

# **EMPOWER 1050 WOMEN IN THE NANUMBA NORTH MUNICIPALITY THROUGH VILLAGE SAVINGS AND LOANS ASSOCIATION AND ENTERPRISE SUPPORT.**

## **INTRODUCTION**

In the northern regions of Ghana, traditional cultural practices follow a patriarchal structure, allowing women and girls few rights. Women do not have rights to own land or property and have less access to education, healthcare, good nutrition, or income. Typically, despite doing more than half of on farm labour, women do not have ownership of the crop yield or income raised from the farm. Often, women opinions are not valued and their decisions are not accepted. Traditionally, women have little agency to affect change in their household, communities, or through advocacy to the local governmental administration. All of this together means that women in the north are the most marginalized population in Ghana, they are the most likely to live in extreme poverty and are most likely to be illiterate.

Thanks to the development initiatives on gender equality and women's empowerment in recent years by the municipal assembly and other development partners in the Nanumba North Municipality, these developments have begun to change which have given women more opportunities to improve their own situation. Despite the advancement of gender equality agenda in development initiatives, there is still a long way to go before gender equality is a reality in northern Ghana.

The Nanumba North Municipal Assembly (NNMA) advocates for gender equality in our entire projects and programs of action, most of our beneficiaries have been women. We recognized that in order to advance gender equality in the municipality, we must facilitate projects which support women livelihoods and empowerment. NNMA have been implementing projects which supports women livelihoods and empowerment for many years and these have proven to be very successful. There are still thousands of women in the municipality who remain marginalized and could benefit from projects such as those implemented by the Assembly. As such, this project will enable NNMA to support over 1000 women.

One initiative which offers women opportunities to increase their rights, ownership, and agency is the Village Savings and Loans Associations (VSLA). In recent years the NNMA through the USAID-RING Projects and other partners have supported over 100 of women groups to establish VSLAs and the great success of these groups have resulted in VSLAs becoming very popular. The NNMA have received high demand from women to support them establish a VSLA in their communities which has resulted in this project.

## **WHAT IS VILLAGE SAVINGS AND LOANS ASSOCIATIONS**

A Village Savings and Loans Association (VSLA) is a group of people who collectively support a structured process for saving money and offering loans at a local level. It is a community based initiative whereby the members of the group democratically prepare their own constitution on

how the VSLAs will be managed for members to abide. VSLA provide a simple and accountable system for saving

VSLAs meet every week and each member must buy at least one share per week. The price of each share is agreed by the group in the constitution and, in most groups, they limit the number of shares individual can buy each week to five. Each member of the VSLA has a Passbook in which a record is kept of how many shares they buy each week. Savings are kept in a secure deposit box which is held in a community. The box will have three different padlocks, with different people keeping the key for each. A fourth person will keep the deposit box, meaning that four people need to come together to open the box. This makes the box secure because an individual is not able to steal from it.

As indicated in the name VSLAs also offer loans to group members. The loans are taken from the collective savings which the groups have deposited, and the loan recipient is given a set amount of time to which to repay the loan. Members who take the loans normally pay with small interest on the loans, depending on how much they borrow. The interest accrued by the VSLA during the course of one year is shared out to members.

A VSLA will meet weekly for a year before the savings are shared out to the members. Interest accrued from loans is shared out to all members according to their level of contribution to the total amount saved by the group-the more shares you buy during the year, the higher the proportion of the total interest you receive. After the share-out of savings and interest, the process will begin again for another year, and the group may decide to change the price of each share for the coming year.

VSLA have been well received since its introduction in the municipality. They are a popular model because it is community based, so any interest paid on loans goes back into the community instead of into the pockets of a bank, and it is a simple model which illiterate's people living in poverty can engage in. Even those who are living in poverty are able to be members of VSLAs because they are required to contribute only a small sum each week. However, after the years cycle, each person receives their savings and they have a significant sum. For an individual living in poverty, receiving a lump sum of at least 100 cedis enables them to invest in their families, households, and livelihoods.

Members of a VSLA is empowering for women. Each week they take ownership of their finances when they buy shares, the group supports one another through a sense of unity, members can respond to unexpected events by taking a loan (for example, to pay health care costs), and their savings received at the share out enables investments in the wellbeing and future of their household.

## **PROJECT OUTLINE**

### **LOCATION AND BENEFICIARIES**

This project will be based in the Nanumba North Municipality in the Northern Region of Ghana. It will be implemented in ten (10) communities.

These areas will be remote from the Municipal capital and the communities are mostly small rural villages which engage in farming as their primary livelihood source. The area is characterized by high poverty levels and low rates of infrastructure penetration, including grid electricity, portable water sources, healthcare provision and education. The climate is hot and semi-arid with a long dry season and only one growing season for crops.

In the ten communities that will be selected, 35 women groups will be supported through this project. There is an average of 30 members in each women group, meaning a total of 1050 women will be the beneficiaries of the VSLAs and enterprise support activities.

The women who are members of the groups to be all come from the farming households and must engage in other income-generating activities in addition to farming. Members range in age from young women in their late-teens through to elderly women. Almost all of the women who are members of the women groups in these communities are illiterates due limited access to education when they were children. Due to widespread female illiteracy, some of the women groups have invited one or two men to join their groups so that they can support them with record keeping when their VSLAs are established.

### **VILLAGE SAVINGS AND LOANS ASSOCIATIONS (VSLA)**

During this project, the NNMA staff will support the 35 women group in the 10 ten communities within the municipality to establish the VSLAs. The project will provide each group with five (5) days training on how the VSLA functions, the management of the VSLA, and how to prepare the constitution for their VSLAs. This training includes basic record-keeping so that the number of shares bought by each member each week is recorded in their personal Passbook, which is normally done using an ink stamp for each share bought.

The project will provide each new group with all of the materials needed to establish an effective and secure VSLA, including a secure deposit box, three padlocks, 30 individual books for each group, and cloth bags to keep the funds from the savings and for the interest paid on loans separate in the box. In addition, each of the 35 groups will be supported by a staff of the NNMA that management will assign to throughout the first year of their VSLA is functioning effectively.

### **ENTERPRISE DEVELOPMENT**

Most of the women who will be beneficiaries of this project are illiterates and have had very little formal education. In many cases, women who establish their own business by trading a product will not have the knowledge of how to manage the business to ensure an adequate profit. Due to illiteracy and innumeracy, many women cannot keep records of their costs and income. In some cases, this has resulted in women spending more on their business than they receive in income, meaning they are running at a loss instead of turning a profit for their livelihood. We know that most women who are members of VSLAs use some or all of their savings to invest in their income-generating activities, such as petty trading, or processing of raw materials for sale. The NNMA wants to ensure that the women that we will be supporting through the VSLA will have the capacity to use their savings to effectively increase their incomes and develop sustainable pathways out of poverty. As such, in this project we will complement the establishment of VSLAs with additional training and support on enterprise development.

Soon after the VSLAs are established, NNMA will provide an additional training to each group of women to develop their skills and knowledge on enterprise management. The training will take the women through business management skills, including how to manage the business itself, keeping records of their finances, how to keep stock of the products they sell, how to invest back into the business, and how to make profit and to save income.

After training each of the 35 new groups will be supported by the staff of the Assembly for a period of one year. The field officers will visit the groups every week for three months after that, and dropping to two weeks for three months, and then once per month for the remaining six months of the year. The field visit will be used to support women with record keeping and assess whether they are making profit from their business. This training and support will ensure that the women are able to make the possible use of their savings and benefit from their income generating activities more than they could prior to this project.

## **EXPECTED OUTCOME**

This project will reduce gender inequality in the ten selected communities by empowering women through increased rights, agency, and capacity for decisions making. The project will directly benefit over 1000 women through empowerment and increased opportunities to invest in their livelihoods. The investment in livelihoods has a knock on beneficial impact because VSLA members are able to increase the number of shares they buy during the following year enabling further investment in livelihoods after the next share out and increasing pathways out of poverty. The families of beneficiaries and the wider communities will also benefit from investment in education, healthcare, and livelihoods.

In the long term, women will be self-resilient, less marginalized, and their decisions will become valued. This empowered status of women gives them more opportunities to take ownership of their futures. VSLAs and enterprise development give women and their households more pathways out of poverty.

At the NNMA we know that this impact is sustainable because we have seen it happen in the USAID-RING Proj

This project will ensure that women who will be part of new VSLAs in the municipality will have the enterprise management skills needed to ensure they are able to generate a good profit from such activities. This will further enhance their ability to increase household income and establish pathways out of poverty. Importantly, this project will support over 1000 women in the municipality to significantly increase their income generation through shea butter processing, a highly valuable product. Through enabling the extension of shea butter production, the increased income will have beneficial impacts for the whole community due to the number of women who would have access to enterprise development in shea butter production and sales.

## **BUDGET SUMMARY**

The total cost of this project is (US\$ 52,500) Fifty Two Thousand Five Hundred Dollars, which is equivalent to US\$ 50 per beneficiary. A project of this nature is very cost effective because it supports groups of women to become self-reliant, its long term impacts can be achieved through just a one year project. Below is the breakdown of the total cost of the project.

Each new VSLA will cost a total of US\$1,500 to establish which include the necessary resources, training and monthly supports from the staff of the Assembly. As such, a total of US\$ 52,500 is required to support 35 new VSLA groups to function effectively.

This amount includes the cost of providing enterprise management training for 1050 women and support for one year. This will include training materials, staff costs and costs for field visits throughout the year.

As such, the total cost of this project is US\$52,500. This is equivalent to only US\$50 per woman benefiting from this project. Through this small input of resources, training and support, each beneficiary will save in one year is more than the cost per person for the project, and will have opportunities to increase their income by more than this initial cost input. Again, the benefit of this project last longer than the one year of implementation and the women beneficiaries will continue to increase their savings potential, income generation and pathways out of poverty for their for their savings potential, income generation, and pathways out of poverty for their households and communities for years to come. The total cost of US\$52,500, or US\$50 per beneficiary,

Is an extreme cost effective use of funding with high social return on investment?

### NNMA\_VSLA SCHEME

