

Strengthening VSLAs for their CLM Members

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THE CHALLENGE: CLM GRADUATES DROP OUT OF THEIR VSLAS AFTER THE FIRST CYCLE

Given the positive social and economic roles that VSLAs can play in the lives of CLM graduates and their households, we have viewed with concern a tendency of CLM members to leave their VSLAs. We saw an example of this in VSLAs established in and around Wòch Milat, an area of northern Laskawobas, to serve a cohort of 150 CLM families.

SUMMARY

Challenge: Low retention rates by VSLAs of CLM graduates raise questions about the roles VSLA see themselves playing, their long-term viability, and the ability of CLM graduates to experience the positive socio-economic support that they offer.

Fonkoze’s Solution: Encouraging VSLAs to engage community agents and embedding them into the structure of Fonkoze’s VSLA operations.

Evidence of Success:

- ▶ CLM Graduate retention
- ▶ Growth of VSLA member # in general
- ▶ Growth of # of VSLA groups
- ▶ Financial growth of the VSLAs

Next Steps: This study suggests the value of incorporating these practices throughout Fonkoze VSLA practices.

Table 1. Problem of CLM graduate retention

	First Cycle	Second Cycle
VSLA Members	185	220
% (#) of CLM cohort members in VSLAs	100% (150)	66% (100)
% VSLA members who were part of CLM	81%	45%
Total Pay-out at cycle’s end (HTG)	2,021,179	5,132,500
Average pay-out per member (HTG)	10,925	23,330

Going into the second VSLA cycle for the associations, 50 CLM members dropped out, leaving just 100 CLM participants out of 220 total VSLA members.¹ This suggests an important challenge: maintaining the VSLA’s orientation towards serving CLM families and, so, bringing down the dropout rate for CLM families.

Despite the financial successes we have seen VSLAs achieve, a failure to prioritize CLM families keeps them from achieving their goal within the CLM program, which is to provide members and former members structured, if just semi-formal, access to financial services that can increase their resilience and contribute to their growth. We believe that when CLM members drop out of the VSLA structure, the chance that they will sustain the progress they have made could decrease significantly. But the challenge of keeping CLM families in the associations must be faced while strengthening the VSLAs themselves, supporting them so that they remain strong associations long-term.

FONKOZE/CLM INNOVATION: Empowering Community Agents (CAs)

In this context, Fonkoze implemented an innovative intervention with VSLAs sponsored by the W. K. Kellogg Foundation in Southern Mibalè. The experiment was led by a CLM VSLA Specialist, Martinière Jasmin. The intervention included various elements:

- ▶ **Recruitment and integration of CAs.** This creates a new layer of actors strengthening VSLAs, who are not CLM staff.
- ▶ **VSLA payment of CAs.** These actors are not paid by CLM but by the VSLAs themselves. VSLA members must be convinced that it is worth their while to do so.
- ▶ **CLM provision of training, materials, refresher sessions, and ongoing coaching for CAs.** CLM makes resources and staff time available that enable CAs to succeed and even grow in their role.
- ▶ **CA promotion of engagement and conversation with VSLA leaders.** The CA ability to engage VSLAs and their leaders becomes the essential core.

¹ The Group and Per Member pay-out figures suggest that those that remained did quite well at least on average. Group and Per Member payout grew significantly (250% and 213% respectively) from one cycle to the next. Data, however, does not distinguish between CLM members and non-CLM members.

RESULTS: VSLAS INCREASED THEIR CLM MEMBERSHIP

Initially, the W. K. Kellogg Foundation-supported VSLAs followed the same negative trend as described above: the number of CLM members decreased between the first and second cycles, even if only slightly (see “Year 2” in Table 2 below). But CLM’s VSLA Specialist and the cohort of VSLA CAs that he created identified the problem quickly and made it a focus of their work. As can be seen in “Year 3” of Table 2 below, the trend reversed. Entering the third cycle, the number of participating former CLM members had increased by 18% over the number who joined at the start.

Table 2. W. K. Kellogg Foundation VSLAs Following Intervention

	Year 1 (29wks)	Year 2	Year 3
VSLA Members	824	1040	1039
Average Members per VSLA	28	35	35
CLM Members in VSLAs	682	677	806
Average CLM Members in VSLAs	23	23	27
Percentage CLM in VSLAs	82%	66%	77%

In their conversations with the elected leaders of the Associations, CAs emphasized the key issues that would address the concerns: among other things, the importance of maintaining the CLM membership and the key elements that must be in place to maintain a healthy VSLA. As a result:

- **Former CLM members returned.** CLM membership drop-out has been stopped, even attracting additional CLM graduates.
- **VSLA sizes and numbers have increased.** The average sizes of VSLAs as well as the total number of VSLAs have grown (25 new VSLAs are not shown in Table 2), resulting in overall growth of participants.

These successes were complemented by successes in the VSLAs' financial performance.

Table 3. Kellogg Foundation VSLA Financial Performance

	Year 1 (29wks)	Year 2	Year 3
Total Savings	7,687,900	15,933,050	18,511,300
Savings per Member	9,329	15,320	17,816
Loans Disbursed	n/a	34,131,495	40,950,195
Loans per member	n/a	32,819	39,413
Total Pay-Out	10,894,958	17,987,646	21,700,900
Pay-out Per Member	13,222	17,296	20,886

Note: The first year's cycle was shortened to 29 weeks in order to time the pay-out, and with it the pay-out of future cycles, to the beginning of the school years, when members would certainly need extra cash. So the meaningful comparisons related to financial questions are between the second and third years.

- **Savings increased.** Total savings and savings per member both increased by 16% from year two to year three.
- **Loans disbursed increased.** The total credit disbursed and the average disbursed per member both increased about 20% from year two to year three.
- **Pay-Outs increased.** The total pay-out and the pay-out per member also increased 20% from year two to year three.

The fact that loans and pay-outs increased by 25% more than savings suggests that members are making more use of and are thus benefiting more from the opportunities that VSLA membership offers them. By all accounts, the financial story of these VSLAs is one of success, WITHOUT their leaving CLM graduates behind.

DISCUSSION: THE SIGNIFICANCE OF THE COMPONENTS

Although summarized succinctly above, a few key points merit further discussion.



- ▶ **Recruitment and involvement of Community Agents.** An adequate educational level might be important for CAs, but their other qualities may be more important still. Their ability to convincingly engage VSLA members and their elected leaders is key.
- ▶ **CLMs role: Direct Manager to Facilitator.** By creating a layer of CAs, CLM VSLA Specialists were able to focus on coaching fewer key people even as they oversaw greater numbers of VSLAs.
- ▶ **CLM role: Training, resources, empowerment.** CLM can provide a number of resources for CAs: refresher trainings (with and through the CAs), various resources that CAs can use as they engage their various VSLAs. Ultimately, it helps CAs to become entrepreneurs by giving them a source of insights, strategies, wisdom that CAs can refer to as they face various issues in various VSLAs.
- ▶ **VSLA Payment of CAs.** A variety of approaches were taken: payment could be through deduction from the solidarity fund of the VSLAs or direct payment by individual VSLA members from their end-of-cycle pay-out. Regardless of how this was done, perhaps the two most notable aspects of this are—
 - **VSLAs paying for their own Community Agents** How VSLAs can be convinced that this is to their own interest to pay for their CA will continue to be key.
 - **The structure of this payment provides positive incentives** for CAs to grow VSLAs numbers. CAs, in effect, become entrepreneurs, growing a positive social impact entity in multiple locations for remuneration. There may be some weaknesses to guard against at some point, the initial and overall direction seems quite positive.

NEXT STEPS: RECOMMENDED: INCORPORATION INTO FONKOZE'S VSLA OPERATIONS

Fonkoze now will incorporate this innovation into standard operations for all VSLAs. In order to achieve this, it may be useful to systematically answer the following questions:

1. To what extent did the success of this innovation depend on the character and skills of the specialist who implemented it? Can others find the same success?
2. What is the key to convincing VSLAs to pay for their own CAs?
3. How many VSLAs can or should CAs manage?
4. Are the current resources sufficient for the problems CAs face as they engage VSLAs? Are there additional training topics or materials that could or should be prepared?
5. What new costing would this model suggest for expanding Fonkoze/CLM's VSLA work?
6. What are the key elements for deep collaboration between CLM's VSLA Specialists and the CAs? How can this be enhanced?
7. What are the key elements for deep collaboration between CAs, and VSLAs and their leaders? How can this be enhanced?
8. What are the key ingredients for maximum effectiveness of the refresher sessions?

Robert Legrand, Primary School Principal and Community Agent, Lawo, Mibalè



On the importance of VSLAs:
I wish we had had them sooner. They give people a way to build up savings. They can take out loans to invest in activities, and their money is still there at the end of the year.

On his own role:
I run my school in the mornings and visit VSLAs in the afternoons. I am there to support their leaders. I look over what they are doing and I verify their procedures and their numbers. I currently work with four CLM VSLAs and three others that I established, 205 members in all. I am paid five gourds per week for each member out of the solidarity fund, mainly at the end of the cycle. If I have to buy gas for my motorcycle, I can make a withdrawal against what I'll eventually be paid.

On the continued role for CLM:
I keep the CLM specialist informed about how things are going, and he encourages me. We talk a lot.