



SUCCESS STORY

VSLA membership Contributes to Resilience

Pastoralists obtain better income from the sales of their animals thanks to VSLAs



Karru Nura, next to her house

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Karru Nura
VSLA member, Golicha village

Evaluations of the Village-level Savings and Loan Association (VSLA) model suggest that participation in the program has an overall positive impact on various indicators of members’ welfare, including the development of income-generating activities (IGAs), education expenses, access to health services, nutritional levels and quality of housing. In the light of these findings, PRIME facilitates the formation of VSLAs under the Private Sector Provider (PSP) approach, which eventually empowers the private provider to run the VSLAs through member contributions, and VSLA members to be able to pay for the service. The PSP approach complements the VSLA model by ensuring sustainability and circumventing reliance on donor funding. One of such VSLAs is found in Golicha village, Did Yabullo Kebele, Yabello Woreda in Boena Zone of Oromiya Region. The association, which has 25 members was formed 11 in August 2014. The group meets every month and everyone saves 12 Birr. Ten birr goes to savings while two birr goes to a social security fund, which is used to support each other during a crises.

Karru Nura, a 50-year old widow, is one of the members of this group. She is keen to tell what exactly a VSLA membership has benefitted her. Just a couple of months ago, Karru had to send money to her two children who are at the university (one in Haremaya and in Jimma). She didn’t have cash at the moment. The price of cattle and goats was rather low then. Karru borrowed 2,000 birr (USD 100) from the credit group. In a seven weeks’ time, Karru sold a cow at a good price and repaid her debt. By doing so, she has saved a lot of money, at least 1000 birr (USD 50) by her estimation. “I am just telling you an instance,” says Karru; “otherwise, membership of this association has several benefits. After all, it has instilled the culture of saving in us. We think twice before spending our hard earned money.” Before this association, whenever people ran into a small financial need, they sold their animals; often, at a very low price. The money left over was often spent unwisely. Even if some people wanted to save, they had to go to the nearest bank in Yabello town, which is not so friendly to community members who can’t read or write.

Pastoralist Areas Resilience Improvement through Market Expansion (PRIME) project has so far facilitated the formation of more than 96 VSLAs across Borena Zone, benefitting over 2050 households and enabling them to increase their capacity to generate income, meet their immediate cash needs and control their financial resources.