-savings are an effective tool in the battle against poverty, making families less vulnerable to crises, helping them to overcome periods of difficulty and improve their everyday life. The Village Savings & Loan Association (VSLA) programme, managed by the poorest for the poorest – a programme which CARE set up and has been supporting in Haiti since 2008 – is an effective catalyst for economic and social community development.

**DURATION:** 2013-2017

**CHALLENGE:** Women's Social and Economic Development

**COUNTRY:** Haiti

**PARTNER:** CARE



### CONTEXT

Haiti has achieved substantial progress as it recovers from the multiple crises of recent years (OCHA 2014). Yet critical needs persist across the country even so. Most Haitian households are highly vulnerable, particularly to natural disasters and food security crises. The level of rural poverty is acute: nearly 70% of rural households are regarded as chronically poor (compared with just over 20% in towns and cities), lacking access to basic goods and services. According to ONPES (Observatoire National de la Pauvreté et de l'Exclusion Sociale – the national observatory on poverty and social exclusion), rural poverty is caused by a lack of earning opportunities, isolation, low qualification and skills levels and high levels of insecurity in economic activities.

Since 2008, CARE has been supporting the more than 500 Village Savings and Loan Associations (VSLAs) it has created in six communes in Haiti, bringing together more than

14,000 people – 72% of them women. VSLAs are groups of 5 to 30 people who offer their members – especially women and girls with low incomes – the opportunity to access micro-credit to make a purchase or investment. Economic empowerment plays a key role in the battle against poverty, reducing communities' vulnerability to day-to-day risks and building their crisis resilience.

## **ACTION**

The overall aim of the programme is to improve the living conditions, economic and social security of the population as a whole, and of women in particular, in six communes within Haiti's Ouest and Artibonite départements.

- Creating 240 new VSLAs to give around 6,000 people improved access to basic financial services. VSLA members gain a basic understanding of the principles of savings management, becoming familiar with the concepts of loans, credit, repayment and interest.
- Supporting 80 VSLAs (i.e. 2,000 people) which demonstrate good financial management to increase their interrelationships and dealings with mainstream microfinance institutions and facilitating members' access to formal financial services such as credit cooperatives and banks.

## **EXPECTED RESULTS**

- Improved access to basic financial services for 8,000 members of 320 VSLAs.
- Creating new opportunities by establishing more financial links between the more mature VSLAs and mainstream microfinance institutions.
- Thanks to the resulting capacity development, the growth of new income-generating activities and economic empowerment, the women belonging to VSLAs play an active role in decision-making within their households and the wider community.

## **LONG-TERM STRATEGY**

Access to savings and loans enables VSLA members to improve the living conditions of their households (education, food security, meeting basic needs) by building capability and creating economic and financial opportunities. The programme has delivered visible, replicable and sustainable results in Haiti. VSLAs are autonomous and self-managed – a key factor behind their long-term success. The survival rate of these associations is greater than 90%.