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## VILLAGE SAVINGS & LOAN ASSOCIATION (VSLA)

Village Savings & Loan Association (VSLA) is a micro-finance model to reduce poverty by financially and socially empowering poor and vulnerable people; a group of people save together and take small loans from those savings. The activities of the group run in cycles of one year, after which the accumulated savings and the loan profits are distributed back to members.

## KEY CRITERIA

- Maximum 30 people (70% women) who save together and take small loans from those savings
- Member-managed with a five-person Management Committee (democratically elected and changed every cycle)
- Have a written constitution and clear rules
- Members save through the purchase of between 1–5 shares every meeting (weekly).
- The share-value is decided by the VSLA at the start of each cycle.
- Members must attend all meetings and buy at least 1 share each meeting
- The cash is kept in a box with three locks, and the keys are kept by three different members of the group who are not part of the management committee
- Members can choose to have special funds such as a "social or emergency fund", to use for small grants when members are in special need
- Members have the right to borrow up to a maximum of 3 times the value of their shares
- A monthly service charge for loans is determined by the members at the beginning of the cycle, in the form of a percentage value which is recommended not to be more than 10%
- Loans are taken and repaid once every 4 weeks and should be repaid within a maximum of 12 weeks during the first cycle
- All transactions are performed at meetings in front of all the members

## IMPACT

- Increase in savings and in asset ownership
- Access to formal financial services
- Improved food and nutrition
- Better health care and education
- Investment in business for income-generating activities
- Women's economic empowerment
- Strengthened social bond
- Resilience to shocks
- Replicating effect to other communities

**"Helvetas Tanzania has supported the creation of 227 VSLA since 2015, with over 6800 members, and more than 85% of members are women"**

### New innovative approach in place

Currently piloting a mobile product with the purpose of digitalizing the saving and lending groups to enhance transparency and financial security as well as time efficiency.

