

Village Savings and Loans Association Model, Micro Finance and Rural Women's Livelihood in the Kassena Nankana West District of Ghana

Roland Adatuu, Zachary Pealore and George Gyader

Abstract

Globally, the issue of rural women's livelihood has taken centre stage because of its importance in reducing poverty among women and by extension, households, rural communities and nations. Livelihood allows women to use their human and material resources to engage in economic activities that involve self-employment or wage employment to generate cash or non-cash to meet their self needs and households. In Ghana, several attempts have been made to enhance women's livelihood including the creation of the Ministry of Gender, Children and Social Protection in 2021. In 2015, the Ministry introduced the National Gender Policy which seeks to promote the greater empowerment of women to have equal opportunities with their men counterparts. Ghana has also ratified international instruments and frameworks such as the Millennium Development Goals and Sustainable Development Goals. More specifically, to take rural women out of poverty, the government of Ghana and the private sector have introduced a number of strategies such as micro finance institutions to provide financial resources to the citizenry to engage in economic activities to take them out of poverty. However, their reach to the rural poor especially women are limited: their unavailability, nearness, non-effectiveness of service provision, inadequacy of loans granted, untimeliness and cost of services provided to rural communities. This drew the attention of development practitioners to introduce the Village Savings and Loans Model as an alternative to micro finance and as a way to marshal financial resources for women in particular in rural areas where micro finance institutions are hard to reach. As an informal micro finance institution, the Village Savings and Loans model allows for saving and borrowing without any requirement for external support. This study thus, examined the Villages Savings and Loans Model as an alternative to micro finance and its effects on rural women's livelihoods in the Kassena Nankana West District of the Upper East Region of Ghana. The study adopted the sequential design approach where quantitative data was collected through the use of questionnaires and followed by a qualitative data through focus group discussions and key informant interviews from a sample of 291 members of the Village Savings and Loans Associations in the district. The study revealed that the Village Savings and Loans Associations model has increased rural women's access to credit due to savings' mobilizations, increased the average households' monthly incomes from GH¢78.56 to GH¢136.37, increased women's participation in household decision making and improved members' level of confidence and self-esteem. However, the study showed that members of the associations lacked regular capacity building trainings to boost their work. The study therefore, recommends that government through the Ministry of Gender, Children and Social Protection and District Assemblies should provide regular, timely and need-based capacity building trainings for members and link them with formal micro finance institutions that will

help enhance their activities and policy makers should learn best practices from the existing Village Savings and Loans Associations and incorporate them into existing national programmes that address rural women's livelihood issues.

1.0 Introduction

Poverty is one of the most challenging problems the world faces today. Eradicating extreme poverty with its consequences in all forms is among the main challenges the global community and governments face. Though, significant improvements have been achieved since the past three decades to decrease all forms of poverty, it is reported that 736 million people, that is 10% of the world people are poor and 80% of these extreme poor live in villages (The World Bank Group, 2018).

The Food and Agriculture Organization (FAO, 2018) defines extreme poverty as those persons that earn below USD 1.25 daily. Extreme poverty incidence is also defined as the state where the standard of living is inadequate to meet the basic dietary needs of the household even if they allocate their total consumption budget to food. Apart from income, extreme poverty can also be measured by social discrimination and marginalization, different exhibitions of malnourishment, deteriorating conditions, absences of basic amenities, resources and opportunities for employment, among others.

In Africa, the numbers keep rising for cases of people that live in extreme poverty covering more than half of those living in extreme poverty globally. The number of people who are considered as extremely poor per the World Bank definition of extreme poverty are those earning less than US\$1.90 per day and are about 490 million people (The World Bank Group, 2018). These extreme poor experience different conditions such as social and economic marginalization, including discrimination, isolation and political disempowerment. It is against this background that meeting the Sustainable Development Goal (SDG) 1 which aims at ending poverty is a topmost priority. This goal forms the fulcrum of agenda 2030 for global development.

The FAO (2018) report also noted that ending extreme poverty across the continent requires the encouragement of pro-poor economic growth and increasing income generating opportunities, giving attention to social and productive capital at all levels and creating interventions that target the poor. According to Annim and Alnaa (2013), this made the emergence of the micro finance industry to create a development paradigm shift globally. This is because micro finance constitutes the pivot with which to improve the welfare of the poor, most of whom are women in developing countries.

Okibo and Makanga (2014) have argued that micro finance is considered to be one of the key development-oriented programmes for reducing poverty. Otero (1999) noted that micro finance is the delivery of financial services to people who are financially left out from the conventional financial market. Therefore, the core mandate of micro finance is to provide credit to the marginalized who are unable to access finance due to their failure to provide physical collaterals. These micro finance institutions offer loans, receive savings, money transfer transactions, insurance allowances and other financial services to those within the low-income brackets. A plethora of literature (Ghalib, Malki and Imai, 2011, Imai, Arun and Annim, 2010, Imai and Azam, 2010 and Gobezie and Garber, 2007) are unanimous just as Okibo and Makanga (2014) and Otero (1999) that micro finance is a poverty fighting tool particularly for the developing world.

Ghana has made several efforts at alleviating the poverty of the poor particularly those in the rural areas. These include but not limited to the Livelihood Empowerment Against Poverty (LEAP) programme, Capitation Grant, School Feeding Programme, free uniforms, planting for food and jobs and the Free Senior High School Programme. In the financial sector, both the public and the private sectors have also made efforts to solve the phenomenon. In the public sector, the setting up of Micro and Small Loans Centre (MASLOC), the Social Investment Fund (SIF) and Export Development Investment Fund (EDIF) were intended to support petty traders, business persons and self-employed families to increase and diversify incomes, increase assets and to socially empower the underprivileged especially women to contribute to economic development. However, these interventions did not address access to credit by the poor in society.

The above led to the 1991 promulgation of the PNDC Law 328 which for the introduction or establishment of non-banking financial institutions in the country. These included savings and loans companies and credit unions which formed the micro finance industry. The emergence of these non-banking institutions as noted by Annim and Alnaa (2013:20) “was to meet the ever increasing financial needs of poor households who are usually unreached and underserved by the traditional financial institutions.” However, it is estimated that the poor and low-income people globally who are not served by micro finance institutions number to about 400 million (IFAD, 2004).

Poverty in Ghana is a disproportionately rural issue. The Ghana Living Standards Survey round 5 (GLSS 5) shows that in Ghana, 86% of those who live in rural areas are poor that is to say that they live below the poverty line. The GLSS5 noted further that 50% of these rural poor who live below the poverty line are in rural Savannah (Northern Ghana).

Further to the above, Annim and Alnaa (2013:21) also noted that despite the fact that the Upper East Region received some amount of micro finance, there is no clarity as to whether these were able to reduce the poverty levels of those who benefited from it and their households. According to them, “Studies in the areas of MF that seek to establish the link between micro finance and the welfare outcomes are inconclusive as reports on the impact of MF on poverty reduction are conflicting.”

This drew the attention of development practitioners to introduce the Village Savings and Loans Model as an alternative to micro finance and as a way to marshal financial resources for women in particular in rural areas where micro finance institutions are hard to reach. This study thus examined the context, extent and effects of the Village Savings and Loans Model as an alternative to micro finance on rural women’s livelihood. The key questions guiding this study are: what are the effects of the Village Savings and Loans Association Model on rural women’s livelihood in the Kassena Nankana West District? And what are the challenges militating against its smooth operation?

1.2 Literature Review

1.2.1 Micro Finance

Schreiner and Colombet (2001) stated that micro finance offers an opportunity for small deposits and loans to the poor as they are ignored by many formal financial institutions. When poor households gain access to small savings and loans, it serves as a foundation to increase their incomes. They are able to setup businesses and reduce their susceptibility to unanticipated circumstances such as disease outbreaks, death of a bread winner and prolong droughts

Awumbila (2011) contends that micro finance simply refers to services such as loans, savings, transfer and other products provided by micro finance institutions to poor people in

order to offset their poverty. Similarly, Seidu and Bambangi (2006) have stated that micro finance is giving small loans/credit to low-income households and those who cannot otherwise receive loans to set up micro-enterprises.

Otero (1999) opines that micro finance involves the provision of financial resources to poor people who are in self-employment. Ledgerwood (1999) adds that these financial resources do not only include traditional savings and loans but other financial services such as insurance, pension and repayment services. Schreiner and Colombet (2001) and Robinson (2001) share similar views with Ledgerwood (1999) that micro-finance includes both credit and deposits that are provided to people who are into micro-enterprise activities. The sea-sawing of definitions and explanations above point to three main things: micro finance serves as an avenue for the provision of financial, non-financial services and their target is poor people with the objective of improving their lives and well-being.

The UN (2013) observed that micro finance is such a powerful poverty alleviation tool such that the year 2005 was declared as the year of micro finance. This followed a series of documentations and publications in the field and complemented by activities to strengthen the sector through the UN small scale investment fund. This was to help countries to achieve the Millennium Development Goals by 2015.

Antwi (2015) has noted that micro finance is pivotal in providing financial services to the financially excluded population of the society, particularly the poor and the informal sector. However, in Ghana, not only have micro finance institutions not lived up to their expectations but majority of them have collapsed in the country. Antwi (2015) has stated that “In spite of the anticipated and the actual role performed by the MFIs in Ghana in poverty alleviation, the industry has recently suffered nationwide collapses of some of its once vibrant institutions.” This called for alternative ways of providing financial services to the poor and marginalized in society especially women to alleviate their poverty. This led to the emergence of the Village Savings and Loans Association Model as an alternative way of providing access to financial services to the poor without any external interference.

1.2.2 Village Savings and Loans Association Model

Hendricks and Chidiac (2011:2) have stated that the VSLA has become one of the important pillars of micro finance in developing countries. They stated that:

The VSLA model is based on the belief that for the extremely poor, particularly women, the best approach is to begin by building their financial assets and skills through savings rather than debt. Through participation in a VSLA women can diversify their activities, plant additional crops and even add new income generating activities. At the same time, they are able to save and borrow in ways that allow them to smooth cyclical household consumption patterns. Now more than ever before, we see VSLAs as an important, and often necessary, rung on the ladder of financial inclusion.

The VSLA is part of micro finance which is an organized group of people usually ten (10) to thirty (30) members. They pool their savings together when they attend regular meetings. They then use these savings as a credit. They continue to collaborate to sustain scheme in a very transparent way (Pors, 2011). Anyango, E., E. Esipisu, L. Opoku, S. Johnson, M. Malkamaki, and C.Musoke (2006) defined a VSLA as a time-bound Accumulating Savings and Credit Association (ASCA), where between 15 and 30 people save regularly and borrow from the group fund. Loans are repaid with 10 % interest, and have a period usually between one and three months. The group may choose to share out all or part of the financial assets in

proportion to one's savings on a date chosen by the members. Thereafter, the groups may start a new cycle of savings and lending.

The village Savings and loan association is one of the form of microfinance models which refers to a well organised group of ten (10) to thirty (30) people who contribute their savings regularly and during weekly meetings and they use savings in the form of loans and work together to sustain schemes that ensure openness for repayments. According to Pors (2011), VSLA is an accumulative savings and credit association in which participants of about 15 to 30 save and borrow regularly from the group fund in which loans are paid back with interest..

Village Savings and loans associations' model of micro finance constitute one of the most common forms of micro Financial Institutions in the world, and particularly in Africa. In Ghana, the village savings and loans associations (VSLAs) are ordinarily known as "susu", "committee" in India, "tanda" in Mexico, "arisan" in Indonesia, "seettuva" in Sri Lanka, "tanomoshi-ko or mujin" in 11 pre-1945 Japan, "wichingye" in Korea, "likelembas" in the Democratic Republic of the Congo, "xitique" in Mozambique and "pasanaku" (Mercy Corps, 2010). Similarly, Ardener (1964) observed that there is high participation rates in these associations and that they are predominantly found amongst the lower income population mostly in developing countries and among women. Affirmative actions are therefore needed to empower women economically, socially and politically to reduce the numerous and different challenges women face. These challenges include the uneven access to useful resources and services, insufficient or inaccessible infrastructure, inadequate access to credit, health care and formal training (Garikipati, 2012).

The members of the village savings and loans associations are often linked together informally. Therefore their activities are operated independently and not regulated by government or any external body. The focus of this study is on women because, according to Siganga (2013), women groups have a collective and long term purpose that encourages them to save and plan for the future. Therefore, through these group activities by women, they are able to influence positively on the lives of the family and the community as a whole. VSLAs bring together women with common problems and goals and who cannot as individuals attain certain goals successfully. This is evident in the work of Thorp, Stewart and Heyer (2005) that group formation among the poor has a great potential for enabling the members to achieve their livelihood goals.

Ritchie (2007:56) in her paper concluded that:

A variety of studies of the VS&LA program have indicated that members who operate small economic activities tend to keep their businesses in operation throughout the year, have a bigger say in household decisions, enjoy better nutrition, invest more in their children's education, and enjoy a higher social status than nonmembers. There is a significant increase in small household and livestock assets, usually those controlled by women. The loans given out by the groups tend to be used almost exclusively for income-generating activities, such as purchasing inventory for a small store, feeding livestock, and petty trade. The shared-out funds from the savings groups tend to be used primarily for food, clothing, school fees, and life-cycle events...

Many of the strengths of the VS&LA model lie in what it is not. It is not complicated. It is not expensive. It is not donor driven. It is not dependent on rigid structures or outside investment. Most important, it does not depend on long-term technical support, which distinguishes it from most other community-based microfinance methodologies. The model is easily

replicable, inexpensive to establish, and requires minimal training. It can be implemented in a wide variety of institutional settings, from multisector rural development projects to stand-alone financial services projects. Successful implementation does not need highly trained experts, large budgets, and long time frames to reach sustainability. It is a model that has the potential to be massively scaled up, particularly in Africa, where vast numbers of poor people in countries such as Sudan, Democratic Republic of Congo, and Liberia do not have access to sustainable financial services.

1.2.2.1 The VSLA Model and Women's Income Status

Hendricks and Chidiac (2011:3) have established the relationship between the VSLA and women's livelihood empowerment. They noted that one of the key ways to empowering women is promoting savings in order to enable them build their financial assets. They noted that:

CARE's VSL program is based on the belief that for the extremely poor, particularly women, the right approach is to begin by building their financial assets and skills through savings, rather than debt. By having access to savings services and small loans, members can smooth irregular income patterns and meet basic household consumption needs rather than taking on significant debt they may be unable to repay. And when they do borrow from the VSLA, loan sizes are generally small and manageable. Our experience has shown that when households stabilize their cash flow and are able to meet basic needs, women can take out small loans to finance and expand income generating activities.

Anyango, Esipisu, Opoku, Johnson, Malkamaki and Musoke (2006) noted that as a result of the success of the VSLA in Niger in empowering the livelihood of women, CARE further implemented the model in countries such as Angola, Burundi, Côte d'Ivoire, Eritrea, Haiti, India, Kenya, Lesotho, Malawi, Mozambique, Rwanda, Tanzania- Zanzibar, Uganda, Zambia and Zimbabwe in Africa. International organizations such as Save the Children, Plan International, World Vision, OXFAM, Freedom from Hunger and Catholic Relief Services (CRS), also implemented the VSLA model in parts of Africa.

In Ghana, Care implemented the VSLA among cocoa growing communities called the Prosperous Cocoa-Farming Communities (PROCOCO). Hinson, Oduro and Cottrell (2017:6) concluded on the PROCOCO project that:

It is clear from these seven interviews of women small-holder cocoa farmers in the CARE-Cargill PROCOCO project that VSLA is changing their lives. They have moved from situations of multiple problems, particularly financial, to seeing themselves as viable members of their household and their community. They feel more secure because they can meet their financial obligations to their family. They have an improved view of themselves as women and others have one as well. Given the increase in joint decision making it can also be surmised that gender stereotypes are shifting as men take women into greater consideration. A major contribution to this shift is the financial change in the women's situation which is related to being able to access loans and save money which are the pillars of VSLA. That being said among these seven women, a shift in their role within the community was cited. While women participated in PTAs, communal labor and meetings before and continued to do so.

Abubakari, Sadik and Keisan (2014:1) examined the VSLA model introduced among women by PLAN Ghana in the Sissala West District to find out its effect on the nutrition of under-five children in Silbelle, Buoti, Kandia, Zini, Nimoro and Buo communities. The authors concluded that "...the institution of Village Savings and Loans Associations has resulted in better nutrition and health of children in the beneficiaries' households." The authors

therefore recommended that "...the NGO (PLAN GHANA) should expand the coverage of the programme to more communities in the district. The recommendations also implored policy makers to design favourable policies on microfinance programmes in general."

1.2.2.2 The VLSA Model and Women's Social Status

Social status according to Weber (1978) can be based on other aspects such as consumption behaviour or mutual cultural and ethical values uniting certain groups. Also, Treiman, (2013) noted that, social status is usually based on one's occupation, level of education and income. This means that, an individual's social status is based on his/her relation to production of material goods. Thus, one's education and occupation define what he/she gives to society in terms of economic production and one's income defines what she takes from society. So occupation, education and income together are good indicators of one's relation to economic production or one's social status, and largely define power relations between individuals. These definitions of social status naturally results in a hierarchical element. Social status then can be understood as an indicator of an individual's relation to the society, reflecting contributions to public good. Magee and Galinsky (2008) however differ from the above definitions based on access and control of productive resources. They opined that, social status is the amount of informal respect enjoyed by the individual, but not just the position on any important hierarchy. This means that high status individuals contribute more to public good than low status individuals.

The VSLAs have proven to be very effective in accelerating growth and building local capacities. Group's activities such the mandatory weekly meetings and the group solidarity during the death of a relative or sickness, selection of group leaders develops the social statuses of the women. Gasper (2004) observed that the VSLA model of microfinance is regarded as one of the best development approaches that contribute to the well-being of rural societies as they facilitate savings and access to small loans and help members to plan ahead, cope with household emergencies. Thus women control over their economic activities in the household gives them power to partake in decision-making, future planning power and power to spend their incomes according to their own desires. Women access to credit also increases their influence on household decision-making, spending on family well-being and a number of collective actions for their social lives. Kjaerby (2009) concluded in a study with Korean women that, the level of social status of the women led to the development of new social roles with enlightened and active attitudes, improved education and social participation. Also women access to loans through the VSLAs enhances their confidence and have a positive impact on their social statuses as they work together and support each other which improves their exposure, empowerment, efficiency, and income (Palmkvist and Lin, 2015).

1.2.2.3 The VSLA Model and Women's Health Status

The literature has revealed that utilizing VSLAs is a reliable, low-cost and sustainable way to reach poor women and children with vital health information, products, and services. Studies have also demonstrated the benefits of combining micro finance and health services in a variety of areas, including neonatal and maternal mortality, infant and young child feeding, childhood diarrhoea, sexually transmitted infections and gender-based violence (Leatherman, Metcalfe, Geissler, and Dunford, 2012). Health interventions delivered through women's groups have reduced neonatal mortality, including socioeconomic inequalities in neonatal mortality, encourage early initiation of breastfeeding, improved care-seeking behaviour for illness and address maternal mental health issues (Houweling, Prost, Tripathy, and Nair, 2013). Moreover, health-related education and services delivered by VSLAs and savings

groups have had great positive effects on awareness and change in knowledge, attitude and behaviours in non-participating households in the wider community.

A growing body of evidence strongly suggests that when health and financial services for the poor are linked in a systematic and consistent manner, key barriers to health can be reduced. The VSLAs contribute to health improvement by increasing knowledge leading to behaviour change and by enhancing access to health services through addressing financial, geographic and other barriers. Many Studies (Leatherman, Metcalfe, Geissler, and Dunford, 2012 and Houweling, Prost, Tripathy, and Nair, 2013) have indicated the benefits in diverse areas such as maternal and child health, malaria, HIV, infectious diseases and gender based violence.

Health education is one of the most common health services offered. Health education often delivered during regular scheduled VSLAs meetings lead to behavioural changes in areas fundamental to achieving the sustainable Development Goals related to women and children and the reduction of life threatening illness (Leatherman et al., 2012).

1.2.2.4 Challenges Facing the VSLA Model

A plethora of studies (Busingye, 2015 and Johnson, 2004) have observed that the VSLA model is saddled with some challenges despite its correlation with rural women's poverty reduction. A critical study, the authors noted stated otherwise. The authors have noted that arguments against the VSLA state to the point that access to financial resources alone cannot solve all poverty reduction efforts geared towards women's empowerment if other factors are not tackled. Some of these factors can be attributed to women's own capabilities while others can be associated with the environment in which the women live.

Further to the above, VSLA operate on the grounds of mutuality, trust and togetherness. These values sometimes can be compromised putting the model on a risk scale. For instance, Johnson (2004, p.1359) observed that "VSLAs function with binding sets of rules which essentially rely on non-contractual elements—such as trust and moral norms, and religious values. However, these norms are often enforced through sanctions such as guilt, shame and informational sanctions, which may for example aim at damaging someone's reputation. And these sanctions too, have independent motivating power to cause action to take place without external sanctions. As a result, these play a key role in enforcing rules, but some members may not necessarily respond to these sets of rules thus putting the group's funds at risk. Therefore, despite VSLAs' vitality in helping the rural poor women to meet their social, economic and cultural needs, the financial and administrative system threatens sustainability."

Busingye (2015) has also argued that the loans that are usually given to members of the VSLA within a short period for them to repay which ranges between one (1) to three (3) months leaves so much pressure on members. This pressure may come from two sources: the pressure to generate more profit to save and pressure to generate more income to repay the loan. There is also the tendency of disapproving members for a loan based on their saving capacity.

1.3 Theoretical Framework

According to Scoones (2009), for the past few decades, the literature in the field of development is full with the word "livelihood" such that different development practitioners can associate or attach different meanings to the word "livelihood" to construct the whole fields of development practice and enquiry. Thus, livelihood approaches, perspectives, methods or frameworks have emerged in the development literature.

Chambers (1995) has postulated that a livelihood assessment begins when an attempt is made to examine how people in different geographies live. That is to say an examination of people on their means to gain a living and the activities they undertake in order to gain a living. Scoones (2009) has noted closely that an examination of the means of living and the activities undertaken to gain a living exposes an individual to a wide range of activities carried out by different people in different areas. These activities may be classified in a variety of ways such as farming activities, wage occupation, farm labour, and small and medium scale businesses and many others.

Scoones (2009:4) has categorized several options of livelihood approaches, some of which predated the 1960's as having examined the situation of rural people and how they undertake different activities to gain their livelihoods. These as he noted were the:

...village studies, household economics and gender analyses, farming systems research, agro-ecosystem analysis, rapid and participatory appraisal, studies of socio-environmental change, political ecology, sustainability science and resilience studies (and many other strands and variants) – have offered diverse insights into the way complex, rural livelihoods intersect with political, economic and environmental processes from a wide range of disciplinary perspectives, drawing from both the natural and social sciences. Each has different emphases and disciplinary foci, and each has engaged in rural development policy and practice in different ways, with more or less influence.

However, as Scoones (2009) noted, several studies have criticized the above approaches and are in line with the Sustainable Livelihood Approach. Thus in the 1990s there arose a strong advocacy for sustainable livelihoods approaches in development. These include Chambers and Conway (1992), Scoones (1998), Carney (1998) and Ashley and Carney (1999). In line with this, many development practitioners and agencies have advocated for sustainable livelihoods approaches as central to development programming and within organizational structures.

Gieryn (1999) similarly agreed to the above that sustainable livelihoods approach came and used as a boundary coinage which combines and uses separate perspectives together allowing for a discourse with the same response from a wide range of professionals and practitioners to come out with different alternatives. Scoones (2009) has therefore stated that, the interconnectedness of the terms “sustainable”, “rural” and “livelihoods” first emerged in the literature in 1986 in Geneva.

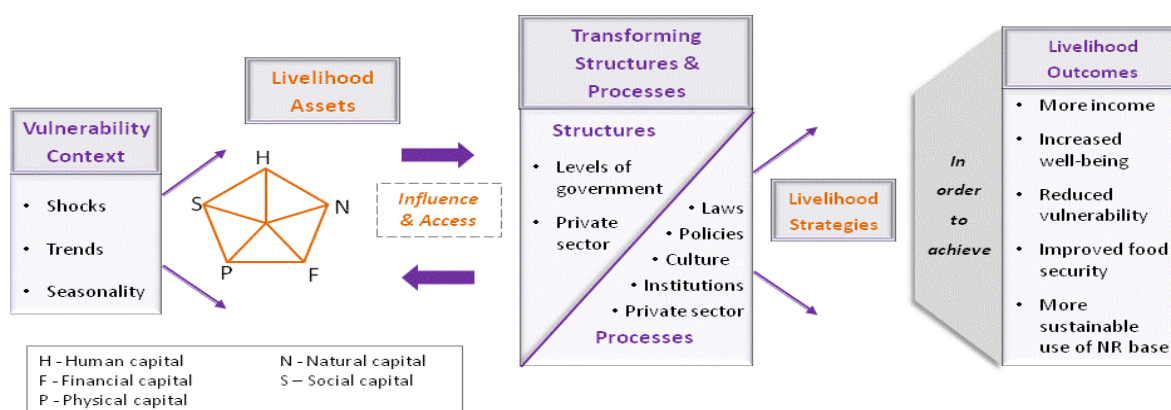
The SLF focused on five forms of assets essential to the sustainability of livelihoods in rural communities specifically rural communities in the Kassena Nankana West District. They are human, social, physical, natural and financial assets upon which people shape their livelihoods. The implementation of the SLF begun by looking at the available assets of an individual or households in the study area. These assets were the things owned and controlled by a household (Scoones, 2009). These assets allowed the people to endure and engage in various livelihood activities within the communities. The framework was also used as a way of conceptualising the economic activities of deprived women in the district.

The Sustainable Livelihood Approach also comprised of a vulnerability context, livelihood resources or assets, policies, institutions and processes, livelihood strategies, and livelihood outcomes or goals (Scoones, 2009). On the vulnerability context, the framework refers to trends, seasonality, as well as sudden events and pressures that have an impact on the decision made by individuals or households on livelihoods. The vulnerability context looked at the dangers and challenges that rural women's livelihoods are exposed to in the KNWD.

These challenges comprised lack of access to resources, climate change, gender roles and access to capital. The asset aspect contained human capital that includes education, talents and the ability of people to follow a certain activity (Scoones, 2009). Social capital includes the status of women in societies and the need to eliminate unequal views and encourage family and community support as social capital leads to the promotion of viable livelihoods. Natural capital includes access to natural resources such as land, forest and water resources which promote the livelihoods. According to Mutopo (2011), rural women lack access to productive resources such as capital and land which impede the capability of their livelihoods. Financial capital refers to income and access to credit and financial resources. Rural women lack access to credit facilities because of lack of assets they can use as collateral to access credit from the formal financial institutions. Makura-Paradza (2010) also observed that a household is said to have a sustainable livelihood by the realization of results such as increased well-being of households, better food security, decreased susceptibilities, women empowerment as well as improved sustainable use of resources.

The livelihood strategies are the variety of activities and choices that are available for people to select in order to attain their livelihood outcomes. These are the productive activities, self-help group strategies, basic rights, etc. The livelihood strategies can be categorized into natural and non-natural. The natural ones include the resource-based activities such as farming, livestock rearing, weaving, hunting and gathering of firewood while the non-natural ones include resource-based activities like small and medium scale businesses, paid labour and allowances (FAO, 2007). Figure 3.1 shows the Sustainable Livelihood Framework.

Figure 3.1 The Sustainable Livelihood Framework



Source: Adopted from DFID, 1999

1.4 Methods

The Kassena-Nankana West District is one of the fifteen districts in the Upper East Region of Ghana. It was carved out of the Kassena Nankana Municipality in 2007. The district has a total population of 70,667 representing 6.8% of the population of Upper East Region. The proportion of the female population in the district is 50.8% while that of males is 49.2% (GLSS 7, 2018).

This study adopted the sequential design within the mixed methods approach where the quantitative data was followed by the qualitative data (Creswell, 2013) and where the qualitative findings were used to contextualized the quantitative data (Creswell, Plano-Clark, Gutmann and Hanson, 2003). The qualitative data also improved and enhanced the results and helped to generate new knowledge. The study combined the strengths of both quantitative and qualitative research, relating concepts and views and comparing findings with data from different situations and times. This design was appropriate for this study because of the nature of the study which was to examine the effects of the VSLAs on rural women’s livelihoods. The quantitative data enhanced the understanding of the meaning of numbers, and it was well structured and the results easily collated and presented statistically while the qualitative data enabled the researcher to get an in-depth knowledge of respondents’ feelings that could not be expressed quantitatively.

The target population was the VSLA members within the district. The total number was 340 women’s groups with 10,200 members. The district was divided into three clusters/zones namely North, East and West for the study. A multi-stage sampling technique was used to sample the women within the district. Multistage sampling is where the sampling is carried out in stages. At the district level, the VSLAs members were clustered into three (3) zones namely, North, West and East.

A simple random sampling technique was used to permit every member of the population to have an equal chance of being included in the final sample. Numbers were assigned to members of the VSLAs in the district and written on pieces of papers and folded into a box. The numbers were mixed up and drawn in the lottery style till the required sample size for the study was obtained. This gave each member an equal opportunity of being selected. The identification and selection of the respondents was facilitated by the community contact persons of the VSLAs of the various communities in the district.

The statistical method for determining sample size of a discrete or nominal population was used to determine the sample size of the study at a significance level of 0.10. The sample size was determined by the formula: $n = N \div [1 + N(A)^2]$ where n = sample size; N = total population and A = margin of error or significance level as shown on table one.

Table 1: The sample population for the study

Cluster/zone	Target population	Sampled population
North	4,800	$4800 \div (1 + 4800(0.10)^2) = 98$
West	2,880	$2880 \div (1 + 2880(0.10)^2) = 97$
East	2,520	$2520 \div (1 + 2520(0.10)^2) = 96$
Total	10,200	291

Source: Field Study (2021)

Hence, out of the total population of 10,200 VSLA members, a sample size of 291 was taken. A simple random sampling technique was then adopted to select the members. Three community volunteers and three field supervisors of the VSLAs were also purposively

sampled for the study as key informants. In all, a total of 297 respondents were sampled for the study.

Questionnaires were used to collect the primary data. The researcher employed the services of the community contact persons (CCP) of the various communities in the district. This was to help administer the questionnaires and to interpret the questionnaire to respondents who could not read. The questionnaires were preferred due to the number of respondents and the limited time involved. The questionnaires were both closed and open-ended questions that allowed for the respondents to express their own opinion. For the qualitative data, two data collection tools were used: focus group discussions (FGDs) and key informant interviews.

The study setup three focus group discussions among leaders of the various VSLs groups in each of the three zones. One focus group discussion was held at the Abulu community in the west zone, another in Navio community in the north zone and the other in Kandiga community in the east zone. Each group was made up of a mixture of 10-15 married women and widows. The FGD guide comprised of key questions from the questionnaire. The essence of the FGDs was to cross-check the information gotten from the interviews and to allow respondents to explain some of the issues that were given restricted responses in the questionnaire.

Supervisors and community contact persons of the VSLA were interviewed in order to obtain information such as the operations of the VSLA schemes, criteria for group formations, interest rates on loans and other general information relevant for the research. There are three (3) field supervisors of the VSLAs in the district one for each zone. All these three field supervisors were interviewed and three community contact persons (CCP) were purposefully selected from each of the three zones for the interview. In all six (6) key informant interviews were conducted for the study.

In order to supplement the primary data, secondary data was sourced to help improve the quality of the discussions and provide explanations. Library and internet search were employed to reviewed relevant literature. Also, information from the attendance registers, savings booklets of members, records books of loan defaulters and savings registers of members were reviewed.

The data was analyzed using both qualitative and quantitative data analysis techniques. The quantitative data was coded, counted, grouped into tables and processed to provide frequency table, pie charts, histograms and bar charts using the Statistical Package for Social Sciences (SPSS) version 16.0). The qualitative were analyzed using descriptive statistics.

4.0 Key Findings and Discussions

4.1 The Effects of VSLA Model on Rural Women's Livelihood in the Kassena Nankana West District

The VSLA model has had some significant positive effects on women's livelihood among members of the VSLA in the Kassena Nankana West District. Hinson, Oduro and Cottrell (2017) concluded on the Care PROCOCO project in Southern Ghana that the VSLA model is changing the lives of the women. The authors noted that the VSLA model has moved the rural women from multiple situational problems, particularly financial problems. The authors also went on to mention that the model has given the women self-confidence to feel they are legitimate members of their households helping in the upkeep of the households. This is because, financially, they can meet their obligations in the households.

In the light of the above, because women have the ability to meet their household financial obligations, the posts are beginning to shift paving way for women to become part of the decision making processes and gaining recognition by their male counterparts. The authors also realized that overall, the women participated in Parents Teachers Association meetings, communal labour and community development meetings and continued to do so (Hinson, Oduro and Cottrell, 2017).

The respondents in this study indicated in line with the above. All (100%) of the respondents mentioned that they are able to meet their household financial obligations. They are also consulted when household decisions are taken and they are able to register with the National Health Insurance Scheme. They are also able to diversify their businesses as a result of the availability of startup capital. These all falls within the purview of Ritchie's (2007:56) findings that:

A variety of studies of the VS&LA program have indicated that members who operate small economic activities tend to keep their businesses in operation throughout the year, have a bigger say in household decisions, enjoy better nutrition, invest more in their children's education, and enjoy a higher social status than nonmembers. There is a significant increase in small household and livestock assets, usually those controlled by women. The loans given out by the groups tend to be used almost exclusively for income-generating activities, such as purchasing inventory for a small store, feeding livestock, and petty trade. The shared-out funds from the savings groups tend to be used primarily for food, clothing, school fees, and life-cycle events.

4.1.1 The VLSA Model and Women's Income Status

The respondents indicated their income earnings before joining the VSLAs. Their responses revealed that 41.2% earned between GH¢ 10-50 a month, 30.9 % earned between GH¢ 51-100 a month, 16.5% earned between GH¢101-150 a month, 7.2% earned between GH¢ 151-200 monthly, 3.4% earned between GH¢ 201-250 with only 0.7% who earned GH¢ 251 and above each month. After joining the VSLAs, the respondents indicated their income earnings. About 32.3% earned between GH¢ 201-250 a month, 27.5% earned between GH¢ 151-200 monthly, 19.2% earned between GH¢ 101-150, 10.3 % of the respondents earned between GH¢ 51-100 with only 5.2% who earned between GH¢ 10-50. In a focus group discussion, the women in the west zone stated that:

We were always in the house after the harvesting season, but after joining the VSLAs, we are able to take loan to start up a business which is giving us extra income.

In the north zone, the women mentioned that:

We were involved in small trades before joining the association. After joining the association, we were able to take a loan to expand our small businesses. Now, our income has increased and we have increased our savings with the group.

By implication, the VSLA model has improved the income status of the members. Members found that the VSLA model is useful as they could easily access credit to engage in more income generating activities to cater for their family needs. This is in line with Anyango's (2005) conclusions that the VSLA programme had helped to improve the incomes of its members and alleviated their poverty, particularly for women who constitute the majority in the VSLA groups. Table 2 shows the income levels of respondents before and after joining the VSLAs.

Table 2 Income levels of respondents before and after joining the VSLAs

levels of incomes GH¢	before joining VSLA		After joining VSLA	
	Frequency	Percentage	Frequency	Percentage
10-50	120	41.2	15	5.2
51-100	90	30.9	30	10.3
101-150	48	16.5	56	19.2
151-200	21	7.2	80	27.5
201-250	10	3.4	94	32.3
251+	2	0.7	16	5.5
Total	291	100	291	100
Mean monthly income	GH¢78.56		GH¢ 168.37	

Source: Field Survey (2021).

From the table, it can be observed that the average monthly income of a member before joining the VSLA was GH¢ 78.56. but after joining the group, the average monthly income has increased from GH¢ 78.56 to GH¢ 168.37. This means that there is a significant increase in the income levels of the women after joining the group due to their ability to access loans to engage in business activities.

4.1.2 VSLA Model and Women’s Social Status

The respondents indicated their social status before and after joining the VSLA in terms of their participation in decision making. Before joining the VSLA, 74.2% of the respondents did not take part in household decision making while 25.8% were of the opinion or agreed that they were consulted when taking household decisions. The respondents who were not involved in household decision making stated that their non-involvement in the household decision making was as a result of the argument that culturally, it was not acceptable for women to take part in decision making.

After joining the VSLA, all the respondents stated that they now take part in decision making at the household level. This is because, 45.4% indicated they could support the family financially by buying books and uniforms for the children without selling household assets, 31.0% indicated that, they were consulted because they could easily access credit to support

the family, while 23.6% indicated that, they were financially independent and could buy anything of their choice without depending on their husbands. All the respondents also said that their status in the community changed after joining the group because they are now allowed to participate in community development meetings.

This implies that the VSLA model has a significant positive effect on rural women's status because it improved their status from non-involvement in household and community level decision making to their involvement in household and community level decision making. This is in line with the work of Thorp and Heyer (2005) that group formation among the poor has great potential for enabling the members to achieve their livelihood goals. This is further supported by Hill (2011) that rural women's livelihoods can contribute immensely towards poverty reduction and women's economic empowerment as women become independent to generate their own income for sustaining their livelihoods. Hence, women's participation in the VSLAs led to their economic empowerment and financial independence which increases their participation in decision making.

4.1.3 The VSLA Model and Women's Health Status

The respondents indicated how they managed their health issues before and after joining the VSLA. Before joining the VSLA, 23.4% of the respondents stated that they buy their drugs from chemical shops when they fall sick. About 60.5% of them said they depended on traditional medicine to cure their sickness while 16.2% of the respondents borrow money from friends and relatives to take care of themselves when they fall sick.

However, after joining the VSLA, 74.9% of the respondents said they registered with the NHIS and so attend accredited healthcare centres when they fall sick. About 24.7% of the respondents stated that they used part of their savings to cater for themselves when they are sick. Only 0.3% of the respondents said they relied on local herbs for their healthcare delivery. Overall, all the respondents (100%) have indicated that their health status has improved since joining the VSLA. In a key informant interview with a supervisor, she stated that:

Before I joined this group, the health status of my family was very bad. But after joining this group, the health status of my family has improved greatly because all my family members have registered with the NHIS so we go to hospital any time a member falls sick.

4.2 Challenges Militating against the Smooth Operation of the VSLA in the Kassena Nankana District

The VSLAs in the Kassena Nankana District face some challenges that militate against their smooth operation. About 29.2% of the respondents mentioned that they have low savings. This has led to their inability to take huge loans to invest in profitable ventures. About 24.1% observed that the small size for the market of their products is also challenge. They could not make good sales within the week to generate profit due to low population in the villages where they operate. Moreover, 17.9% noted that failure by members to pay their loans within the stipulated time frame was another key challenge facing the operations of the VSLAs. The respondents further showed that 13.1% found it difficult to combine group activities with household chores as some were widows and for that matter they were single parents who had to combine the group activities with their parental responsibilities. In addition, 11.3% of the respondents lamented about their inability to make the weekly savings. This was related to their inability make enough sales that would generate them more profit during the week to

save.

All the respondents (100%) mentioned that all the above challenges are affecting the operation of their associations because of the lack of training or capacity building on how to manage their business, time and combine their personal responsibilities with their income generation actions. All the respondents therefore noted that their lack of training has triggered all the above challenges and hence, their urgent need for capacity building to boost their savings and profits. This is in line with the arguments by Busingye (2015) and Johnson (2004) that the VSLA model is saddled with some challenges despite its correlation with rural women's poverty reduction. The authors have noted that arguments against the VSLA state to the point that access to financial resources alone cannot solve all poverty reduction efforts geared towards women's empowerment if other factors are not tackled. Some of these factors can be attributed to women's own capabilities while others can be associated with the environment in which the women live.

5.0 Conclusion and Recommendations

The study concludes that the VSLA is a poverty alleviation model especially for women as it pulls financial resources together for women to access loans to engage in income generating activities which supports their livelihoods. Particularly, the VSLA model enabled women members to be able to meet their household financial obligations which boosted their ability to take part in household and community level decision making processes. It has also improved members access to healthcare through their ability to register with the NHIS and hence access to quality healthcare. However, the scheme is faced with a major challenge: lack of regular capacity building trainings for the VSLA members to boost their work. The study therefore, recommends that government through the Ministry of Gender, Children and Social Protection and District Assemblies should provide regular, timely and need-based capacity building trainings for members and link them with formal micro finance institutions that will help enhance their activities and policy makers should learn best practices from the existing VSLAs and incorporate them into existing national programmes that address rural women's livelihood issues.

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