

From saving groups to stronger financial structures

Understanding VSLAs and VSLFs

Søren Theilgaard
ADRA Denmark

A Familiar Starting Point: Village Savings and Loan Association (VSLA)

- Community-based savings and lending groups
- Accessible financial inclusion
- Built on trust and ownership

The Limits of Individual Savings Groups

- Demand for loans increases
- Investment needs grow
- Capital becomes insufficient

From individual groups to shared structure

- Several VSLAs come together in one federarion
- Capital is pooled across VSLA groups
- Creating a stronger financial base
- Becomes possible to support larger and more flexible loans

VSLF are not a formal financial structure

- Still community-based structures
- Built on trust and group systems
- Not formal financial institutions
- Still emerging and evolving

Why VLSFs matter

Opportunities

- Larger loans
- More productive investments
- Stronger financial coordination

Questions

- How is governance managed beyond the group level?
- What drives strong performance?
- How far can these structures go?

Learning from practice

- Uganda (REAL): how VSLFs worked in practice
- Burundi: Where VLSFs have been operating for longer
- Next step: where community finance may go