

RESILIENCY LEARNING REPORT



PROMOTING OPPORTUNITIES FOR WOMEN'S ECONOMIC EMPOWERMENT IN RURAL AFRICA (POWER/PROFIR AFRICA)

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ACRONYMS AND ABBREVIATIONS

CSA	Climate Smart Agriculture
DRC	Democratic Republic of Congo
FI	Financial Inclusion
FG	Focus Groups
FGD	Focus Group Discussions
FHH	Female-Headed Household
FSF+	Food Sufficiency for Farmers
GDP	Gross Domestic Product
GE	Gender Equality
HH	Household
IGA	Income-Generating Activities
KCB	Kenyan Commercial Bank
KII	Key Informant Interviews
LSMS	Living Standards Measurement Study
MFIs	Micro-finance Institutions
MIS	Management Information System
MoU	Memorandum of Understanding
NGO	Non-governmental Organization
POWER	Promoting Opportunities for Women's Economic Empowerment in Rural Africa
PROFIR	Promoting Opportunities for Financial Inclusion project in Rwanda
PSNP	Productive Safety Net Programme
SPM	Select, Plan, Manage
VSLA	Village Savings and Loans Associations
WEE	Women's Economic Empowerment

EXECUTIVE SUMMARY

Resiliency is defined as the “*the capacity to recover quickly from unpredicted difficulties*”¹. This capacity is sub-divided into four abilities that include the ability to anticipate, absorb, adapt and transform the economic effects of increasingly unpredictable environmental, political and individual covariant and idiosyncratic shocks.

Resiliency can be found at the level of the individual, the community, the state, the continent or the globe. As a consequence of climate change, our ecosystems are changing and adjusting, often in very unpredictable ways, leading to challenging conditions that affect everyone. The greatest hit are often those with the least power to influence the shocks; i.e. the very poor, particularly those living at or below the poverty line. Income smoothing tools such as savings and loans appear to not only endow very poor households with the capacity to manage regular, predictable income fluctuations of rural, farming households, but there is growing evidence that these same tools may also assist households (HHs) manage unpredictable and often devastating income fluctuations brought on by environmental and political shocks.

To explore this further, CARE Canada commissioned a resiliency learning exercise to qualitatively (and to a limited extent, quantitatively) assess the role their Village Savings and Loan Association model (VSLA) has on resiliency of the vulnerable and/or very poor to manage negative covariant and idiosyncratic shocks. Specifically, the learning identified differences in the ways and means VSLA members anticipate, adapt and absorb (and to a certain degree, transform) shocks as compared to their non-member counterparts.

Following a process of collecting and analyzing field data we offer the following conclusions:

1. We find that there is sufficient evidence from the data collected during this learning exercise to support the notion or hypothesis that the VSLA methodology does contribute to increased capacity of very poor households to anticipate, absorb, adapt and perhaps transform covariant (and idiosyncratic) shocks² and the associated economic stress.
2. We also find that the VSLA model puts in place a strong foundation of broad services, training and association to support HHs as they manage their unique challenges brought on by covariant or idiosyncratic shocks. The strength of the VLSA approach is that it focuses on building capacity within HHs to independently manage their economic difficulties and not to provide a standardized, cookie-cutter fix to economic vulnerability.
3. It is also clear that, while the VSLA model is an important component to building resiliency, it cannot stand alone nor is it designed to. Its value as a platform for agriculture extension and other support services that contribute to resiliency cannot be understated.

¹ <https://en.oxforddictionaries.com/definition/resilience>

² Covariant shocks are events that affect groups of people such as communities, regions or states; idiosyncratic shocks are events that affect individual or households.

4. CARE possesses a treasure trove of data about its VSLA members that may be underutilized. The data system may, however, be more complicated/ambitious than it needs to be.

Additional conclusions that relate to specific components or elements of the VSLA are also provided that support and complement these broad conclusions (see Section 4).

Based on the conclusions presented above, we offer the following recommendations:

1. CARE must continue to identify and pursue partnership and alliances with other local and international organizations and assistance program that undertake work that complements and leverages the strengths of the VSLA methodology but does not overlap with what the VSLA does. Good examples of this are the PSNP/POWER/FSF+ program in Ethiopia and the growing relationship with KCB in Burundi.
2. Training that builds capacity during and between shocks to undertake regular and frequent risk analysis at the HH and VSLA level should be incorporated into the VSLA methodology; allowing more precise adjustments to features of the VSLA, including IGAs to meet the emerging risks and opportunities.
3. Through the VSLA methodology, selection, planning and management of IGAs (and other HH level income diversification strategies) should consider economic diversification at the VSLA and community levels as well. This would include promoting or educating VSLA members on non-traditional IGAs for generating income. These could be incorporated into a Community Action Planning process that is easily integrated into the VSLA methodology.
4. Develop, test and integrate a set of tools into the VSLA methodology that specifically support modifications to its application during times of crises. These include templates and methodologies for developing community action plans, risk assessment tools, preparedness assessment tools, contingency planning, etc.
5. The fervent commitment to saving by the very poor, particularly during crises/shocks, should be carefully monitored. This is particularly true for women within the HH as their commitment to ensuring a better future for their children could lead to saving at the expense of their health and well-being.
6. Consider assessing the data management system to determine what data is needed. There is a tremendous amount of extremely valuable data on the MIS, but this may be lost among other, non-essential data. Also, consider updating the data that is collected to include measurements of resiliency.

1. INTRODUCTION

CARE Canada, in partnership with the MasterCard Foundation, is implementing a four-year (2014-2018), US\$ 13 million multi-country financial inclusion project called Promoting Opportunities for Women's Economic Empowerment in Rural Africa ("POWER Africa"), and Promoting Opportunities for Financial Inclusion in Rwanda ("PROFIR"). The initiative aims to reach some of the continent's most vulnerable and poor women and adolescent girls. The project operates in four Sub-Saharan African countries: Burundi, Côte d'Ivoire, Ethiopia and Rwanda. Overall, the project aims to increase the financial inclusion of direct beneficiaries and their households (HHs) through the formation of Village Savings and Loan Associations (VSLAs), the provision of financial literacy and other skill training to VSLA members including life skills, and linking mature savings groups (VSLAs) to formal financial institutions³.

Anecdotal evidence identified by POWER/PROFIR personnel that VSLA members continued to save even in the face of enormous economic stress indicates that the methodology may have important implications on HH resiliency. This savings behavior is counterintuitive to what one would expect and suggests that the VSLA elements not only contributes to income smoothing; but these same tools may also increase very poor households' (HHs) capacity to manage and overcome unpredictable and often devastating income fluctuations brought on by environmental and political shocks including drought and civil unrest.

To explore this further, CARE Canada commissioned a resiliency learning exercise to qualitatively (and to a limited extent, quantitatively) assess the role the VSLA methodology has on resiliency of the vulnerable and/or very poor to manage these negative covariant and idiosyncratic shocks⁴. Specifically, the learning identified differences in the ways and means VSLA members anticipate, adapt and absorb (and to a certain degree, transform) shocks as compared to their non-member counterparts.

The main objectives of this exercise were to:

1. Articulate and analyze variation in responses to questions regarding strategies and coping mechanisms to manage the economic impact of negative covariant shocks by different cohorts from very poor households in Burundi and Ethiopia;
2. Deconstruct and analyze the VSLA model into its different components to better understand the individual and cumulative contributions each element makes to HH resiliency and the management of these shocks; and
3. Elaborate on any innovations in either coping behaviours or adaptations to the VSLA methodology identified within the groups.

In terms of long term utility and objectives from this learning, it is hoped that this exercise contributes to (i) better understand resiliency as a development objective; and (ii) further tailoring of the VSLA model to increase its efficacy as a development tool for building resiliency among the very poor.

³ POWER Project Proposal CARE-MCF 2013.

⁴ Covariant shocks are events that affect groups of people such as communities, regions or states; idiosyncratic shocks are events that affect individual or households.

1. INTRODUCTION

Following best practices in research methodologies that included a desk review and work planning exercise, a series of field visits to Burundi and Ethiopia was undertaken in August and September (2017) to collect qualitative data from VSLA members and non-members through focus group discussions and one-on-one interviews. This data was subsequently analyzed and validated with CARE Canada and others at the Annual Learning Event of POWER/PROFIR Africa Project prior to the preparation of this report.

This report is structured around the ten (10) areas of inquiry, as defined in the approved Inception Report and Work Plan:

- (i) Shocks – a description and ranking of different shocks and analysis of their impact;
- (ii) Coping mechanisms – a review of the differences in coping mechanisms used the VSLA members and non-members;
- (iii) Consumption - an overview of any changes to consumption during difficult times;
- (iv) VSLA elements – a ranking and analysis of the VSLA elements that are seen as critical when HHs are economically stressed;
- (v) VSLA training – a ranking and analysis of the different types of training, provided under the VSLA model, that are viewed as critical in stressful times;
- (vi) Savings – A breakdown of the savings behavior of VSLA members and non-members in times of economic stress;
- (vii) Loans; breaking down the borrowing behavior of VSLA members and non-members in times of economic stress;
- (viii) Income-Generating Activities (IGA) and income – the role of IGAs in stressed HHs;
- (ix) Social fund – the important function the social fund plays during stressful periods; and
- (x) VSLA methodology adaptations – any adaptations or innovations to the VSLA methodology driven by cited by the FGs. Each of these areas is presented individually in this report but there is clear overlap between many of the different sections.

This report consists of six (6) main sections: (i) an executive summary; (ii) this introduction, (iii) a description of the learning methods we followed; (iv) a summary of our findings, analysis and conclusions from the learning, broken down according to the above ten areas of inquiry; (v) summary conclusions; and (vi) our recommendations.

Accompanying this report is video footage from both Burundi and Ethiopia.

1. INTRODUCTION

A Note on Resiliency

There are a plethora of definitions for resiliency. For the purposes of this learning exercise, we define resiliency as:

“The capacity to recover quickly from unpredicted difficulties”⁵

Capacity refers to the knowledge and skills necessary to control what is controllable in a largely uncontrollable environment. In the context of very poor households in rural Africa, the literature breaks down the “capacity to recover quickly” in terms of four sub-capacities^{6,7}, each of which contributes to HH resiliency in different ways:

- Anticipate – refers to the capacity to predict, plan and manage economic risks more effectively;
- Absorb – refers to the capacity to manage the risks with existing resources and income sources;
- Adapt – refers to the capacity to manage current and future shocks through a permanent shift and adjustment to the HH’s income sources and/or financial management; and
- Transform – refers to the capacity to change the macro systems that leave people economically vulnerable.

Note that, as emphasized above, we are only assessing the capacity of the HH to recover economically from environmental and political shocks under this learning.

⁵ <https://en.oxforddictionaries.com/definition/resilience>

⁶ Bishop, T & W. Rauf. “Resilient Market Study”. CARE Ethiopia, GRAD, April 2016.

⁷ Pettengell, Catherine. 2016. “Improving Resilience: Five-country study of CARE International’s Village Savings and Loan Associations”. CARE Canada. P. 10.

2. METHODOLOGY

2.1. SAMPLING

An inception phase coupled with an in-depth Desk Review was completed between July and August 2017 prior to fieldwork. A purposive sampling approach was used to gather representative women, men, boys and girls belonging to VSLAs (members) from select communities from within two (2) zones in Ethiopia and three (3) provinces in Burundi. We also identified and interviewed women, men, boys and girls that belong to the same communities (or adjacent communities) to the VSLA representative sample but were not members in a VSLA (non-members). This formed our control group. Different communities were selected based on the perceived degree to which they were affected by three (3) covariant shocks: drought (Burundi and Ethiopia)⁸, civil unrest/public violence (Burundi and Ethiopia) and landslides (Burundi). VSLAs selected for interview/participation in this learning exercise must have, at minimum; (i) completed at least one full cycle of the savings process; (ii) a relatively stable membership; (iii) be reasonably accessible by 4WD vehicle; and (iv) relatively secure and safe areas.

2.2. DATA COLLECTION

Data collection was conducted from 15-26 of August (Ethiopia) and from 2-16 September 2017 (Burundi). The sample consisted of 150 participants in Burundi (see Appendix A) and 135 in Ethiopia (see Appendix B). Data was collected using participatory qualitative methods: focus group discussion paired with one-on-one validation interviews. Key informant interviews (KIIs) with community leaders as well as CARE partners, collaborators and government entities were also conducted. Visits to the farms/homes of select stakeholders were also undertaken but due to time restrictions, these visits were minimal. All interviews and focus group discussions were documented with hand written notes and recorded using a digital audio recorder. Video footage was also collected; one-on-one interviews in Ethiopia and a short skit in Burundi. Both pieces demonstrate the value of the VSLA during times of crisis and accompany this report.

2.3. DATA CLEANING

Cleaning and organizing data followed collection. Data collected in Ethiopia was organized into matrices, using the questionnaire/discussion guides as a framework. Responses from Focus Group Discussions (FGD) and one-on-one were entered into long strips of paper that listed the ten (10) key areas of the inquiry: (i) Shocks, (ii) Coping Mechanisms; (iii) Consumption; (iv) VSLA Elements (Breaking down the VSLA); (v) VSLA Training; (vi) Savings; (vii) Loans; (viii) IGA and Income; (ix) Social Fund; and (x) VSLA methodology adaptations. By moving the strips around, this facilitated an easy comparison of responses between different group types (VSLA/non-VSLA, support/no support, men/women, drought/unrest, and inter-regional differences) to generate findings. A similar process was followed for the Burundi data.

⁸ NOTE: We have used the same term, “drought”, throughout this report to describe climatic conditions characterized by reduced or delayed rainfall. We have used the same terms to describe conditions in both Burundi and Ethiopia. We recognize, however, that the severity of drought conditions vary greatly between the countries and that “drought” conditions were never declared by Government of Burundi as they were in Ethiopia.

2.4. ANALYSIS

Content analysis was the principal technique used to generate a set of findings for each of the ten (10) areas of this inquiry. For polling and ranking exercises as well as other relevant quantitative data (savings rates, borrowing rates, etc.), summary statistics are provided under the “Evidence” section for each finding. Where applicable, the “Analysis” section under each finding includes (i) a proposed theoretical explanation (ii) Project-level Management Information System (MIS) data and secondary data from external sources (e.g. Living Standards Measurement Study (LSMS) in Ethiopia) to validate and elaborate on the findings and (iii) references to project and academic reports from the Literature Review including MIS data, progress reports, resiliency papers, etc. In this manner, we hope that we have effectively built a detailed picture regarding different findings. Conclusions accompany each finding or set of findings. The purpose of these conclusions is to not only bring together information but to also, where applicable, connect it to one (or more) four resiliency capacities – anticipate, absorb, adapt or transform.

3. CONTEXT

Table 1 summarizes the different shocks and the potential micro and macroeconomic impact these shocks have on the sample of VSLA members and non-members that were interviewed under this learning. This provides important context information to better understand the anticipated impacts/effects these shocks have on the HHs and their communities.

Table 1: Summary of Environmental and Political Shocks in Learning Sites

Covariant Risks/Shocks	Ethiopia	Burundi
Political Unrest	Political unrest in specific areas of Oromia and Amhara regions, began early 2016 and continue today with sporadic protests across the Oromia region. A state of emergency was declared in October 2016. Tensions/protests tend to flare up when university students return to their family homes for summer break (July to September).	Political unrest with civil uprisings occurring in the capital Bujumbura (2015/2016) and in rural areas adjacent to Bujumbura. Unrest is related to dissatisfaction with the electoral process. Ultimately this led to a coup.
Learning Areas Affected	West and East Hararghe	Rural Bujumbura (Mutwimbize)
Macro Impact	Economic instability, disruption in transport system, fall in GDP	Economic instability, disruption in transport system, class disruptions, increased social problems, fall in GDP
Micro impact	Market closures, reduced/restricted mobility, restrictions on group meetings, government service interruptions, interruption in financial services, suspended savings	Market closures, reduced/restricted mobility, restrictions on group meetings, government service interruptions, interruption in financial services, dissolution of VSLA due to political divisions amongst group members
Drought	Severe and prolonged periods of drought in highland regions beginning in 2015, caused by the El Niño effect. Drought predictions for 2017 suggest a recurrence due to a dry belg (short rainy) period (Feb to Apr) which is a predictor of drought for the meher (long rainy/growing season) period (May to Sept). Lowland pastoral regions adjacent to Somalia, in the SE of the country, are particularly vulnerable. This could have a ripple effect across the country as food supplies fall. NB: Drought declared March 2016 by the GoE and an official state of emergency	Drought has become more severe and persistent in Kirundo leading to crop failure and increase in food security with the fear of permanent land degradation. In 2016, farming was also disrupted in Vumbi and Kididiri due to poor growing conditions. Harvests were very poor and some small plot holders were forced to find employment as farm workers to larger farmer owners. In Ngozi, where drought is less severe and growing conditions can be ideal, increased yields have been observed. This most recent example of this was in 2015.

3. CONTEXT

Covariant Risks/Shocks	Ethiopia	Burundi
	(drought) was declared for October 2016 to August 2017.	
Learning Areas Affected	West and East Hararghe Impact in East Hararghe > West Hararghe	Kirundo, Ngozi Impact in Kirundo > Ngozi
Macro Impact	Agriculture market failure, increased numbers of food insecure households, fall in GDP, increased reliance on food imports	Unemployment, increased numbers of food insecure households, agricultural market failure; reliance on food imports such as rice.
Micro impact	Failed crops, malnutrition, suspended savings, decreased incomes, asset sale	Lowered incomes, malnutrition, community land degradation, increased number of low paid jobs
Flooding / Landslides	n/a	Cashi village in Bugarama lies below a slope along the shores of the Lake Tanganyika. The landslide, which took place in 2016, was devastating; causing death and the destruction of land, houses, roads, bridges and other infrastructure.
Learning Areas Affected	n/a	Cashi village in Bugarama
Macro Impact	n/a	Unemployment, Increased food insecure households, poverty
Micro impact	n/a	Malnutrition, joblessness, migration, increased number of small-business farmers.
Idiosyncratic Risks/Shocks	A variety of risks including sick or infirmed HH members, death, theft, migration, etc.	A variety of risks including sick or infirmed HH members, death, theft, etc.

4. FINDINGS, ANALYSIS AND CONCLUSIONS

This section provides a summary of our findings, the qualitative and quantitative evidence that supports these findings, our analysis and our conclusions stemming from this analysis. Findings are highlighted in blue and coded as either F1, F2, etc. Conclusions are highlighted in green and are similarly coded as either C1, C2, etc.

The sections has 11 main sections covering, shocks (Code: SH), coping mechanisms (Code: CM), consumption (Code: CON), breaking down the VSLA/VSLA elements (Code: VE), VSLA training (Code: VT), Savings (Code: S), loan (Code: L), IGA and income (Code: IGA), social fund (Code: SF), VSLA methodology adaptations (Code: VMA); and a summary of gender and women's economic empowerment findings and conclusions.

4.1. SHOCKS (CODE: SH)

SH-F1: Peace and security is seen as the most important shock in terms of impact on individual HHs amongst those surveyed in West and East Hararghe zones of Ethiopia. It was ranked higher than crop loss/drought, increases in input/food prices or loss of livestock.

SH-F2: There were regional differences in the type, duration and impact of covariant shocks in Burundi but drought was consistently ranked as one of the most impactful and damaging.

Evidence

Ethiopia

- ✓ Instability/peace & security ranked first by 12/13 groups in Ethiopia
- ✓ Crop loss is ranked second by 9/13 groups in Ethiopia. All groups identified this year as the worst year of the three last years for drought.

Burundi

- ✓ Drought was the highest ranked shock in Kirundo province of Burundi, leading to poor crop yields and increases in food and input prices.
- ✓ Drought, due to climate change, is the principal shock in Ngozi province. Crop yields were low.
- ✓ Bugarama province suffers from mixed shocks of landslide (dominant⁹) and drought (likely severe), with both being amplified by the recent social unrest.

⁹ In areas that have been affected by more than one shock, we use the term "dominant" to describe the shock that, based on the perception of local key informants, had the most negative economic impact on the area. This assessment considers both the duration and severity of the shock.

4. FINDINGS, ANALYSIS AND CONCLUSIONS

Both

- ✓ Groups and individuals regularly cited poor infrastructure including limited access to electricity and clean drinking water (livestock and humans) as exacerbating factors to recovery from all types of shocks.

Analysis

Five (5) shocks, change in input prices, loss of livestock, crop loss/drought, civil unrest and change in food prices, were ranked by focus groups using a pairwise ranking exercise that compares one shock to another following a systematic process. These shocks were selected from a list of ranked shocks used in the Living Standards Measurement Study undertaken by the World Bank¹⁰.

For the very poor, greater social and economic certainty and predictability is a key factor to growth¹¹. Unpredicted, covariant environmental or political shocks can disrupt income generation and place enormous economic and social stress on very poor households. The level of disruption and impact is dependent on the type of shock, its duration and its intensity. Shorter, high intensity shocks that have a wide-spread impact tend to be the most difficult to manage. The opportunity to anticipate, absorb and adapt to these shocks is low. Longer, “slow burn”- type shocks, conversely, offer greater opportunity for capable households to adapt to and manage these changes to their environment. For example, climate change is having a permanent effect, changing the features and characteristics of the earth’s different ecological zones. The drought in Ethiopia is an example of this. Over long periods of time, however, farmers (even very poor farmers) will adapt to this new “normal” or migrate away from it. This explains, in part, the ranking above. The unrest that occurred in Burundi and Ethiopia was intense but short duration. It was the top ranked shock in terms of its impact on VSLA members and non-members. Crop loss, a longer term (3 years in Ethiopia) shock but also of high intensity, was ranked second by respondents.

In Burundi, drought is the top ranked shock in Kirundo. VSLA members and non-members affirmed that drought continues to impact their livelihoods as crops fail and input prices increase. In Bugarama, where landslides are the predominant shock, the impact of this short, high intensity shock on affected households can be devastating, wiping out homes and causing death.

In areas where multiple shocks occur, the effects of the interaction between these shocks can magnify the economic impact each has on the household. To wit, under this learning, it was determined that a key coping mechanism (see next section) employed by poor farming households during periods of drought and subsequent crop failure is to sell their livestock. One of the key effects of civil or political unrest, as was experience in Ethiopia, was an inability to access markets to buy or sell food, including livestock. Clearly, the combination of farming communities suffering from drought and crop failure and then being

¹⁰ “LSMS – Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS)” (Annual Report, Central Statistical Agency of Ethiopia, National Bank of Ethiopia and World Bank, Addis Ababa, February 2017), p. 51.

¹¹ Leduka, Resetselemang, and Jonathan Crush, Bruce Frayne, Cameron McCordic, Thope Matobo, Ts’episo Makoa, Metseliso Mphale, Mmantai Phaila and Moipone Letsie, *The State of Poverty and Food Insecurity in Maseru, Lesotho*, (Rondebosch: African Food Security Urban Network, 2015), p. 30.

4. FINDINGS, ANALYSIS AND CONCLUSIONS

cut off from their markets can have a profound effect on the community's and HH's capacities to absorb both shocks.

Finally, this learning exercise also identified what we are terming "hidden shocks". These are shocks that, on the surface, would not normally be considered a shock. For example, Ethiopia's Productive Safety Net Programme (PSNP) is a well-designed, effective program that is reducing the incidence of food insecurity in drought-affected areas across Ethiopia. Many of the respondents we met with indicated that income (food/cash) from the safety net is an integral component of their income streams. The safety net program, however, has also been cited with uneven implementation (e.g. scheduling of food/cash distribution is not maintained, unpredictable) and early graduation/targeting errors. These constitute idiosyncratic shocks to those households that no longer receive this necessary support or, worse, are dropped from the program altogether.

As we will see with these types of shocks, the VSLA is an important tool that builds resiliency amongst the very poor HH, mitigating the effects of these shocks.

Potential Experimental Error/Bias

- Focus Group (FG) participants may not have considered each shock as an independent event when participating in the pairwise ranking exercise – drought causes an increase in food prices, etc.
- FGs often have a lead speaker, who speaks for the group. It is difficult to assess whether there is true consensus in the group's response or it is a matter of "follow-the-leader".
- Nuances are difficult to detect within focus groups.
- Aggravating factors/influences that exacerbate the impact of these shocks are limited infrastructure and limited access to electricity and clean water.
- Translation issues, incomplete understanding of the pairwise ranking process/questions.

SH-C1: The economic impact a shock has on a HH or community is dependent on its type, duration and intensity. The impact of contemporaneous shocks can exacerbate and magnify their individual impacts.

SH-C2: Understanding the type, duration and intensity of a shock is critical to understanding the ways and means the VSLA methodology contributes to resiliency against those shocks.

SH-C2: The VSLA model, on its own, cannot build all of the necessary capacities for HH resiliency. It stands as an important component of a "systems approach" as demonstrated by its highly complementary value to Ethiopia's safety net programme and Burundi's public school system.

4. FINDINGS, ANALYSIS AND CONCLUSIONS

4.2. COPING MECHANISMS (CODE: CM)

CM-F1: Most VSLA members reported savings/loans, external employment, selling land (Burundi only¹²) and selling of livestock as possible coping mechanisms to manage income deficits caused by economic/environmental shock/crises (unranked).

CM-F2: Most VSLA non-members report a reliance on expensive, informal loans; external employment; reduced consumption of food; suspending their children's schooling; and/or relocation as their top coping mechanisms to managing income gaps caused by economic/environmental shocks/crises.

CM-F4: All respondents reporting the use of crop diversification and inter-cropping¹³ as a sustainable crop development/farming strategy. The degree of its application seems to vary.

CM-F5: There is the perception that VSLA members fare better than non-members. This perception is wide-spread and unanimous amongst both VSLA members and non-members alike.

Evidence:

Ethiopia¹⁴

- ✓ 6/7 VSLA member groups indicated they relied on savings/loan as their key coping mechanism to shocks, 4/6 non-member groups identified loans from neighbors as a coping mechanism to shocks.
- ✓ 8/13 groups (both VSLA members and non-members) seek outside work opportunities (day laborer).
- ✓ 8/13 groups (both VSLA members and non-members) sell livestock to fill income gaps (except during instable times, no access to markets).
- ✓ 1/4 VSLAs women FGs mention adjustments (in volume, frequency and quality) to food consumption as a coping mechanism while a majority of the VSLA men + all Non-VSLA women/men list this as a coping mechanism.
- ✓ A majority of FG participants (VSLA members/non-members) practice intercropping as an adaptive, long term coping strategy.
- ✓ VSLAs members do not mention removing their children from school as a coping strategy, non-members do.
- ✓ Perceptions: Most VSLA members believe they are better off than their non-member counterpart and most non-member participants agree with this.

Burundi

¹² All land in Ethiopia is state owned although there is a secondary, leasing/rental market.

¹³ Inter-cropping is a method of crop diversification and refers to the practice of cultivating two or more crops in the same field/planting area, often taking advantage of complementary growing characteristics of each (e.g. one crop has high drought tolerance and the other has low).

¹⁴ These findings are supported by secondary quantitative data (LSMS 2015/2016), ranking the same coping mechanisms as follows: #1Own Savings, #4Sold Livestock, #5Help from relatives, #6Credit, #10Looked for work)

4. FINDINGS, ANALYSIS AND CONCLUSIONS

- ✓ The type of coping mechanism varied from province to province in Burundi.
- ✓ Across all provinces, VSLA members identified loans¹⁵ or savings (to initiate various IGA), sale of land (girls and women VSLA)¹⁶ and external daily labor as key coping mechanisms.
- ✓ In Bugarama, HHs planted tree to stabilize slopes to prevent landslides in Bugarama.
- ✓ In Kirundo – Non-members rely on costly usury, sell capital assets, relocate, find outside work and/or take their children out of school during times of shock. The use of usury increases during periods of extended drought.
- ✓ In Ngozi, non-members prefer to relocate to find work or borrow from friends (maximum loan: US\$80 / 140,000BIF¹⁷).
- ✓ Relocation is a key coping mechanism among Bugarama non-member households, many move to Democratic Republic of Congo (DRC) or Tanzania during crises¹⁸.
- ✓ Majority of FGD participants practice intercropping/diversity in crops.
- ✓ Perceptions: VSLA members do fare differently or are better off than non-members.

Analysis:

Respondents identified 6 key coping strategies or mechanisms they use to mitigate the impact drought, civil unrest and landslides had/is having on the economic stability of their households:

- Savings/Loans (Anticipate, Absorptive and Adaptive capacities) – The subject of loans and savings is explored in detail in later sections of this report. Use of usury (Absorptive), however, is a special type of credit system and will be discussed here. This was ranked second as a coping mechanism amongst non-members of VSLAs in Burundi. Usury is an illegal, predatory credit system that is very common in rural Kirundo and other parts of northern Burundi. Traders and wealthier farmers offer loans to the very poor farmers at exorbitant interest rates, taking advantage of the economic shortfalls brought on by drought and other crises/shocks. Often, at the point of repayment, defaulting farmers are forced to sell their property at a discount to their creditors. The consequence is that those affected become even more disadvantaged and vulnerable to future shocks.
- Temporary outside employment (Absorptive capacity) – For Ethiopia, the data indicates a possible disconnect between secondary quantitative data (LSMS 2015/2016) and the ranking of external employment as a coping strategy by FG VSLA members and non-members. 1.5% of respondents cite outside employment (typically, day laborer) under the LSMS while 8 out of 13 focus groups cited this as a key coping mechanism. There are a range of factors that influence the decision to seek outside employment including availability of work, distance to work site/transportation costs, prevailing wage rates and size of the income gap and the severity of the shock (supply/demand of wage earners)

¹⁵ In Kirundo and Ngozi, VSLA members (girls) stressed that they share any loans they take from the VSLA with their family members during periods of shock.

¹⁶ In Ngozi, women VSLA members used savings and borrowed funds to finance the startup of various IGAs. These IGAs contributed to the HH's capacity to absorb shocks.

¹⁷ On average, 1 USD = 1,727 BIF (from 2-15 September 2017). <https://www.oanda.com/currency/converter/>

¹⁸ In Bugarama, landslide is a regular, often devastating occurrence. The impact is catastrophic, destroying homes, crops and other farm-based assets.

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brought on by the shock. Variations in these factors from one area to the next may explain the reason why it was cited so often by the FGs.

- Sale of Livestock (Absorptive) (see also discussion under IGA and Income):– Poor households acquire livestock for a number of reasons. It can serve as a vehicle for savings, an income diversification tool (IGA – e.g. breeding / fattening / arbitrage), and/or economic insurance that is quickly convertible to cash or food. There are pros and cons to the sale of livestock as a coping mechanism. Pros include the ease with which livestock can be converted to food (either by selling or by slaughter) and its care and upkeep is well understood. There are two cons of note. The first is that, particularly with farming households, relying on livestock as a savings or income diversification tool can be risky. Livestock can be vulnerable to many of the same climatic shocks as crops, for example. Its value deteriorates as conditions worsen. The second is that selling livestock is a common coping mechanism. As such, during periods of covariant shocks, markets can become flooded with low quality livestock as many households, under pressure to fill income/food gaps, are forced to sell this asset, often at a discounted price. For VSLA members, however, this can be mitigated using a loan (or, if the timing is right, their savings) to purchase livestock feed/water and/or HH food thereby reducing the pressure to sell prematurely and in a depressed market. Interestingly, VSLA members in areas of Ethiopia considered to be unstable did not mention selling livestock as a coping mechanism. It could be that this was not an option during periods of unrest as market access was limited. In fact, one respondent mentioned that they would send their young boys/girls to market to sell their livestock/buy food etc. as they are not targets during these periods of unrest.
- Inter-Cropping (Adaptive) – Inter-cropping is a method of crop diversification and refers to the practice of cultivating two or more crops in the same field/planting area, often taking advantage of complementary growing characteristics of each (e.g. through extension, FSF+ introduced shorter-maturing and drought resistant seeds that could be integrated with more traditional crops as a drought mitigation measure). There were no gender, shock-type, regional or VSLA membership differences in the use of intercropping; a majority of respondents intercrop. There were, however, perceived group differences in the selection of crops for planting. While inconclusive from the data gathered, it appeared that VSLA members seemed more willing to experiment with different crops (vegetables, drought resistant seed varieties, etc.). This is reasonable given that, typically, VSLA members are more risk-seeking with the income “insurance” they received through the financial services offered under the VSLA. One Ethiopian woman, who heads up her HH, selected crops that were drought resistant and would provide more nutrition for her family in times of crises. This experimentation was mentioned by VSLA members, PSNP non-VSLA but not by non-members/non-PSNP in Ethiopia. Other observations:
 - Khat is the cash crop of choice due to zonal/regional demand. It is a reasonable choice in East Hararghe but less so in West Hararghe. Khat is drought resistant with a ready market, so it is viewed by respondents as a reliable and resilient crop when coping with shocks and generating income. There are, however, economic and social costs to the proliferation of the market for narcotic so its value as a tool for economic resiliency is low (Ethiopia).
 - Climate Smart Agriculture CSA techniques – There was limited evidence of the use of CSA techniques other than inter-cropping/diversity in varieties and breeds. Other techniques that may

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be in use but were not discussed/observed include reduced tillage, integrated livestock/crop systems, improved pest, water and nutrient management.

- Changes in food consumption (Absorptive) – Adjustments to consumption were also mentioned as a coping mechanism by focus groups. Based on the responses received in Ethiopia, women VSLA members do not identify adjustments to food consumption as a viable coping mechanism, as compared to the responses of men VSLA members and men and women non-members. Women in Ethiopia typically prepare family meals and are also often the last to eat, as such it would be expected that women would be the first to identify adjustments to consumption as a coping mechanism. Two explanations are proposed: (i) VSLA members are simply better off and able to maintain food consumption levels even during shocks and male VSLA member responses were anomalies; (ii) those that did identify changes in consumption may be referring to either changes in quality and/or quantity of food consumed. Change in food consumption was not cited as a coping mechanism in Burundi.
- Suspension of schooling for children (Absorptive) – Schooling, even basic education, is a large expense for very poor households. It was ranked as a top HH consumption item by VSLA members and non-members in both Burundi and Ethiopia (see evidence under “Consumption” below). Non-members, however, cited removing their children from school as a coping mechanism, while VSLAs members did not. This finding suggests two conclusions; (i) financial services provided by the VSLA may be a factor that enables member HHs to continue to send their children to school; and (ii) primary and secondary schooling is a top priority for very poor HHs. School fees were principal uses of saved and borrowed HH funds.

A note on education: This value of education to the very poor cannot be overstated. In terms of resiliency:

- Education can increase earning potential and employment choices;
- Education can lead to greater diversification in HH income sources, reducing dependency on climate-dependent farming (crops, livestock) as a single source of income; and
- Diversified income sources, with family members finding non-agriculture related work, can reduce the pressure to split up farm land amongst siblings into economically inviable plots to satisfy inheritance obligations.

Experimental Error/Bias

- Top of mind bias for external employment issue, timing of the inquiry relative to the shock/crop failure etc.
- The discussion on coping mechanisms was unprompted and participants volunteered information so anomalies may occur (i.e. difference in responses by women and men in relation to adjustments in food consumption).
- Experimental error of Living Standards Measurement Study (World Bank) and this learning may be the cause (timing of the inquiry relative to shock, top of mind) of the difference in respondents citing external employment as a coping mechanism or strategy to shocks.

CM-C1: The quality and quantity of coping mechanisms/options to anticipate, adapt and absorb covariant and idiosyncratic shocks are greater for VSLA members than non-members.

CM-C2: The specific impact of shocks on HHs, and its capacity to recover from these shocks is individualized and is related to the number, quality and correct application of coping mechanisms

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(strategies/tools) available to resolve the unique economic needs of that HH. There are no cookie-cutter solutions.

CM-C3: The strength of the VSLA method is that it builds capacity of the HH to accurately select a response that is appropriate to the HHs unique needs and specific to the type (intensity, duration, frequency) of the shock.

4.3. CONSUMPTION (CODE: CON)

CON-F1: Food and school supplies/fees were reported as the biggest consumption items among all participating HHs (VSLA members/non-members) with school-age children in both Burundi and Ethiopia.

CON-F2: We noted a regional and gender variation in the ranking of consumption items in Burundi.

CON-F3: There is evidence that consumption reallocation / reduction does occur during times of crisis in Ethiopia but there was less evidence of this reallocation in Burundi.

Evidence:

Ethiopia

- ✓ The top three consumption items cited by men and women groups in Ethiopia are: (1) food; (2) school supplies/fees and (3) cooking supplies (ranked based on group consensus, not individual voting).
- ✓ For female-headed households (FHH), (i) the cost to hire external labor to assist with farming activities increased in ranking during harvest; and (ii) there are some gender differences in consumption with men identifying khat/cigarettes as HH consumption items, while women did not.

Burundi

- ✓ In Burundi, there are regional differences in household consumption priorities. Food is the top consumption item in Kirundo due to severe drought which impact crops' production and loss of harvests. In Rural Bujumbura and Ngozi, households' rank school fees/materials as their top HH consumption item.
- ✓ Consumption varies over the year. It also changes during shock periods. For instance, in Kirundo food consumption is the first priority. Conversely, school fees and school uniform have been ranked as the top consumption items for participating VSLA members and non-members in Ngozi and Rural Burundi. Food consumption was ranked less important or second.
- ✓ VSLA members do adjust their choices for household consumption as VSLA offer an alternative for access to non-food items¹⁹ with increase in revenue from IGA²⁰.
- ✓ Non-members fare less well than VSLA members as they do not have other consumption options. Therefore, income diversification especially through IGA is essential for any change in household income and expenditures, as well as their feeding capacity.

¹⁹ Non-food items also include cellphones and other IT, which are accessible by some girls or women engaged in IGAs.

²⁰ In rural Bujumbura and in Ngozi, VSLA members affirmed that the change in income from IGA is substantive; some women can now afford better quality clothes, etc.

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- ✓ Some VSLA reduced overall consumption during crises based on households' financial capacities.
- ✓ Men/boys spending priorities are set daily whereas women/girls spending priorities are set over the longer term such as to assure both feeding and school materials for their children.

Analysis:

Food Consumption

Across the board, food makes up the single largest HH expenditure of those interviewed. This finding is validated by quantitative data²¹ (Ethiopia). From a supply standpoint, if HHs cannot sustainably grow enough food to feed their families due to environmental shocks such as drought, they must buy it. Resiliency and food security are therefore linked. To increase on-farm, income resiliency and food security, HHs must:

1. Integrate more CSA practices - Most of the respondents indicated that they understand and actively inter-crop, which is a fundamental CSA practice (see above). There are, however, other CSA practices, including reduced tillage, integrated livestock/crop systems, improved pest, water and nutrient management that do not seem to be as widely known or used.
2. Make good choices in selecting crops - In Ethiopia, particularly in the East Hararghe zone, khat is grown as a cash crop because it has stable demand and drought resistant. Market saturation from these cash crops, however, must be considered as a risk when selecting crops to grow. It should be noted, as well, that crop selection may not be a choice based on the land plot size available for cultivation which is often extremely small (0.5 - 0.25 Ha)

From a demand standpoint, adjustments to food consumption are made during times of crises but the degree of these adjustments was not measured. This is further discussed under "Coping Mechanisms".

Non-Food Consumption Items

There are some gender differences in consumption of non-food items. Men (VSLA members and non-members) mentioned khat and cigarettes as HH expenses; women (VSLA members and non-members) did not. Khat and cigarettes are considered non-food luxury consumption items, with addictive properties. As such, there will be resistance to dropping these as a consumption item, even during periods of crises, thereby potentially affecting the HH's ability to fill the income gap caused by shocks.

VSLA-related financial management training, and understanding HH accounts and balances, however, seems to be effective in setting consumption priorities. One male VSLA member indicated that he reduced his consumption of khat during times of crises based on a better understanding of the income position of his HH (also discussed under "VSLA Training").

In Burundi, VSLA improve the resilience of members even for non-food consumption needs. For instance, many girls are less vulnerable to early pregnancy or social abuses as they can afford many of their individual needs (cellphone or hygienic materials). Also in Burundi, we note gender differences in financial planning. Men/boys tend to set short term spending priorities whereas women/girls spending priorities

²¹ "LSMS – Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS)" (Annual Report, Central Statistical Agency of Ethiopia, National Bank of Ethiopia and World Bank, Addis Ababa, February 2017), p. 51.

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are set over the longer term. This suggests that women may be better HH financial managers, increasing the HH's capacity to plan long term as well as anticipate/account for any possible shocks. There is a plethora of evidence to support this²². As the example from Ethiopia above suggests, however, increasing financial literacy of men can have an important positive impact on this. This could also have implications for greater agency of women within the HH; if both spouses are more closely aligned in their HH financial management philosophies.

Experimental Error/Bias:

- Open ended questions.
- FGs often have a lead speaker, who speaks for the group. It is difficult to assess whether there is true consensus in the group's response or it is a matter of "follow-the-leader".
- Nuances are difficult to detect within focus groups.

CON-C1: Consumption adjustment can be an effective coping mechanism to absorb the impact of the shock during crises.

CON-C2: Women VSLA members tend to make better HH financial managers, making better choices than non-member women and men regarding which consumption item are adjusted down (or up) and how (see also Coping Mechanisms, particularly the discussion on education).

CON-C3: Anecdotal evidence suggests that VSLA financial management training, and understanding long term HH cash flow is critical to making informed consumption adjustments/reallocations during times of crises.

4.4. BREAKING DOWN THE VSLA (VSLA ELEMENTS) (CODE: VE)

VE-F1: Social interaction was ranked as the top feature/element of the VSLA methodology that supports members during difficult times in Ethiopia. Training is second. Groups in Burundi had no preference for one element over another; to them, VSLA elements are all complementary to one another.

²² <https://www.cgdev.org/blog/mindful-saving-tanzania-strategies-women-use>

4. FINDINGS, ANALYSIS AND CONCLUSIONS

Evidence:

Ethiopia

- ✓ 5/7 groups ranked social interaction as the most important “element” of the VSLA methodology during times of crises. 3/3 men VSLA FG groups ranked social interaction over training. For women VSLA FGs, this was split evenly (2 and 2 out of 4) between social interaction and training.
- ✓ 2/7 groups ranked training as the most important “element” of the VSLA methodology during times of crises.

Burundi

- ✓ VSLA participants do not provide any preference to VSLA components. The reasons for this finding was that the components are all inter-linked and cannot be assessed independently, e.g. an understanding of savings requires financial literacy training to make informed decisions about using borrowing or savings for IGA.
- ✓ Social interaction is more important in Kirundo. This province is a very affected by shocks such as drought. With fewer savings as compared to other VSLA in Ngozi and Bujumbura, findings revealed VSLA members strongly support one another during shocks. They are a cohesive group; meeting outside of regular Association meetings and relying on each other to problem solve and help each other out.
- ✓ Non-members also rely on social interaction with their neighbors but this is less formal and unstructured.

Analysis:

Association, trust and regular social interaction are the foundations of the VSLA methodology. Trust and interaction are pre-requisites to the VSLA’s correct functioning and the delivery of financial services; services that are largely based on an unwritten social contract and collateral. Moreover, the social “services” offered by group association complement the VSLA’s financial services of saving, loans, financial training and a social fund. VSLAs not only offer an important venue for ideas, training and technical skills exchange but a valuable source of coping strategies and moral support. Group association also facilitates participatory problem solving and conflict resolution, generating both group-based and individual-based solutions to the severe challenges brought on shocks and crises. If we consider the VSLA an effective tool to build resiliency amongst its members, it can be postulated that this social interaction aspect of the group association methodology is the single most important element to increasing resiliency.

ANECDOTE: One woman, who heads her own household, considers the VSLA her de-facto “spouse”

We also note the following:

1. Social interaction and a sense of community are important to everyone during times of crises, offering opportunities for supporting those most in need, technical support in farming, etc. While non-members do not have a formal venue for this, they do meet in less formal, unstructured fora.
2. There is evidence (anecdotal only in both Burundi and Ethiopia) that there are spillover benefits to non-members within or adjacent to communities where VSLAs exist. Several VSLA members have intimated that they have provided loans to their non-member neighbors, particularly to those whose situation is/was critical. While this dilutes the benefits of the VSLA to that individual

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HH, this spillover effect can have a positive overall impact on the living standards within a community.

Experimental Error/Bias:

- FG participants may have ranked social interaction over other elements as the other elements cannot work without social interaction.
- Translation issues/bias, incomplete understanding of the pairwise ranking process/questions and switching the way in which we asked these questions part way through the learning exercise.
- Small sample size.

VE-C1: VSLA is a system of support; each element is purposively and strategically linked to other elements to optimize the impact. The strength of the VSLA to promote HH and group resiliency is dependent on the degree of trust/social interaction within the group, especially during periods of crises/stress.

4.5. VSLA TRAINING (CODE: VT)

VT-F1: Health and hygiene were ranked as the most valuable training to stressed, poor HHs in Ethiopia. Ag Tech was second and business planning third. In Burundi, VSLA methodology training (savings/social fund management) and financial literacy were highly rated. IGA training was highly rated by VSLA members from both countries.

Evidence:

Ethiopia

- ✓ Number of times training area is ranked #1 by VSLA FGs:
 1. Health and Hygiene (4/7)
 2. Ag Tech/Farming practices (2/7)
 3. IGA-SPM training (business planning) (1/7)

Burundi

- ✓ Findings from all VSLA participants confirmed that VSLA training components are extremely essential for the both girls and women to fare shocks.
- ✓ 85% of VSLA participants stressed that training, especially on social fund management and saving, contribute to an improved standard of living. They are able to run an IGA such as buying and selling fruits, vegetable, or savings for better share which can be used as capital for larger IGAs.
- ✓ A part of the financial literacy²³ training which has been recognized by about 90% of VSLA participants, they unanimously stated that trainings are key tools for a proper saving mechanism, managing their social funds, loans and any IGA, supporting their life skills (mostly related to health and hygiene) and helping them to develop and maintain strong social ties with other group members²⁴. Cultivating these strong social ties within the group contributes to stronger groups capable of managing external and internal conflicts better.

²³ Financial literacy teaches one how to manage a loan (get a loan, buy and sell any product).

²⁴ In Ngozi (Ruhororo community), VSLA girl members affirmed that when people behave very well, they learn and work together during threats to save more and get loans to buy what they need, particularly food for household consumption.

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- ✓ The training package itself constitutes a coping mechanism for VSLA members which make them more resilient to shock. Trainings provide financial literacy which helps them to manage IGA and improve their life skills, but this intervention could provide further advantage and get them to an upper stage of financial literacy for better access to important amount of loans.

Analysis

Productivity and production are a function of human capital (labor) and capital. For growth to occur, according to the Cobbs-Douglas theory, one or both must also grow. The premise of the VSLA is built on this theory; providing greater access to capital through savings and loans but also supporting growth of human capital through training and human development. The purpose of VSLA training is to build a specific range of capacities or competencies (human capital) of the member. Training is offered in the areas of business planning, HH financial management, financial literacy, group governance & management (VSLA training) and, in some cases, life skills. Groups also received government-sponsored training in agriculture production and farming. The goal of all this training is to improve the trainee's (VSLA member) capacity to effectively manage HH resources (human/financial); optimize and leverage the available VSLA financial services/tools (savings, loans, social fund) in good times and bad to improve and maintain a higher standard of living. Anecdotal evidence gathered under this learning exercise suggests that financial management/financial literacy training has increased the capacity of VSLA members to anticipate, absorb and adapt to negative shocks (see also discussion/conclusions under "Consumption").

While health and hygiene were identified as the most important training VSLA members received in Ethiopia, this does not take away from the value and importance other forms of training has on resiliency. Nevertheless, the rationale for ranking health and hygiene makes sense. As farming is a physically demanding occupation, the overall health of the HH, particularly its working age members, is critical to their continued economic success. Without their health, they are unable to farm and the value of the remaining training opportunities offered under the VSLA methodology become irrelevant. Linking this back to the first section on shocks, it is highly likely that if "death or illness of a family" were included amongst the list of shocks, this would have been ranked at or near the top of the list²⁵. LSMS data²⁶ confirms this notion - with "illness of household member" identified as the top ranked shock by the 5,000 HH surveyed. This issue of health is further deliberated in the Social Fund section that follows later in this report.

Experimental Error/Bias:

- Translation issues, incomplete understanding of the pairwise ranking process/questions.
- FGs often have a lead speaker, who speaks for the group. It is difficult to assess whether there is true consensus in the response or just a follow-the-leader.
- Nuances are difficult to detect within focus groups.

²⁵ "Death or illness", an idiosyncratic shock, was not listed amongst the choices in the pairwise ranking exercise as this learning is focused on assessing the contribution of VSLAs to covariant shocks.

²⁶ "LSMS – Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS)" (Annual Report, Central Statistical Agency of Ethiopia, National Bank of Ethiopia and World Bank, Addis Ababa, February 2017), p. 51.

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VT-C1: Health and sanitation is a priority for training amongst VSLA members due to the devastation death and illness, an idiosyncratic shock, can have on the HH. This training, as well as the other training (IGA, financial management, group governance) provided under the VSLA methodology, are critical to building HH capacity to anticipate, absorb and adapt to economic stress brought on by environmental and social shocks.

VT-C2: Illness and death of a family member is the number one idiosyncratic shock to a HH.

4.6. SAVINGS (CODE: S)

S-F1: All VSLA members reported that they saved as part of their participation in the VSLA but there are cohort differences in the level of savings.

S-F2: Participating HHs that are not members in a VSLA reported that they do not save.

S-F3: Food, livestock and seed capital for a new IGA were cited as the principal uses of saved funds but this varied according to the conditions at the time of share-out.

Evidence:

Ethiopia & Burundi

- ✓ All FG participants reported that they continued to save, even during periods of crises.
- ✓ In some cases, the minimum cost of a share was changed during times of crises²⁷. Most reduced the share value (minimum amount the VSLA member must contribute at each weekly meeting) to ensure all member could contribute at least one share each week. In rare cases, the VSLA elected to increase the share value during times of crisis (one group in Ethiopia (Terkanfeta Kebele), one group in Burundi (Ngozi))
- ✓ Timing of share-out can be changed - in times of stress, share-out can occur early or be extended to align with need.
- ✓ Home improvements/construction, renting land (Burundi only), purchasing food items, purchasing productive assets (livestock), school fees and/or cash capital for a new IGA were the principal uses of saved funds.
- ✓ Most non-members do not save/had no savings.

Table 2: Timing of share-out and uses of savings (Ethiopia)

Savings cycle ending in:	Uses for savings cited during the focus group discussion:
June	Food, HH improvements
July	Productive assets

²⁷ It is harder to save consistently during period of shocks due to income gaps for food and other necessities. VSLAs agreed on new deadline for contribution to saving with revised minimum and maximum contributions (E.g. In Kirundo, the weekly contribution was limited to 0.05 – 0.10 USD (100-200 BIF) for girl members and 1-3USD (1,500 – 5,000 BIF) for women members).

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Savings cycle ending in:	Uses for savings cited during the focus group discussion:
August	School fees, food, capital accrual, HH item
September	IGA/Productive Assets
December	Capita accrual, livestock

Burundi

- ✓ The saving period is not standard from one VSLA to another and this is set on an annual basis - based on the group constitution. The amount of share varies from girls to women VSLA. The biggest share was observed in Rubirizi where the women VSLA shared an amount of about US\$2,315 (4,000,000 BIF). In Ngozi, a girl VSLA shared about US\$1,042 (1,800,000 BIF).
- ✓ Some non-members in Kirundo keep part of harvests as physical savings or move into food credits which are paid back in-kind (i.e. food). Non-members rarely save cash in the same way that VSLAs do.
- ✓ It is considered financial capital for IGA. Then, with savings (at share-out), households could buy mostly livestock (goats, pigs, or sheep) and invest in physical assets such as land and house construction. Savings are viewed as critical to households, and it continues during periods of crises.
- ✓ Discussions with VSLA women and girl members revealed that whatever support they received from the VSLA, their assets (including their savings) remain the property of the household and under the control of the head of the household. For girls, if they should leave the home to be married or attend school elsewhere, the assets/savings they have accrued through the VSLA/IGA must remain with their home and they cannot take this with them.

Analysis:

In general, VSLA members indicated that they consistently and systematically saved, even during periods of economic and social stress and crises. VSLAs did adjust share-out times and/or per share value to accommodate reduced incomes and income gaps caused by crises, all of which is allowable under the VSLA methodology.

ANECDOTE: This culture of savings and effective financial management inspired by participation in the VSLA may also have trickle down effects with one participant remarking that he purchased a sheep for his child. He made the child wholly responsible for the care and upkeep of the sheep, with the understanding that the child's school fees would be drawn from the proceeds of the sale of the sheep.

This commitment to savings is indicative of the value savings and overall participation in the VSLA holds for its members, particularly during periods of stress. It also suggests the high value HHs place on controlling what they can, and using the VSLA to bring more predictability to their income despite an unpredictable environment. We struggled with reconciling the math associated with this seemingly unfaltering capacity to save in the face of little or no new HH income caused by drought / unrest / landslides while meeting other ongoing financial obligations (school fees, food). Of particular note regarding women VSLA members, is the trade-offs that they may be willing to make to continue to save despite little or no new HH income (i.e. crop failure, etc.).

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The concern is that women, because of the extreme value they place on ensuring their children are well fed and educated, may continue to save at their own expense (including giving up the basic necessities, etc.). Triangulating this with previous findings²⁸, however, suggest that this is not the case. Moreover, while unconfirmed (and a possible area for further study), group members do appear to occasionally borrow from a family member or neighbor in order to meet their weekly commitment to purchase at least one share and remain part of the VSLA, but this appears to be the exception and not the rule.

There was little variation in responses between focus groups regarding how saved funds were used by VSLA members. Most indicated that savings covered one or more three (3) major HH expense – (i) purchase and/or maintenance of productive assets/capital (livestock); (ii) school fees; and/or (iii) household improvements/household items. We cross-referenced these expenses with savings cycles and share-out timing (Ethiopia only) and the only discernable pattern is that only groups with cycles ending in August listed school fees as a use for their savings, just prior to the beginning of the school year. Comparing the differences in what HHs did with borrowed funds (see also next section) vs. savings, the only remarkable difference is HH improvements. Groups did not borrow money to finance these improvements; likely because it is an “unproductive” investment and becomes a sunk cost to the household. Further analysis of this difference is provided in the next section.

Experimental Error/Bias:

- Open ended questions re: use of savings, no ranking or prioritizing uses.
- FGs often have a lead speaker, who speaks for the group. It is difficult to assess whether there is true consensus in the group’s response or it is a matter of “follow-the-leader”.
- Nuances are difficult to detect within focus groups.

S-C1: Savings are viewed as critical to HH income smoothing. This perception continues during periods of crises with some groups adjusting the minimum share contribution (often down, but sometimes up) (See also analysis and conclusions under VSLA Methodology Adaptations).

S-C2: Saving and borrowing are somewhat interchangeable tools to income smoothing, particularly during times of crisis. How savings at share-out is used is dependent on the economic status and immediate needs of the HH at the end of the savings cycle (share-out).

4.7. LOANS (CODE: L)

L-F1: Most VSLA member FG participants took loans. In general, loans were used to buy productive assets (livestock).

²⁸ Previous findings include the priority placed on for health and hygiene training and that most women interviewed do not cite adjustments to food consumption as a coping option (although we debated whether the respondents interpreted “adjustments to food consumption” as adjustments to their food consumption, the food consumption of their families or both).

4. FINDINGS, ANALYSIS AND CONCLUSIONS

L-F2: Non-members of VSLAs borrow from their relatives, neighbors or obtain food credits from food dealers. Loans were used to support parents & family members, invest in farm assets, an IGA or investment in land.

L-F3: Women VSLA introduced to Micro-finance institutions (MFI) & banks (Kenya Commercial Bank) are able to secure larger amount of credits for important IGAs or other types of investments.

Evidence:

Ethiopia

- ✓ 92% of focus group participants borrowed from the VSLA. There was no variation between gender and regions. There is no difference in loan size or number of members that took loans;
- ✓ Focus groups indicated that loans are generally used to buy productive assets.
- ✓ Loan sizes averaged approximately US\$15-30 (as compared to MFI Loan size: US\$57-129);
- ✓ Non-members accessed different types of loans: usually from a relative, neighbor or local usury services;
- ✓ Food Credit – Food dealers offer food loans. The standard “loan” is 500 birr worth of food. Payback is 600 birr usually due one month later (approximate interest/service fee: 20%)

Table 3: Timing of share-out and uses of loans (Ethiopia)

Savings cycle ending in:	Uses for loans cited during the focus group discussion:
June	School fees, IGAs, trading
July	School fees, IGAs
August	Working capital (forage for livestock), IGA
September	IGAs
December	IGAs

Burundi

- ✓ 95% of focus group participants borrowed from the VSLA. There was no variation between gender and regions. There is no difference in loan size or number of members that took loans.
- ✓ In Burundi, loans are used to buy productive assets but may also be used to buy food and pay for school fees. Loans taken by VSLA girls were used to either support their parents and family members, invest in farm assets such as improved seeds, IGA, or investment in land;
- ✓ Women VSLA members introduced to the Kenyan Commercial Bank (KCB) are able to secure larger amount of credits for important IGAs or investments. About 27 VSLA have an account in 2016 and about 100 new VSLA have been connected to KCB since early 2017. But this initiative remains at an earlier stage with only about 127 over 5,000 VSLA within the country. This represents no more than 3%.

4. FINDINGS, ANALYSIS AND CONCLUSIONS

- ✓ In rural Bujumbura, there are various facilities for savings and loans through microfinance and bank, but VSLA members do not have the necessary guarantees nor the knowledge to manage this credit.

Analysis:

Borrowing money comes at a cost. Interest or a “service charge” is applied to loans borrowed from the Association account. A majority of the VSLA members interviewed took loans. The decision by VSLA members to take a loan during periods of crisis/stress is influenced by the current and anticipated capacity of the HH to repay that loan. As such, most loans are taken to support working capital for an off-farm IGA or existing productive assets; something that offers an immediate or short term return that will be used to pay off the loan and interest. As described in the analysis section on savings, home improvements were not cited as a use of borrowed funds. This is likely attributed to a combination of the short repayment schedule of the VSLA loans and longer possession period of a fixed asset such as a home.

Interestingly and despite these borrowing pre-requisites, there was little variation in responses regarding the uses of borrowed money and the uses of saved funds. With only a few exceptions, members indicated that saved and borrowed monies were used to buy the same things - productive assets to accumulate productive capital and diversify its income sources and build wealth of the HH. This wealth also contributes to resiliency as it builds the capacity of the HH to absorb income fluctuations caused by environmental and social shocks. The election to use borrowed funds or saved funds seems to be a matter of timing: timing of when the HH expense is due/required, timing of the next share-out and the time frame in which capital assets (including fixed assets such as a home) can be liquidated (at a profit) to pay off a loan.

The borrowing services offered under the VSLA stand in stark contrast to what is available to non-members. Interest-free loans from relatives or neighbors are the most common mechanism for non-members to access additional HH funds by those interviewed in Ethiopia and Burundi. Usury, discussed previously, is also available. These loans are generally used for emergency food or medical purchases during times of crises and shocks. They do resolve an immediate or short term HH need, absorbing the immediate effects of a covariant or idiosyncratic shock. The high cost of borrowing, however, can lead to economically crippling the HH over the longer term and actually increasing their long term vulnerability to food insecurity and shocks.

If loans contribute to HH growth (and, by extension, increased resiliency), it stands to reason that more is better. This was the comment of many groups, who indicated that, to really grow, they required larger sized loans. To a limited extent and on a case-by-case basis, this is being trialed in Burundi and Ethiopia. If managed correctly, the contribution these larger size loans make to HH growth are substantial. With larger loans, HHs are able to consider larger IGA projects, expand and improve their farm operations and make important HH/farm structural improvements. With these larger size loans, however, comes increased responsibility and obligation. Care must be taken to ensure that HHs fully understand these obligations and are capable of managing repayment of these larger loans, even during times of crises or economic stress. Financial literacy training, offered under the VSLA, is an important source of knowledge regarding member-readiness for larger sized loans. In Burundi, VSLA of Ngozi and Rural Bujumbura have been connected to microfinance institutions such as the Kenya Commercial Bank and Cooperative Unions

4. FINDINGS, ANALYSIS AND CONCLUSIONS

with the objective to sustain the ongoing initiative for more financial inclusion (FI) while creating opportunities for farmers to access substantive loans. People are independent or resilient mostly when they are engaged in longer term IGAs. At this stage, they can afford all households' needs such school fees for children, improve their housing or afford higher education for their kids.

Experimental Error/Bias:

- Open ended questions re: use of loans, uses are not ranked or prioritized.
- FGs often have a lead speaker, who speaks for the group. It is difficult to assess whether there is true consensus in the group's response or it is a matter of "follow-the-leader".
- Nuances are difficult to detect within focus groups.

L-C1: Loans and savings are interchangeable during times of crises but are typically used to either buy productive assets or working capital to support productive assets.

L-C2: The quality and type of loans available to VSLA members is better than for non-members, particularly when the non-member's HH is in economic crises.

4.8. IGA AND INCOME (CODE: IGA)

IGA-F1: Rarely does IGA contribution to the total HH income exceed that of farming, even during periods of shocks/crises.

IGA-F2: IGAs were cited as an important mechanism for coping with income gaps during periods of shock and economic crises by VSLA members. Non-members report fewer IGA options.

IGA-F3: Women reported increased agency during times of crises, due to the increased proportionate contribution their IGAs make to the total HH income.

Evidence:

Ethiopia

- ✓ VSLAs Members – IGAs included Inter-market Trading/Livestock Fattening & Trading/External Employment (5/7 VSLAs)
- ✓ Non-members – External employment is the only form of IGA
- ✓ Primary source of income varies – AG production is primary for most; only one group indicated that IGA exceeded farming or AG production. Its proportional contribution to HH income does fluctuate based on the level of AG production relative to the income generated by the IGA.
- ✓ Women with IGAs report increase agency during periods of crises/shocks.

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Burundi

- ✓ For girl VSLAs, loans help them to afford a goat, but non-members cannot afford to buy a goat which is likely expensive (about US\$35 or 60,000 BIF).
- ✓ Besides all consideration, VSLA members are all farmers or belong to farming households. VSLA is an additional and vital support to income diversification through loans and savings especially for all intercropping systems to diversify against crop failure.
- ✓ It is undeniable to affirm that VSLAs seem to experiment more small-scale farming largely with vegetable and cereal crops, as they are less risk adverse.

Analysis:

The relationship between resiliency and alternate (off/beside-farm) IGAs is an important one. IGAs diversify the HH's incomes sources, generating supplemental income that builds HH capacity to anticipate and absorb shocks. Over the longer term, if the IGA is continued as a secondary source of income, this adaptation will enable the HH to better manage future shocks and crises. The additional income also reduces the overall economic vulnerability of the HH, making room for innovating and experimenting with different types of agricultural production by the HH (different growing, harvesting techniques, crop selection, etc.), potentially contributing to even greater income gains and long term wealth and resiliency of the HH.

Under the VSLA methodology, technical support in business management skills is provided by CARE to VSLA members as they select, plan and manage their IGAs (IGA-Select, Plan, Manage (SPM)). In most cases, IGAs are selected by the HH/member. Selection, however, is based on what the member knows to be a reliable area of investment. Examples cited by the FGs include livestock breeding, livestock fattening, khat trading, inter-market trading, local "wine" manufacturing and shop-keeping. It was observed that VSLA members often selected slightly more risky (and innovative) endeavors, but their selections remain well within the realm of traditional IGAs for their region. It is important to understand that some of these IGAs are subject to similar market forces (including shocks) as income generated from farming activities and this limits their utility as an income diversification/resiliency tool. The potential challenges (see also discussion regarding livestock under Coping Mechanisms) include:

1. Limited Diversification - Many of the IGAs selected by the HH are as vulnerable, if not more vulnerable, to the same climatic shocks that their crops are vulnerable to (see also this subject under Coping Mechanisms). For example, there may be a false sense of security that livestock is a safe savings vehicle. This limits the value diversifying their income sources has as a strategy for greater economic resiliency.
2. Market Price Fluctuations – If the same traditional IGAs are widely pursued, there is a risk of market saturation. This could lead, for example, to an oversupply of livestock, particularly during periods of stress/crises when the market can become flooded (see also section on Coping Mechanisms); depressing market prices and reducing profit margins for individual HHs. Note that this can also contribute to greater income inequality as the wealthier are able to substantially increase their capital stocks during these periods of pressured sales. Reciprocally, during particularly severe conditions, wide spread livestock losses can lead to an escalation of prices rendering startup costs of a new IGA prohibitively expensive.

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IGAs make both negative and positive contributions to Women's Economic Empowerment (WEE) that can be accentuated during times of stress/shocks. First, IGAs can represent an additional burden/time commitment for women that are already overburdened with their triple role as caregiver, community member and income earner. This burden can be more pronounced during periods of shocks. Conversely, women reported having increased influence on HH income (agency) as a result of their proportionate increase in contribution (through IGA) during extended periods of drought causing crop failure. This is likely attributed to the fact that, with failed crops and the reduced HH income from agriculture production, the IGA income is making a proportionately larger contribution to the total HH income.

Experimental Error/Bias:

- FGs often have a lead speaker, who speaks for the group. It is difficult to assess whether there is true consensus in the group's response or it is a matter of "follow-the-leader".
- Nuances are difficult to detect within focus groups.

IGA-C1: Developing and implementing new IGAs can be an excellent strategy to increasing HH income diversity and contribute to increased resiliency (adapt, absorb, anticipate) to shocks.

IGA-C2: IGAs contribute to increased agency for women (WEE) during times of crises.

IGA-C3: To optimize the use of IGAs as an income diversification strategy to build resiliency, activities must be selected carefully, giving due consideration to market conditions, market size, the number of players, price fluctuations, etc. and the impact environmental and political shocks will have on these parameters.

4.9. SOCIAL FUND (CODE: SF)

SF-F1: In the last year, the social fund was accessed by over half of the VSLA members that participated in the FGDs.

SF-F2: The fund was used to pay for individual emergencies (medical expenses, food and school expenses).

Evidence:

- ✓ Over 50% (ETH) and 60% (BUR) of VSLA members accessed the social fund and took loans.
- ✓ Identified uses for the funds include:
 - Unexpected medical expenses (100%)
 - Food (29%ETH/15%BUR)
 - School expenses (29%ETH/55%BUR)

Analysis:

The Social Fund provides an additional layer of support to those VSLA members that are affected by idiosyncratic or HH-level shocks such as an illness or a death in the family. To a lesser extent, the social fund is used to also pay for food and school fees during periods of shock/crises. As such, the Social Fund is an important component to building resiliency within the HH.

4. FINDINGS, ANALYSIS AND CONCLUSIONS

In sum, according to the data collected under this inquiry, the Social Fund serves two main purposes:

1. Resolving idiosyncratic shocks of HHs ensuring that savings and borrowing are used exclusively to build up assets, start an IGA and/or meet other HH obligations; and
2. Providing peace of mind to the member, enabling them to accept increased risks in other areas of their income sources (new crops, different IGAs) that they would not otherwise accept if they were uncertain that these types of emergency expenses would not be covered.

It is important to note that the social fund is premised on strong group cohesion and a high degree of trust. Decisions to grant support to a member are made by the group. As such, the group's cohesiveness and each member's status within the group are important determinants of the successful use of the Social Fund to in times of need.

As well, the Social Fund should not replace the role of savings and loans as a tool for resiliency and HH income management. It should be strictly used to cover emergency expenses in both good times and bad. It should not be used to cover those expenses that other financial services (i.e. food and school fees) are there to cover, even during periods of shock.

Experimental Error/Bias:

- FGs often have a lead speaker, who speaks for the group. It is difficult to assess whether there is true consensus in the group's response or it is a matter of "follow-the-leader".
- Nuances are difficult to detect within focus groups.

SF-C1: The social fund finances income gaps caused by idiosyncratic shocks; death in a family, unexpected expenses (health issues), etc. The peace of mind it offers HHs is critical and enables them to accept risks in other areas of their income generating activities including farming.

4.10. VSLA METHODOLOGY ADAPTATIONS (CODE: VMA)

VMA-F1: Few adaptations or no change in VSLA rules to the basic VSLA methodology were undertaken by groups. VSLA facilitates and promotes innovation and income diversity but it, in and of itself, is not innovative in its application.

Evidence:

Ethiopia

- ✓ 4/7 groups decreased the weekly share value
- ✓ 2/7 left the share value at the same level
- ✓ 1/7 increased the share value

Burundi

- ✓ VSLA rules were adhered to and very few adaptations (legal) were made to the basic VSLA methodology;

4. FINDINGS, ANALYSIS AND CONCLUSIONS

- ✓ VSLAs collapsed when girl leads leave the VSLA to be married or to pursue education opportunities elsewhere;
- ✓ Adolescent girl VSLAs do not yet meet the necessary criteria to be considered for linkages with MFIs and banks. As per the criteria set out in the “*Outil d’évaluation de la maturité des groups*”²⁹, domestic policy/legislation prohibits young people below the age of majority from holding their own bank accounts, without the sponsorship of a parent or guardian.

Analysis:

Flexibility is built into the VSLA methodology and the standard association charters. There was, however, little evidence of substantive changes/adaptations to the VSLA methodology during periods of shocks or crises. The exceptions were to extend the grace period for loans and adjustments to share values. The changes that were adopted were context appropriate and logical. For example, the two groups that increased their share value were from an area that was considered minimally affected by drought and instability. The members that extended their grace period for loan repayment were from areas that were very affected by regional and local instability and peace and security issues. Aside from these changes, no other major modifications to the VSLA methodology were cited by the FGs.

This adherence to the rules with few adaptations to the VSLA methodology aligns with the need for greater predictability by the members, particularly during periods of economic and social stress. Shocks including crop failures, landslides, drought, and civil unrest are largely unpredictable and the financial services provided by the VSLA contribute to mitigating these shocks and supporting a rapid recovery from these devastating occurrences. Conversely, this inflexibility (built-in to the methodology and/or by the members) limits the opportunity for innovation to the VSLA methodology. Adapting or tailoring the focus of the VSLA methodology (types of services provided, approaches to IGA development, local problem solving in other areas including access to clean water, electricity, etc.) to the particular needs or opportunities within the community, through a community action planning exercise, for example, could lead to increased capacity of the community to anticipate, adapt, absorb and, over the longer term, even transform shocks. A balance can be found between providing reliable and predictable financial services but also leverage the foundational elements of the VSLA to more fully capture greater benefits that this formal community organization offers – it is just a matter of timing. VSLA support needs to capitalize on periods of relative stability to undertake preparatory work that will improve the resiliency of its members. This could be in the form of community action planning described above but it could also come in the form of capacity building to conduct current and future risk assessments, contingency planning, etc.

In Burundi, the coordination/facilitation of the VSLA approach changed in 2016. It was observed that some VSLA collapsed, particularly those that were led/facilitated by girls who left the VSLA when they were married or elected to pursue higher education elsewhere. In response, CARE established new guidelines that group of five (5) VSLAs into a cluster or “pillar”. Each pillar is headed by a “pillar leader”, selected to

²⁹ This is an excel sheet internally developed by CARE to measure the level of maturity of VSLA. It is organized into quantitative criteria for 70 points (age of group, amount of saving and annual share, rate of utilization of loans, rate of reimbursement, percentage of VSLA members with active credits) and qualitative criteria for 30 points (registration to commune, level of participation to weekly meeting, decision making toward existing VSLA management business).

4. FINDINGS, ANALYSIS AND CONCLUSIONS

oversee all five VSLAs. This is in addition to the heads of the different individual VSLAs. This leader must be married girl/woman from the same village. This oversight closed any leadership gaps, bringing continuity to the support of VSLAs within a community and ensuring the continuity of the VSLA, an important resiliency tool to shocks. Pillars of the same colline are grouped into the same zone to form a zonal group which forms a communal network. Training materials have been updated in early 2017 and included revised tools and training modules. These were provided to each new VSLA.

Girl VSLAs that do not meet the maturity threshold to participate in higher levels of borrowing through MFIs/banks suggests that the tool is effective in ensuring that only those truly prepared for the additional challenges associated with larger scale loans are eligible for linkages. In other words, it is our opinion that the tool is doing its job. While the opportunities for larger loans is appealing, even from a resiliency standpoint (see relevant analysis under loans), girl VSLAs (and VSLAs in general) are likely not in a position to accept the higher levels of risks and responsibilities that goes along with these larger loans.

Experimental Error/Bias:

- FGs often have a lead speaker, who speaks for the group. It is difficult to assess whether there is true consensus in the group's response or it is a matter of "follow-the-leader".
- Nuances are difficult to detect within focus groups.

VMA-C1: Predictability of services and support trumps ad hoc innovation in the VSLA methodology. There remains opportunity for planned innovations – through Community Action Planning for example.

4.11. SUMMARY: GENDER, WOMEN'S ECONOMIC EMPOWERMENT AND RESILIENCY

The following summarizes our findings and analysis related to gender, WEE, the VSLA model and resiliency. Many of these findings are embedded in the various sections that precede this one so the purpose of this section is to highlight some of these key findings. They include:

- In general, the perception amongst the FG participants is that male-headed households fare better during shocks than female-headed households, most of whom are widowed. Their capacity to weather and quickly recover from shocks is dependent, in part, on the inheritance/assets that are transferred to them (or not transferred to another male family member) from their deceased husbands.
- Women typically make better HH financial managers, thinking long term and making good consumption adjustment/allocation choices, particularly during times of shock or stress. By extension, then, increased women's economic empowerment within the HH will have an important impact on the overall resiliency of that HH.
- Additionally, patriarchal societies such as those in Ethiopia and Burundi can limit the long terms benefits and capacity of girls and women to absorb, adapt and anticipate shocks as part of their participation in VSLAs. The support they received from the VSLA and the assets they accrue (savings, IGA livestock, etc.) remain the property of the household and under the control of its head. For girls that get married or attend school elsewhere, the assets/savings they have accrued through the VSLA/IGA remains with the ancestral home.

4. FINDINGS, ANALYSIS AND CONCLUSIONS

- Adding the pressure to engage in IGAs as other agricultural income sources fail, can add to already impossible pressures on women's time and their triple burden. IGAs, however, are critical to resiliency and there is evidence that HHs adjust the gender-based norms related to division of HH duties.
- Women in Ethiopia eat last, particularly in times of shock, there may be little or no food left to eat which impacts a woman's energy and capacity for work (IGA, farming, etc.).
- Women's agency within the HH increases as a consequence of the increasing relative contribution of their IGAs to the HH income.
- The Joint Agency consolidated gender analysis report for the Ethiopian Drought Response³⁰ corroborates with many of the gender differences we identified under this learning.

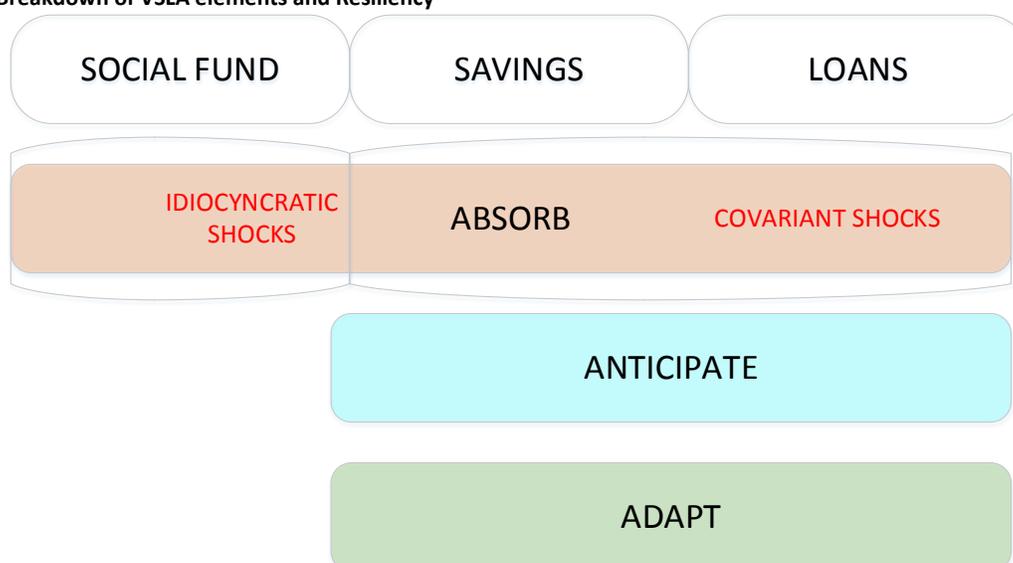
³⁰ Joint Agency. July 2016. Consolidated Gender Analysis for the Ethiopian Drought Response. CARE/Oxfam/Humanitarian Aid and Civil Protection. p.7.

5. SUMMARY CONCLUSIONS

Conclusions: VSLA & Resiliency

The following figure is a modified version of the figure presented in Catherine Pettengell’s five-country desk study on resiliency and CARE’s VSLA. It summarizes our conclusions with respect to the contribution different financial services provide by the VSLA to increase HH resiliency. In our opinion, the Social Fund, Savings and Loans all support the capacity of the HH to absorb shocks by providing alternative sources of reasonably priced funds to the HH during periods of economic stress. Furthermore, savings and loans support similar investments in HH capital accrual and investment in IGAs thereby increasing the HH’s capacity to both anticipate and adapt to shocks.

Figure 1 : Breakdown of VSLA elements and Resiliency³¹



The following table provides a summary of the contributions the VSLA makes to three of the HH resiliency capacities (absorb, adapt and transform), using a Resilience Context Analysis. This analysis was outlined in a paper produced by a number of non-governmental organizations (NGOs) in association with UN Women, World Food Program, UNICEF, UNDP and WHO amongst others to identify in South Sudan the “capacities which distinguish households that are resilient to the impact of shocks on food and nutrition security from those which are not.”³² Those underlined capacities are indirectly or directly supported by the VSLA methodology, based on our findings and this learning.

³¹ Pettengell, Catherine. 2016. Improving Resilience: Five-country study of CARE International’s Village Savings and Loan Associations. CARE Canada. Pg 10.

³² Papevero, Cinzia and Eugenie Reidy, Giulia Polidori and Sergio Regi. “Resiliency Context Analysis: Resiliency to shocks that impact food security and nutrition in South Sudan.” November 2015. Pp. 4-7.

5. SUMMARY CONCLUSIONS

Table 4: VSLA contributions to HH resiliency

Resilience Capacities	Definition	VSLA methodology & Resilience Capacities
Anticipate (Pre-term)	Foresee and reduce the impact of shocks through prevention, preparedness and planning	Not included in Resilience Context Analysis paper.
Absorb (Short term)	Accommodate to immediate impact shocks have on their lives, wellbeing and livelihoods by changing behaviours and practices using available skills and resources	Absorb Capacities: <ul style="list-style-type: none"> • <u>Food related coping strategies</u> • <u>Livestock ownership</u> • <u>Expenditure</u> • <u>Psychosocial strength</u> • <u>Savings and informal safety nets</u> • Conflict management and justice systems
Adapt (Medium Term)	Adjust behaviours, practices, lifestyles and livelihood strategies in response to changed circumstances and conditions under multiple, complex and changing risks	Adapt Capacities: <ul style="list-style-type: none"> • <u>Livelihood Risk Diversification</u> • Improved access to productive and fertile land • <u>Income source reliability and sustainability</u> • Salaried or skilled labor • Seasonal migration • <u>Educated HH Head</u> • <u>Early warning system</u>
Transformation (Long term – changes to structures, policies, legislation and market economics)	Changes in local macro economies, industry and areas of economic growth to change drivers of risk and create an enabling environment	Transform capacities: <ul style="list-style-type: none"> • Access to market and infrastructure • <u>Access to quality and relevant education</u> • Land tenure security • Access to water and sanitation • Access to health services • <u>Access to credit and formal safety nets/social protection</u> • Youth employment • <u>Women’s empowerment</u> • Community Networks

Based on our conclusions above, we find that there is sufficient evidence from the data collected during this learning exercise to support the notion or hypothesis that the VSLA methodology does contribute to increased capacity of very poor households to anticipate, absorb, adapt and perhaps transform covariant (and idiosyncratic) shocks and the associated economic stress.

5. SUMMARY CONCLUSIONS

We found that the VSLA model puts in place a strong foundation of broad services, training and association to support HHs as they manage their unique challenges brought on by covariant or idiosyncratic shocks. The strength of the VLSA approach is that it focuses on building capacity within HHs to independently manage their economic difficulties and not to provide a standardized, cookie-cutter fix to food and economic insecurity.

It is also clear that, while the VSLA model is an important component to building resiliency, it cannot stand alone, nor is it designed to. The advantage of the VSLA model is that it provides an excellent foundation or platform (see also MTE) for assistance coordination and collaboration and joint support to build the capacity of the very poor to manage large and small, regular and unpredicted income fluctuations.

Conclusions: VSLA Methodology

The following are additional conclusions that support and/or augment the broader conclusions described previously:

- SH-C1: The economic impact a shock has on a HH or community is dependent on its type, duration and intensity. The impact of contemporaneous shocks can exacerbate and magnify their individual impacts
- CM-C1: The quality and quantity of coping mechanisms/options to anticipate, adapt and absorb covariant and idiosyncratic shocks are greater for VSLA members than non-members.
- CM-C3: The specific impact of shocks on HHs, and its capacity to recover from these shocks is individualized and is related to the number, quality and correct application of strategies/tools available to resolve the unique economic needs of that HH. There are no cookie-cutter solutions.
- CON-C2: Women VSLA members tend to make better HH financial managers, making better choices than non-member women and men regarding which consumption item are adjusted down (or up) and how.
- CON-C3: Anecdotal evidence suggests that VSLA financial management training, and understanding long term cash flow is critical to making informed consumption adjustments/reallocations during times of crises.
- VE-C1: VSLA is a system of support; each element is purposively and strategically linked to other elements to optimize the impact. The strength of the VSLA to promote HH and group resiliency is dependent on the degree of trust/social interaction within the group, particularly during periods of crises/stress.
- S-C2: Loans and savings are interchangeable during times of crises but are typically used to either buy productive assets or working capital to support productive assets.
- L-C2: The quality and type of loans available to VSLA members is better than for non-members, particularly during crises periods.
- IGA-C1: To optimize the use of IGAs as an income diversification strategy to build resiliency, activities must be selected carefully, giving due consideration to market conditions, market size, the number of players, price fluctuations, etc. and the impact environmental and political shocks will have on these parameters.

5. SUMMARY CONCLUSIONS

- SF-C1: The social fund finances income gaps caused by idiosyncratic shocks; death in a family, unexpected expenses (health issues), etc. The peace of mind it offers HHs is critical and enables them to accept risks in other areas of their income generation.

Additional Conclusions: Specific to Burundi

The VSLA is the backbone of CARE for its core projects in Burundi. The POWER/PROFIR Africa Project has been always positively perceived by both girls and women VSLA. In particular, the project provides various social and economic benefits for girls by serving as an innovative approach to elevate their position in their communities as income producers and increase households' income with girls' supports (through loans and share). Progressively, the stigma of girls being the most vulnerable gender group is being eradicated with their support to household and community development. Girl VSLA members as compares to non-members have recovered their dignity and involved in other local support activities as leader or focal point; they are less prone to early pregnancy and many barriers have broken such as the place of girls and women within the society who were seen as dependents or the most vulnerable. They are more financially independent, running various IGA and providing support to their respective households. The position of both women and girls in society has shifted from marginalized to leaders.

The project has been able to support vulnerable households to cope with shocks building three types of capacities: absorptive, adaptive and transformative capacities. Absorptive capacities include elements for resilience to context analysis with food related coping strategies, livestock ownership, households' expenditure, psychosocial strength mostly through social interaction, savings and informal safety nets, and conflict management and informal justice systems. Adaptive capacities resume livelihood risk diversification, improve access to productive pieces of land, income source reliability and sustainability, educated household heads, and early warning systems under the saving and loans services (predictability). Finally, transformative capacities include access to market and infrastructure with IGA, access to quality and relevant education by affording school fees, access to health services mostly with social funds when needed, access to credit and formal safety nets/social protection, creation of jobs which was not easy and possible before, women's empowerment and community networks. Discussion with CARE partners stressed unintended effects such as a duplication impact of VSLA approach which is being extended to other international organization such as the FAO which have adopted the model into their funding community development projects in Burundi. However, a system approach is required to improve resiliency, VSLA cannot be the whole solution. The patriarchal form of society in Burundi also impacts the resiliency capacity of girls due to ownership rights that favor men and boys, as women and girls are forced to surrender when they leave the home to get married or pursue higher education.

6. RECOMMENDATIONS

Overall Recommendations

Based on the conclusions presented, we offer the following recommendations.

1. CARE must continue to identify and pursue partnership and alliances with other local and international organizations and assistance program that undertake work that complements and leverages the strengths of the VSLA methodology but does not overlap with what the VSLA does. Good examples of this are the PSNP/POWER/FSF+ program in Ethiopia and the growing relationship with KCB in Burundi.
2. Training that builds capacity during and between shocks to undertake regular and frequent risk analysis at the HH and VSLA level should be incorporated into the VSLA methodology; allowing more precise adjustments to features of the VSLA, including IGAs to meet the emerging risks and opportunities.
3. Through the VSLA methodology, selection, planning and management of IGAs (and other HH level income diversification strategies) should consider economic diversification at the VSLA and community levels as well. This would include promoting or educating VSLA members on non-traditional IGAs for generating income. These could be incorporated into a Community Action Planning process that is easily integrated into the VSLA methodology.
4. Develop, test and integrate a set of tools into the VSLA methodology that specifically support modifications to its application during times of crises. These include templates and methodologies for developing community action plans, risk assessment tools, preparedness assessment tools, contingency planning, etc.
5. The fervent commitment to saving by the very poor, particularly during crises/shocks, should be carefully monitored. This is particularly true for women within the HH as their commitment to ensuring a better future for their children could lead to saving at the expense of their health and well-being.
6. Consider assessing the data management system to determine what data is needed. There is a tremendous amount of extremely valuable data on the MIS, but this may be lost among other, non-essential data. Also, consider updating the data that is collected to include measurements of resiliency.

Recommendations specific to Burundi

The POWER/PROFIR Africa project has positively impacted the local context of development assistance through financial inclusion to girls as one of the most vulnerable target groups of the society by engaging them into an inclusive financial system and supporting their financial literacy of 75% of VSLA made up of girls (enrolled and non-enrolled to schools), and 25% made up of women.

It has been observed that further trainings on life skills, loans and saving mechanism, IGA such as to support livestock development for vulnerable women (illiterate and widows) should be encouraged.

6. RECOMMENDATIONS

However, girls' VSLA remain at an immature stage even after two sharing cycle which was settled as indicator for the maturity of a VSLA. The following aspects require further consideration:

1. Social norms: CARE should work on social norms related to the nature of society which is a patriarchal form in Burundi do not contribute to the sustainability of the resiliency level especially for girls who get married or relocate for higher education elsewhere. Without their properties, those girls may become vulnerable and less resilient to new or upcoming shock(s). Activities may include advocacy or sensitization training meetings for households' leaders (men), more work on the leadership of women (with more training and backstopping activities) by considering boys and men.
2. Collaboration with Bank/Microfinance (KCB) initiated in 2016 with a signed Memorandum of Understanding (MoU) cover only about 3% of VSLA and only in two provinces (Ngozi and Bujumbura). This is an important opportunity for credit which will empower their skills to become entrepreneurs and leaders. The assessment of this collaboration should be done and lessons learned will be vital for the duplication or expansion of the linkage of MFI to at least 50% of VSLA. The exposure of VSLA to new banking technologies particularly on mobile banking remains a challenge for less educated or illiterate targets (very poor or non-schooling girls).
3. Scale-up of VSLA with the participation of government who shows interest into CARE's VSLA model for the sustainability of the results achieved to date. The ongoing discussion for a potential collaboration with other IMF and Government should be formalized and applicable. CARE is one of the best partners of the government of Burundi particularly with the VSLA approach. The draft MoU has been initiated between CARE and the Government of Burundi to expand the model to public intervention in rural areas while strengthening the skills of government bodies. This is key entry point to continuing working for vulnerable groups when supporting government policies³³. Therefore, it requires further action.

³³ Care worked during the past decade on adult literacy but government wasn't included into its intervention. The ongoing discussion with a signed MoU can offer an opportunity to reconsider this aspect into further projects for better support to social and economic empowerment of women.

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APPENDIX A: SUMMARY NOTES OF SAMPLE, BURUNDI

Kirundo (n≈50)

Mixed Shocks (Drought most severe shock, couple with Usury with is one of the common practice)

1. VSLA Women – Kididiri (Busoni) (10)
2. VSLA Girls – Kididiri (Busoni) (10)
3. VSLA Girls (Vumbi) (10)
4. Non-VSLA – Mixed group (Men and Women, Kididiri in Busoni) – Control /mixed effects, Unstructured (10)
5. Non-VSLA – Mixed group (Men & Women, Vumbi) – Control/mixed effects - Unstructured (10)

Ngozi (n=50)

Mixed Shocks – (Little drought due to climate change – Delays in rainfalls), more often in Ruhororo

6. VSLA Women – Mutobo (Ruhororo) (10)
7. VSLA Girls – Busiga (10)
8. VSLA Girls (Mutobo) (10)
9. Non-VSLA – Mixed group (Men and Women, Busiga) – Control for mixed effects (CRS solidarity group), (10)
10. Non-VSLA – Mixed group (Men and Women, Mutobo-Ruhororo) – Control for mixed effects - Unstructured (10)

Bujumbura & Rural Bujumbura (n=50)

Mixed shocks – (1) Bugaram – Landslide (Dominant) and Drought (Likely severe)

11. VSLA Women – Cashi (10)
 12. VSLA Girls – Cashi (10)
 13. Non-VSLA – Mixed group (Men and Women, Cashi) – Unstructured (10)
- (2) Mutimbuzi** – Social unrest and drought due to climate change
14. VSLA women (Rubirizi) (10)
 15. Non-VSLA – Mixed group (Men and Women, Rubirizi) - Unstructured (10)

APPENDIX B: SUMMARY NOTES OF SAMPLE, ETHIOPIA

Below summarizes the composition and features of the sample interviewed in Ethiopia. Due to political unrest, we were unable to meet with three groups from the drought dominant region. This did prevent us from collecting complete data from HHs/members from regions where the dominant shock is drought vs. regions where the shocks are mixed. Fortunately, the one group we did collect from, poor women, was the focus of this learning and we were able to compare their responses to women from regions with mixed shocks.

East Hararghe (n≈82)

Mixed Shocks³⁴ (presented as drought dominant but instability present) – META WOREDA (Doke #2 Kebele)

1. VSLA/PSNP Women (10)
2. VSLA/PSNP Men (12)
3. Non-VSLA/Non-PSNP Women – NO SUPPORT (10)³⁵
4. Non-VSLA/Non-PSNP Men – NO SUPPORT (10)

Mixed Shocks – (presented as instability dominant but drought present)) – HARAMAYA WOREDA (Karsa Kajima Kebele)

5. VSLA/PSNP Women (≈10)
6. VSLA/PSNP Men (≈10)
7. Non-VSLA/PSNP Graduates – Women SECOND LEAST SUPPORTED (≈10)
8. Non-VSLA/PSNP - Graduates Men SECOND LEAST SUPPORTED (≈10)

West Hararghe (n=53)

Mixed Shocks – (presented as min drought & min instability, this is debatable and it is subjective – it is certain they were affected by both, not sure they can act as a control) – TULO WOREDA (Terkanfeta Kebele + Metakesha Kebele)

9. VSLA/PSNP Women (≈10)
10. VSLA/PSNP Men (≈10)
11. **Non-VSLA/PSNP – Women – CONTROL for mixed effects** (≈10)
12. **Non-VSLA/PSNP Men – CONTROL for mixed effects** (≈10)

Drought Dominant (not affected by instability) – DOBA WOREDA (Bilisuma Kebele)

13. VSLA/PSNP Women (13)
14. VSLA/PSNP Men – NOT INTERVIEWED³⁶
15. Non-VSLA/PSNP – Women – NOT INTERVIEWED
16. Non-VSLA/PSNP Men – NOT INTERVIEWED

³⁴ Drought/Instability

³⁵ NOTE: There was confusion regarding the request to meet with non-VSLA PSNP participants. This was interpreted in the sampling protocol as non-VSLA/non-PSNP (in the sampling protocol it appeared as “Non-VSLA/PSNP) as such we did not meet with non-VSLA PSNP participants in East Hararghe.

³⁶ Social unrest during data collection that led to restricted mobility of the consultant made it impossible to interview these groups.