Promoting Resilience through Women's Economic Empowerment in Rural Africa

Resilience is defined as the "the capacity to recover quickly from unpredicted difficulties". This capacity is divided into four abilities: the ability to anticipate, absorb, adapt and transform the economic effects of increasingly unpredictable environmental, political and individual shocks.

The POWER Africa (Promoting Opportunities for Women's Economic Empowerment in Rural Africa) project was a four-year initiative, supported by Mastercard Foundation, that increased the financial inclusion of 750,000 poor, food insecure individuals and their households in Rwanda, Burundi, Ethiopia and Côte d'Ivoire, with special focus on women and youth.

The project was anchored around CARE's Village Savings and Loan Association (VSLA) methodology and a suite of layered trainings geared toward entrepreneurship and business management. CARE worked with local organizations and governments to form, train and link VSLAs to financial service providers, mobile network operators and markets.

CARE Canada commissioned a resilience study to qualitatively (and to some extent, quantitatively) assess the role of VSLAs on the poor's resilience and ability to cope with economic shocks due to environmental crises and political unrest in Ethiopia and Burundi.

While there are no cookie-cutter solutions and VSLAs on their own cannot build all of the necessary capacities for household resiliency, some common findings can be highlighted.

Summary of main findings

The VSLA methodology does contribute to increased capacity of very poor households to anticipate, absorb, adapt and perhaps transform shocks and the associated economic stresses (see resiliency continuum below).

The strength of the VLSA approach is that it focuses on building households' capacity to independently manage their economic difficulties, to accurately select a response appropriate to the household's unique needs and specific to the intensity, duration, and frequency of shock.

The quality and quantity of coping mechanisms/options to anticipate adapt and absorb shocks were greater for VSLA members than non-VSLA members.

Women typically make better household financial managers, thinking long-term and making good consumption adjustment/allocation choices, particularly during times of shock or stress. By extension, increased women's economic empowerment within the household will have an important impact on the overall resiliency of that household.

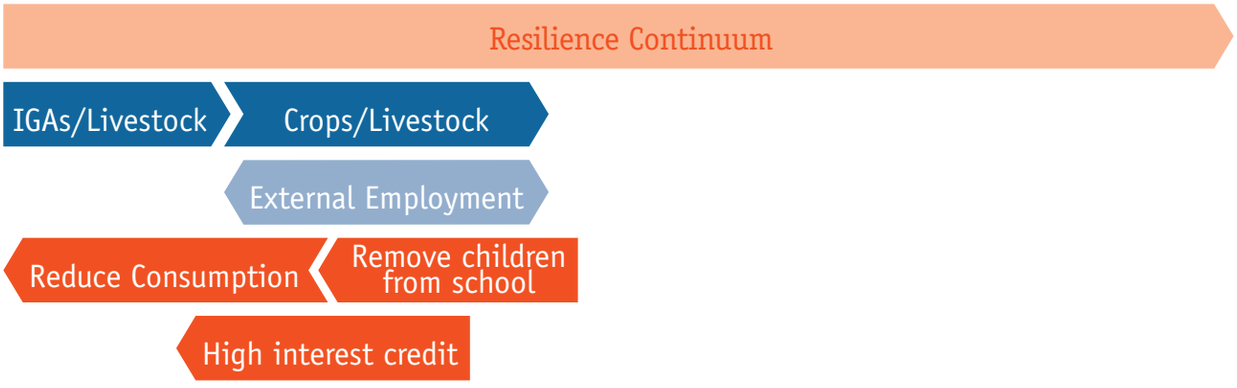
While the VSLA model is an important part of building resilience, they are more effective when designed to complement and multiply the impact larger, more comprehensive support systems. For example, VSLAs were an important part of the Government of Ethiopia's Productive Safety Net Programme and Burundi's public school system.

Recommendations

1. CARE must continue to partner with other local and international organizations and assistance programs that complement and leverage the strengths of the VSLA methodology but do not overlap with what the VSLA does. Good examples are CARE Ethiopia's "Food Sufficiency for Farmers Plus" program approach (jointly funded by Mastercard Foundation and Global Affairs Canada) to complement the Government of Ethiopia's Productive Safety Net Programme and CARE's piloting of linking VSLAs to Kenya Commercial Bank (KCB) in Burundi.
2. VSLA methodology should incorporate training during and between shocks that builds the capacity to do regular and frequent risk analysis at the household and VSLA level to determine earlier when livelihood adjustments are necessary to adjust to crises.
3. Through the VSLA methodology, the selection, planning and management of household income-generating and diversification activities should be expanded to consider VSLA- and community-level economic diversification as well. This would include promoting or educating VSLA members on non-traditional income-generating activities. 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 adaptations to VSLA methodology 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. Once the very poor learn to save, they have demonstrated in this study that they can become fervently committed to saving. While positive to have developed a "savings culture", this strong commitment should be carefully monitoring, particularly during crises/shocks. This is particularly true for women within the household 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 updating data that is collected and monitoring information systems (MIS) to include measurements of resilience.

VSLA Members
Sources of funds during periods of crises/shock

Non-VSLA Members
Sources of funds during periods of crises/shock



POWER Africa is a project of **CARE Canada**. More information can be found on our website: http://care.ca/power-africa

mastercard foundation

care®