



Empower 600 Women in Northern Ghana:
Village Savings and Loans Associations and Enterprise Development

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's opinions are not valued and their decisions are not accepted. Traditionally, women have little agency to affect change in their households, communities, or through advocacy to the local governmental administration. All of this together means that women in the north are the most marginalised population group in Ghana, they are the most likely to live in extreme poverty and are the most likely to be illiterate.

Thanks to development initiatives on gender equality and women's empowerment in recent years, some things have begun to change which have given women more opportunities to improve their own situation. Despite the advancement of the gender equality agenda in development initiatives, there is a very long way to go before gender equality is a reality in northern Ghana.

Trax advocate for gender equality in all of our project activities and since establishment in 1989, nearly 60% of Trax's project beneficiaries have been women. We recognise that in order to advance gender equality in northern Ghana we must facilitate projects which specifically focus on women's empowerment. Trax have been implementing projects which support women's livelihoods and empowerment for many years and these have proven to be very successful. There are still hundreds of thousands of women in northern Ghana who remain marginalised and could benefit from projects such as those implemented by Trax. As such, this project will enable Trax to support an additional 600 women.



Figure 1. Women supported by a previous Trax project continue to meet with their VSLA years after it was established because they perceive that it has benefitted them

One initiative which offers women opportunities to increase their rights, ownership, and agency is Village Savings and Loans Associations (VSLA). In recent years Trax have supported dozens of women's groups to establish VSLAs and the great success of these groups have resulted in VSLAs becoming very popular. Trax have received high demand from women to support them to establish a VSLA in their community which has resulted in this project.

What is a VSLA?

A Village Savings and Loan 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 for how the VSLA will be managed and the rules for members to abide by. VSLAs provide a simple and accountable system for savings and loans for communities who do not have ready access to formal financial services such as banks or microfinance institutions.

VSLAs meet weekly 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 an 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 despoite box which is held in the 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.



Figure 2. Women supported by Trax meet for their weekly VSLA meeting to deposit their savings by buying shares

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

VSLAs have been well received since being introduced in northern Ghana. 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 people living in poverty can engage in. Even those who are living in poverty are able to be members of a VSLA because they are required to contribute only a small sum each week. However, after the year's 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 cedi enables them to invest in their families, households, and livelihoods.

Membership 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 healthcare costs), and their savings received at the share out enables investment in the wellbeing and future of their household.

Project Outline

Location and Beneficiaries

This project will be based in Bunkpurugu-Yunyoo District in Northern Region, Ghana. It will be implemented in four communities which Trax have been supporting: Yunyoo (also spelled Yunyuo), Bisting, Chintilung, and Wawa.

This area of Ghana is remote from metropolitan areas and communities are mostly small rural villages which engage in farming as their primary livelihood source. The area is characterised by high poverty levels and low rates of infrastructure penetration, including grid electricity, potable 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.



Figure 3. Map indicating the location of the communities which will benefit from this project, Bunkpurugu-Yunyoo District, Northern Region, Ghana

In the four communities named above, 20 women's groups will be supported through this project. There is an average of 30 members in each women's group, meaning a total of 600 women will be beneficiaries of the VSLA and enterprise development activities.

The women who are members of the groups to be supported all come from farming households and most 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's group in these communities are illiterate due to limited access to education when they were children. Due to widespread female illiteracy, some of the women's groups have invited one or two men to also join their group so that the men can support the group with record-keeping when their VSLAs are established.

Village Savings and Loans Associations (VSLAs)

During this project, Trax will support 20 women's groups in Bunkpurugu-Yunyoo District to establish VSLAs. The project will provide each group with four days of training on how the VSLA functions, the management of the VSLA, and how to prepare the constitution for their VSLA. 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.



Figure 4. Maniolca women's group in the community of Chintilung want to establish a VSLA

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 Passbooks, 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 20 groups will be supported by Trax staff

throughout the first year of their VSLA with monthly visits to their meetings to ensure that the VSLA is functioning effectively.

Enterprise Development

Most of the women who will be beneficiaries of this project are illiterate 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 a VSLA 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. Trax want to ensure that the women we support through VSLAs have the capacity to use their savings to effectively increase their incomes and develop 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, Trax will provide an additional four days of 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 the training, each group will be supported by Trax field staff for one year. Trax field staff will visit each group once per week for three months, dropping to every two weeks for three months after that, and then once per month for the remaining six months of the year. The field visits will be used to support women with record keeping and assess whether they are making profit from their business. The field staff will then be able to provide additional training or input as required. This training and support will ensure that the women are able to make the best possible use of their savings and benefit from their income-generating activities more than they could prior to this project.

In addition to providing training and support for enterprise development, this project will provide the physical infrastructure necessary to further enhance the women's businesses and income-generating potential. In the community of Yunyoo, the six women's groups based

there have expressed their desire to expand their shea butter production. Shea trees are native to northern Ghana and production of shea butter is a popular source of income because the product has a high market value. However, the production of shea butter requires a grinding mill to break the nuts, and the processing of the butter is very labour intensive.



Figure 5. Women in northern Ghana process shea nuts to produce shea butter because it has a high market value relative to other local products

The women's groups in Yunyoo have requested a shea mill to assist them with increasing their shea butter production. The provision of a shea mill will give 180 women easy access to the necessary grinding mill as well as labour saving support for the processing of the butter. The potential for increased income from the ability to expand and speed up the production of shea butter is significant, and could see an increase in income of more than US\$1000 per women in one year.

Due to the high potential for increasing income and supporting poverty reduction, this project will install a shea mill in Yunyoo. Yunyoo was identified as a preferable location for the shea mill because all of the women's groups based in the community stated that access to a shea mill was a priority need for them. In addition, Yunyoo is the largest of the communities supported by this project so locating the shea mill there will have the potential to benefit the highest number of people.

Expected Impact

This project will reduce gender inequality in 4 communities by empowering women through increased rights, agency, and capacity for decision-making. The project will directly benefit 600 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-reliant, less marginalised, 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.



Figure 6. Women supported by Trax to establish a VSLA celebrate their share-out. Dancing, singing, and a community meal followed the share-out to celebrate the women's empowered status and ability to invest in their families and livelihoods.

At Trax, we know that this impact is possible because we have seen it happen in other communities where VSLAs have been active for several years. In those communities, women have told us themselves how being part of a VSLA has changed their lives. Women have explained that using loans from the VSLA they have been able to pay for emergency healthcare costs, household repairs, school fees, and purchase resources needed to increase their income. Many women have used their savings, received at the annual share-out, to invest in their livelihoods by increasing the scale of activities such as petty trading, shea butter production, pito brewing (pito is a local drink), and soap production.

This project will ensure that the women who will be part of new VSLAs in Bunkpurugu-Yunyoo District 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

180 women in Yunyoo to significantly increase their income generation through shea butter processing, a highly valuable product. Through enabling the expansion 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\$13,690 which is equivalent to only US\$23 per beneficiary. A project of this nature is very cost effective because it supports groups of women to become self-reliant, meaning they will not require continuing support or input after the initial period. As such, long-term impacts can be achieved through just a one-year project. Below is a summary of the total costs for this project.

Each new VSLA will cost a total of US\$364 to establish, which includes the necessary resources, training, and monthly support from Trax field staff. As such, a total of US\$7280 is required to support 20 groups to establish effective VSLAs.

It will cost a total of US\$2410 to provide enterprise management training for 600 women and support for one year. This will include training materials, staff costs, and costs for field visits throughout the year. To further develop the enterprise of 180 women, a shea butter processing machine will cost a total of US\$4000 which includes the machine, installation, and training on use and maintenance.

As such, the total cost for this project is US\$13,690. This is equivalent to only US\$23 per women benefiting from the project. Through this small input of resources, training and support, each beneficiary will save in one year more than the cost per person for the project, and will have opportunities to increase their income by more than this initial cost input. Furthermore, the benefits of this project last much 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 households and communities for years to come. The total cost of US\$13,690, or US\$23 per beneficiary, is an extremely cost effective use of funding with a high social return on investment.