International Labour Organization | ACCEL Africa

Using village savings and loan associations (VSLAs) as a transformative approach to community mobilisation and the eradication of child labour

Good practices

Responds to the following criteria

- Relevant
- Replicable
- Sustainable

Main stakeholders

- Households
- Youth and children
- Local government
- Community mobilisers and structures

Description

Child labour is a pressing challenge in Uganda, where the number of child labourers continues to increase through the years. From around 2.05 million in 2017, the numbers have grown to 6.2 million Ugandan children aged 5 to 17 years old who currently practice child labour, with a disproportionate number of them belonging to the 5- to 11-year-old age group. Many of these child labourers in Uganda can be found in the agricultural sector. Child labour has significant negative impacts on these children's schooling, health and dignity, depriving them of their fundamental rights to education, social protection and health. Structural, policy, budgetary and implementation gaps in Uganda have compounded these challenges, placing the future of millions of children at risk, restricting their childhood, compromising their human capital, and jeopardising economic outcomes in the agricultural sector.

Addressing the multifaceted issue of child labour requires concerted efforts to tackle poverty, cultural attitudes, and deficiencies in social protection. As a pathfinding country, Uganda has taken steps to eliminate child labour by 2025 by showcasing commitment through legislative action and providing the institutional groundwork necessary for the effective implementation and monitoring of laws and policies that aim to eradicate child labour.

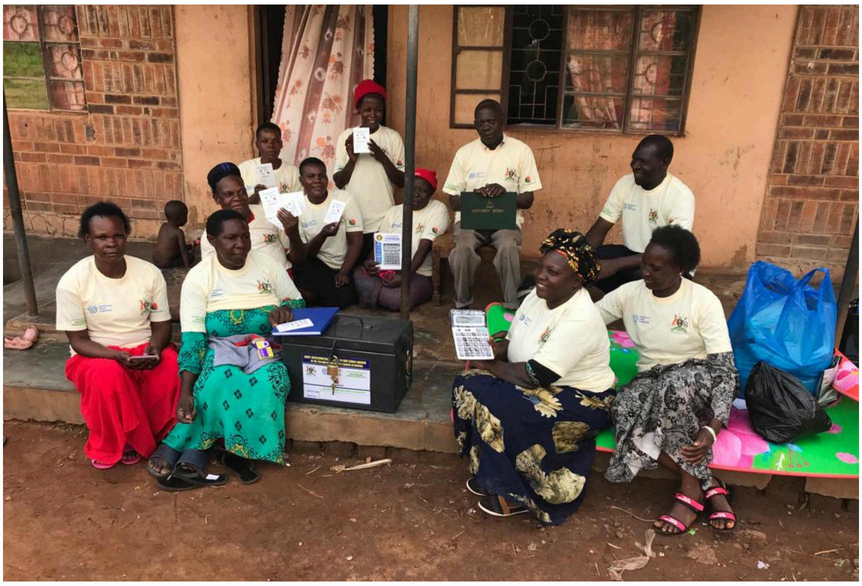
In addition to a strong policy framework, interventions that promote financial inclusion can help eliminate child labour in the country's tea and coffee supply chains. One of the most effective ways of promoting financial inclusion is through village savings and loan associations (VSLAs), which aim to empower community members to mobilise their own resources and promote economic self-reliance and resilience. By facilitating access to savings, internal lending services, loans, emergency funds, investments and various income generating activities, families can combat poverty and reduce the need to resort to chid labour.

Targeting communities with limited access to financial opportunities and low social protection coverage, the ILO ACCEL Africa project implemented a social finance intervention in Uganda to eliminate child labour in the country's tea and supply chains. In line with the 2022 Durban Call to Action, the intervention worked with financial and non-financial service providers to offer a bundled pack of services, which supported farmers with

Description (Cont.)

tailored financial solutions and provided with them access to productive and welfare services, thus helping address the underlying causes of child labour. Nascent RDO, a civil society organisation in Uganda, played a pivotal role in delivering targeted interventions and reaching vulnerable communities, children and youth.

Through the VSLAs, low-income households that were engaged in child labour were provided with opportunities to expand their income base by pooling their financial resources together, fostering better collective and bargaining power, and bulking their sales. Within a period of ten months, the intervention led to the establishment of ten youth groups, and 45 adult groups benefitting 971 females and 655 males making a total of 1626. The groups had saved a total of 425,203,700 UGX (112,946 USD) and were able to diversify their income sources, helping them overcome income shortages associated with agricultural cycles. Even after the intervention, the groups continued to exhibit strong leadership, maintain their standard records, and adhere to proper procedures for savings and borrowing.



Process

Establishment of VSLA groups

Context assessment and mapping	The NGO began the intervention by entering the community to conduct a mapping of the households and assess their socio-economic conditions to better understand their financial needs. The mapping exercise identified potential beneficiaries for the intervention.
Community sensitisation about VSLAs	The NGO introduced the VSLA methodology to the communities as a viable pathway for addressing child labour. Using various channels and platforms such as village meetings by the council leaders, door-to-door mobilisation, and open-door campaigns, they conducted sensitisation sessions that aimed to raise awareness and understanding among community members about the benefits and principles of VSLAs.

Mobilisation of VSLA members

To recruit members into the VSLAs, community leaders conducted door-to-door visits to invite members, prioritising beneficiaries identified in the mapping exercise. Community announcements about available opportunities to join the VSLAs were also made in various settings, such as village meetings and places of worship. VSLA groups were then formed autonomously, selecting around 15 to 30 members based on comfort and mutual trust.

Training on VSLA operations

The VSLA groups were provided comprehensive training sessions over six to eight weeks, covering various subjects such as fundamental VSLA concepts, leadership, management committee elections, the development of by-laws, record-keeping, meeting procedures, conflict resolution, and action audits.

Implementation of financial activities

Commencement of savings, borrowing and loan repayments

The NGO supported the VSLAs in initiating their saving, borrowing and loan repayment activities in order to foster financial inclusion and empowerment.

Introduction of the Bonus Share financial scheme

The NGO introduced the Bonus Share financial scheme, a unique financial incentive implemented within VSLAs to foster a culture of savings and investment among members. It typically constitutes a 10% to 20% increment in the savings of each VSLA participant, determined by the amount saved within a recurring period of three months. The incentive is granted during a cycle between eight months to one year, and unlike a cash pay-out, amplifies individual savings, thereby expanding opportunities for investment among VSLA members.

Financial literacy and business management training

Training sessions on financial literacy, and business selection were provided to the VSLAs. The financial literacy trainings used in the intervention were sourced from Care Uganda and the Bank of Uganda, which were then customised by the NGO to better align with the needs of the target communities.

Strengthening of VSLAs' capacities

Registration of VSLA groups

VSLA groups were registered as formal entities, enabling them to access benefits from formal financial institutions and government programmes such as the Parish Development Model. The VSLAs were also registered and profiled by MobiPay, a promising platform to ease access to markets, products and financial transactions.

Linkage with other entities and partners

The VSLA groups were linked with various entities and partners, including local government actors, input dealers, and civil society organisations, in order to broaden their support network. Establishing linkages is vital for VSLA group members, as it ensures various benefits, including access to financial support from local government funds, participation in initiatives in the agricultural sector (e.g., training sessions, distribution of coffee seedlings by the government, income-generating opportunities), and facilitating access to peer learning and knowledge exchange activities with other VSLA groups.

Awareness raising on child labour	Interactive group sessions were conducted within VSLA groups to raise awareness about the negative impacts of child labour and secure their pledge to fight against the use of this practice. During the sessions, group discussions were conducted regarding various topics related to children and their wellbeing, as well as the welfare of households in the community. Facilitated by staff from the NGO, community mobilisers, community leaders and experts, the sessions fostered active participation from the VSLA members and their engagement with each other in order to enhance learning and understanding. Throughout the intervention, the NGO aimed to emphasise that the VSLAs' formation and operations were firmly anchored in the mission to eradicate child labour.
Monitoring and mentorship	Continuous monitoring and mentorship of the groups were implemented to ensure their adherence to VSLA principles and sustain their progress. Monitoring was carried out by the community mobilisers, group leaders, and NGO staff, who also oversaw the day-to-day operations of the VSLAs and helped manage disputes effectively. Community mobilisers also conducted refresher trainings, implemented group activities (e.g., farming, crafts), and helped the VSLA groups establish committees that are focused on addressing child labour issues.

Enabling Factors

Inclusive approach

The intervention ensured that inclusivity was promoted within VSLA groups by actively engaging with women, men youth, and persons with disabilities during the implementation of activities. This promoted gender equality and social inclusion, helping maximise the benefits of VSLA initiatives, especially among vulnerable groups.

Capacity building

The provision of training and capacity-building initiatives to VSLA members on various topics such as financial literacy, group dynamics, leadership skills, record-keeping, and conflict resolution helped empower members, making them better equipped to manage their VSLAs effectively and independently.

Linkages and partnerships

Forging partnerships with various actors, such as local financial institutions, government agencies, NGOs, and other stakeholders provided access to additional resources, technical support, and markets, thereby supporting the sustainability and scalability of VSLA initiatives. The ILO ACCEL Africa project had a profound impact across all sectors by mobilising and collaborating with government, the private sector, workers, employers and civil society. By fostering accountability among actors, the project drove policy and legal provisions and ensured the implementation of activities that promoted the dignity of workers at the lower tiers of the tea and coffee supply chains.

Enabling Factors

Community engagement

Active participation and buy-in from community members was central to the success of the intervention, helping ensure that the VSLAs' mission was aligned with the elimination of child labour and that activities were relevant to local needs and responsive to the most pressing challenges. This was achieved through continuous engagement with community leaders and stakeholders in order to garner their support.

Regular monitoring and evaluation

The regular implementation of monitoring and evaluation activities was useful in tracking the progress of VSLA groups and ensuring their adherence to established principles and procedures. The conduct of regular assessments helped identify challenges, measure impact, and make informed decisions on how to improve the intervention.

Sustainable governance structures within the VSLAs

Establishing transparent and democratic governance structures within VSLA groups was crucial to ensuring their smooth functioning and long-term sustainability. These governance structures and processes included electing leaders, developing clear rules and regulations, establishing a constitution, and ensuring accountability in decision-making processes.