



# Village Agent Pilot Assessment Summary

## Background

Although microfinance created access got the rural poor to financial services, it often faces criticism for high-interest rates<sup>1</sup>, lack of diversified products & services, and excluding the extreme poor population in remote communities. As an alternative financial service model, SHOUHARDO III formed and facilitated the Village Savings and Loan Associations (VSLA) by the Village Agents (VAs)<sup>2</sup>. This was one of the initial pilots implemented by SHOUHARDO III in four districts of the Char and Haor regions including Kurigram, Jamalpur, Kishoreganj, and Habiganj.

**CARE focused on two approaches to test as a part of this pilot initiative;**

- 1** To solely provide financial services through VSLA groups
- 2** Include socio-economic services in addition to financial ones

VSLAs typically consist of 13 to 25 members. Under the pilot initiative, SHOUHARDO III trained 16 VAs, locally known as Snachay Sathi (Savings Peers), who formed 39 groups in eight unions of four districts.

In exchange for this service charge, the VAs mobilized VSLA groups, organized the election, built capacity of the group members, and facilitated meetings (e.g., savings and loan meetings). As per their agreements, the VAs expected to receive shares worth USD\$18.11 per savings cycle from each of the groups formed by them.

## Objective

- a** To assess the effectiveness of the VA pilot based on the variables selected in the pilot concept note
- b** To identify areas for improving the VA approach
- c** To identify factors that would facilitate scaling up the VA pilot

## Methodology

The study used a mixed approach but was primarily qualitative. Data for this assessment was collected through interviews and focus group discussions. The data collection was done remotely during the COVID-19 pandemic. Both the interviews and the focus group discussions were conducted through phone calls. The VA pilot assessment not only collected data from savings group members and the local service providers but also community members and the trained VAs.

## Findings

### Services offered by VAs

- ▶ Setting up new VSLA
- ▶ Conducting VSLA committee election, and
- ▶ Organizing and facilitating the VSLA meetings





# Findings

## Income and Motivation

- Their work was appreciated, respected, and honoured by the communities
- They developed a strong network and interactive relations with community
- The connection between the VAs and other financial service providers seemed to emerge throughout the pilot
- Community sought support and information from the VAs



- The VAs guided poor women on how to access micro-credit support
- Resolved family disputes, conflicts among the neighbours, and assisted communities to obtain birth certificates and national identity cards
- Helped some dropout students to continue their studies with the assistance of the Union Parishad Chairman
- Some of the VAs were involved in developing the list of poor and extreme poor population and provided those to different organizations and locally elected officials for them to be able to access relief during the pandemic

## The demand side of the service (Current VSLA members)

- ▶ Built awareness on how savings could benefit them more in the future, especially during natural disasters, including such pandemics
- ▶ The group strengthened their social solidarity as they could sit together within a regular interval and share their experiences
- ▶ Took different actions as a group, for example, protesting gender-based violence in the community and assisting the poor VSLA members



## Recommended changes about the VA's work:

Additional services from the VAs, for example vaccination of poultry and livestock, technical advice on quality seeds, lobbying for safety nets

## Challenges experienced by the VAs:

- Reluctance to purchase the kit box by members
- Disagreement on the VA's service charges
- Disagreement among members on loan repayment terms
- Irregular attendance<sup>3</sup> of VSLA members in the meeting, and
- Lack of specific location to conduct the VSLA meetings

# Recommendations

1

Capacity development by a marketing and sales expert for building their expertise

2

Avoid of selecting more than one VA from villages that are adjacent to each other as it limits geographical coverage of a VA

3

During the VA selection, the geographical areas have to be carefully examined along with their willingness to provide services to communities that are far from their residence

1. <https://www.ifpri.org/blog/how-microfinance-has-reduced-rural-poverty-bangladesh>, cited on 12 April 2020  
2. 16 women selected and trained by the program on VSLA formation and facilitation from the implementing communities.  
3. There is an existing provision of fine for VSLA group members that are irregular in meeting but it is not practiced widely.