

CHRISTIAN SERVICE UNIVERSITY COLLEGE

IMPACT OF VILLAGE SAVINGS AND LOANS ASSOCIATIONS  
(VSLAs) ON LIVELIHOOD OF WOMEN IN RURAL COMMUNITIES:  
THE CASE OF ASIKUMA ODOBEN BRAKWA DISTRICT OF GHANA

BY

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MASTER OF SCIENCE IN MONITORING AND EVALUATION

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## **DECLARATION**

### **Candidate's Declaration**

I hereby declare that this thesis is the result of my own work towards the Master of Science in Monitoring and Evaluation and that no part of it has been presented for another degree in this university or elsewhere, except where due acknowledgment has been made in the study.

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<b>Candidate</b>	<b>Signature</b>	<b>Date</b>

### **Supervisor's Declaration**

I hereby declare that the preparation and presentation of the research on assessing the impact of VSLA on the livelihoods of women in rural communities in the Asikuma Odoben Brakwa District was supervised in accordance with the guidelines on supervision of dissertation laid down by the Christian Service University College.

Mr. David Kwao-Sarbah	.....	.....
<b>Supervisor</b>	<b>Signature</b>	<b>Date</b>

## **ABSTRACT**

The Ghanaian economy, like most developing economies, has about 52 percent of its population being women and mostly found in the rural areas (Asiama and Osei, 2007). Increasing women's financial inclusion is significant as women disproportionately experience poverty, stemming from unequal division of labour and a lack of control over economic resources. The objective of this research was to assess the impact of Village Savings and Loans Associations (VSLA) on the livelihood of women in rural communities within Asikuma Odoben Brakwa District. The study obtained information from ninety-seven (97) respondents mainly through questionnaires. The impact of VSL groups on rural women livelihoods outcomes was analyzed by the use of a regression model. The results showed that VSL groups in the Asikuma Odoben Brakwa District depend on strategies such as training of members, low tolerance of arrears, savings mobilization and high level of transparency which help in building trust among members. Evidence showed that access to savings and loans in the VSLAs has a positive and significant impact on the livelihood of rural women. It was realized that the scheme is faced with some challenges which include lack of enough money to save, late repayment of loans and members accessing small loans. Despite these challenges, it was realized that to ensure the survival of VSLA in the Asikuma Odoben Brakwa District, there is the need to maintain the low interest of VSLA as it will attract and help maintain existing members, strengthening rules and regulations, there must be regular training and financial advice and the leaders must be strict and firm to ensure the sustainability of the groups.

## **KEY WORDS**

Empowerment

Financial Inclusion

Financial literacy

Livelihood

Sustainability

Village Savings and Loans Association (VSLA)

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## **DEDICATION**

I dedicate this work to the Almighty God, for the immeasurable grace and mercy bestowed on me throughout this study. This thesis is also dedicated to my parents, my husband, my children, family members and my friends who always inspired me in every step to accomplish this study.

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## LIST OF ACRONYMS

ASCA	Accumulating Savings and Credit Association
CARE	Cooperative for Assistance and Relief Everywhere
CEDAW	Committee on the Elimination of Discrimination against Women
FCUBE	Free Compulsory Universal Basic Education
GDP	Gross Domestic Product
GSS	Ghana Statistics Service
HIPC	Highly Indebted Poor Country
MASLOC	Microcredit and Small Loan Centre
MDGs	Millennium Development Goals
MMD	Mata Masu Dubara
MoFEP	Ministry of Finance and Economic Planning
NGOs	Non-Governmental Organizations (NGOs)
ROSCA	Rotating Savings and Credit Associations
SHG	Self-Help Group
VSLAs	Village Savings and Loans Associations

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

The Sustainable Development Goals (SDGs), a universal call to action broadly aims at reducing extreme poverty, fostering economic growth, ensuring social inclusion and improvement in education, health and gender equality. Access to financial services such as micro credit is believed to be a key enabler to the achievement of the SDGs. Financial inclusion of the poor as well as people in the remote areas is vital in reducing poverty in the third world countries. (Klapper et al, 2016). Access to savings and loans allow families to increase their capacity to absorb financial shocks, smooth consumption, accumulate assets, and invest in human capital such as health and education (Brune et al. 2015).

Access to and use of quality financial products and services is vital to inclusive economic growth and poverty reduction. Research indicates that when people participate in the financial system, they are well able to manage risk, start or invest in a business, and fund large expenditures like education or a home improvement (Dupas and Robinson, 2013b, Cull et. al., 2014). In most cases, formal financial institutions like banks and MFIs do not reach the rural poor with their services. The rural people are hence faced with inadequate access to finances to help with agriculture and other supporting businesses (Kloeppinger-Todd and Sharma, 2010). The poor therefore devise their own mechanisms using locally formed associations or groups that are self-initiated,

self-managed, and unregistered to meet their need for financial services and ultimately improve their livelihood. (Odokonyero, 2012).

It is worth noting that not all credit and savings models have been successful in contributing positively on the livelihood of households including those at the remote areas. The poor are mostly discouraged from credits but are attracted to savings. The use of efficient and innovative savings mechanism would increase the will of the rural folks to save (Allen, 2006). The Village Savings and Loans Programme has been significant to helping expand businesses and investment for the poor. The VSLA model came into being due to the failure of the various micro finance schemes incapability to address issues of financial inclusion. This failure affects efforts in poverty reduction through the promotion of rural women's access to savings and credit and management for their livelihood activities.

There are several efforts to reducing poverty in Ghana but the livelihoods of the rural poor especially women are constrained by limited access to financial services as well as non-financial services such as business development skills and entrepreneurial capacities. There is however, growing evidence that microfinance which involves credit, savings, payment services, money transfers and insurance to poor and low income households and their micro enterprises using innovative methodologies such as the VSLA is a more sustainable strategy for addressing poverty and achieving development (Alerigesane, 2012). He also maintains that the VSLA, improves standard of living and impacted positively on livelihoods of those who practice it. That the

VSLA model contributes significantly to the payment of children's school fees and improved housing among others.

According to Frankenberger (1996), household livelihood security is defined, in general terms, as adequate and sustainable access to income and other resources to enable households meet basic needs (including adequate access to food, potable water, health facilities, educational opportunities, housing, time for community participation, and social integration). This study relies on Sustainable livelihood framework (SLF) because VSLAs can be considered to be an intervention where by rural households participate in with the aim of achieving increased well-being as a livelihood outcome, indicated by improvement in income level, accumulation of assets/wealth, and improvement of educational opportunities. This study therefore assesses how VSLA contributes to the financial inclusion of the rural women and their overall development and welfare.

## **1.2 Problem Statement**

The Ghanaian economy, like most developing economies, has about 52 percent of its population being women and mostly found in the rural areas (Asiama and Osei, 2007). Increasing women's financial inclusion is significant as women disproportionately experience poverty, stemming from unequal division of labour and a lack of control over economic resources.

Many women remain dependent upon their husbands, and about one in three married women from developing countries have no control over household spending on major purchases (United Nations, 2015). About one in 10 are not

consulted about the way their own earnings are spent (United Nations, 2015). In addition, women often have more limited opportunities for educational attainment, employment outside of the household, asset and land ownership, the inheritance of assets, and control over their financial futures in general.

The Ghana Poverty and Inequality Report (2016) indicates that out of the 2.2 million people living in the Central Region of Ghana, 18.8 percent were found to be living below the poverty line (Cooke, Hague & McKay, 2016). Rural poverty is now four times higher than urban poverty (Cookie *et. al.*, 2016) with the Asikuma Odoben Brakwa District being the most deprived in the Central region (GHS, Annual Report, 2016).

The CARE- General Mills partnership dubbed Cocoa Sustainability Initiative was launched in 2014 to support rural farmers in cocoa growing communities to contribute to poverty reduction. One of the interventions rolled out by the project is Village Savings and Loans model for rural women in three communities in the Asikuma Odoben Brakwa District to promote a more sustainable approach to increase the livelihoods of the women and their household (CARE, 2016). The idea of enabling the poor to have access to credit and financial services is based on recent empirical findings which indicate that basic financial services such as savings, credit, money transfer and insurance can make a substantial positive difference in improving poor people's lives (Dupas and Robinson 2013).

There is limited literature covering VSLA contributions to livelihood in the Asikuma Odoben Brakwa District. However, the UNDP Support for Development and Operation of COCOBOD's Ghana Cocoa Platform has



indicated that the limited financial mechanisms affect farmers' welfare hence the need for a strong local financial inclusive model like the VSLA (UNDP, 2015). This study therefore seeks to comparatively assess VSLAs as implemented by CARE International in Asikuma Odoben Brakwa District and how they affect the livelihood strategies, outcomes and the resulting impact.

### **1.3 Research Questions**

The study is guided by the following research questions:

1. What strategies are adopted in the VSLA scheme at the Asikuma Odoben Brakwa District?
2. How has the VSLA scheme improved the livelihoods of women in the selected rural communities?
3. What are the challenges that confronts the VSLA scheme in the Asikuma Odoben Brakwa District?
4. What can be done to strengthen the VSLA scheme to make it more effective and sustainable?

### **1.4 Research Objectives**

The main purpose of this study is to assess the perceived impact of VSLA scheme on the livelihoods of women in selected rural communities within the Asikuma Odoben Brakwa District.

To achieve the purpose of the study, the following objectives were set:

1. Identify the strategies adopted in the VSLA scheme at the Asikuma Odoben Brakwa District.
2. Assess the benefit of VSLA scheme on the livelihoods of women in selected rural communities in the Asikuma Odoben Brakwa District.
3. Ascertain the challenges confronting the VSLA scheme in the Asikuma Odoben Brakwa District.

4. Explore ways to strengthen the VSLA scheme to make it more effective and sustainable

### **1.5 Significance of the Study**

This study is found to be vital to informal savings schemes in relation to household income and welfare in general. It will provide insights on the kinds of policy issues which can be implemented when involving the informal sector for higher contribution to economic growth and development as well as how household income can be enhanced particularly for women rural livelihoods. It will also provide additional information based on the village savings and loans model.

The study will help women to better understand how village savings promote their empowerment and be able to take advantages of village savings programmes to improve themselves, economically, socially and politically. The study will be conceptualized on the premise that economic empowerment of women opens possibilities for a better life at the national, community and household levels. The information produced by the study will inspire investments in VSL initiatives by both government and non-government actors to spur development in rural economies.

Researchers will find the results of the study valuable since it will add to the existing body of knowledge on the impact of VSL initiative on women livelihoods and offer a source of reference to their studies. The study will also provide information essential to researchers, scholars and research organizations through the identification of research gaps identified in this study.

## **1.6 Delimitation of the Study**

The study targeted women who were members of the village savings and loans association. Questionnaires were administered to 97 women who were members of VSL groups facilitated by CARE International. This helped the researcher keep time for data collection.

## **1.7 Limitation of the Study**

The scope could have been extended to other VSLAs in the district but due to time constraint, the study focused on VSLAs in the Asikuma Odoben Brakwa district that were established by CARE International as a case study for which the findings will be applied.

## **1.8 Definition of terms**

**Empowerment:** the process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights.

**Financial Inclusion:** This refers to individuals and businesses who have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.

**Financial Literacy:** the possession of the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources.

**Livelihood:** the capabilities, assets (stores, resources, claims and access) and activities required for a means of living.

Village Savings and Loans Association: any accumulating savings and credit association that comprises of members from 15 to 30 who basically save and lend to each member in the group through the funds from all members.

### **1.9 Scope of the Study**

Contextually, the study identified the strategies adopted in the VSLA scheme and benefit of VSLA to the livelihoods of women. The study was also conducted to ascertain the challenges confronting the VSLA and explored ways to strengthen the scheme to make it more effective and sustainable. The research took place at rural communities in the Asikuma Odoben Brakwa district in the Central region of Ghana. These communities include Kokoado, Tweredua and Domeabra. The Asikuma Odoben Brakwa district was selected as the study area because it is one of the districts VSLAs were introduced by VSLA trainers like CARE International.

### **1.10 Organization of the Study**

The study was structured and presented in five chapters, each of which deal with a specific topic relevant to and connected with the research. Chapter one introduces the study by providing the background to the study, statement of the problem, research objectives, research questions, significance of the study, and organization of the study. Chapter two provides theoretical, conceptual and empirical review of related literature. Chapter Three outlines the research methods employed for the study. It discusses the research design, study area and gives detailed account of how data was collected and analyzed. Chapter four

presents the results and discussions. Chapter five summarizes the findings and concludes with some recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The study seeks to assess the impact of VSLAs on livelihood of women. This chapter discusses relevant literature on group savings and loans activities and women's livelihood activities and development. This chapter discusses related literature concerning group savings and loan activities and household livelihood activities and development and some theories on livelihood such as the rational choice theory, the prospect's theory and the sustainable livelihood approach theory. Basically, this section looks at other people's work on how participating in saving groups impact on household livelihood and welfare both theoretically and empirically. The limitation of previous researches as well as lessons learnt was also identified. The chapter ends with the conceptual framework for the study.

#### **2.2 Definition and Concept of Poverty**

Poverty has globally been seen as the most intense challenge to the world's development recently. The concept of poverty has been a bone of contention in academia and in practical environments despite the committed involvement of Governments and NGOs towards poverty reduction. Various authors, researches, corporate organizations and conference reports have elucidated the concept of poverty in relation to the context and interest of their study.

Poverty is a multi-dimensional social phenomenon and as such it is difficult to define. This assertion was affirmed by Marlier, et al., (2006). They went further to state that poverty is a social condition that cannot be understood by external people unless defined by those who experience it. Due to this complexity, the definition of poverty has evolved over time. The main focus of poverty since the Second World War II was from a monetary and income perspective (Grusky and Kanbur, 2006: 11). Measuring poverty from an income perspective can be done by using Gross National Poverty per head. The World Bank stipulated a poverty line of \$1.00 a day per person in 1985 PPP which currently stands at US\$1.25 a day (World Bank, 2008).

The Cocoyoc Declaration explored and stipulated a new dimension of poverty as a means to explain development (United Nations, 1975). This was a result of the limitations associated with the economic views and approaches to measuring poverty. The new approach is human centered with relatively less concern for monetary gains. The new approach is more concerned with the general quality of human life and the natural environment (United Nations, 1975). As development rhetoric on poverty (Chambers, 2006), various authors have laid more emphasis on the need for a new conception.

According to the World Bank (2001), “poverty is deprivation in well-being” where well-being can be measured by an individual’s possession of income, health, nutrition, education, assets, housing, and certain rights in a society such as freedom of speech. Furthermore, poverty is a lack of opportunities, powerlessness, and vulnerability. This definition captures, the

income, human development and basic need perspective of poverty. This makes it very comprehensive and as such used as a measure of poverty worldwide.

From the literature, it can be concluded that poverty is a whole complex social phenomenon with no acceptable universal definition. It can however be explained best to those who experience it as supported by Dinye & Deribile, (2004). Also, poverty may infer to the above in addition to the deprivation of an interrelated elements in all aspect of life be it social, cultural, economic, political and the inability to meet one's basic needs of food, water, health, education, shelter etc.

### **2.3 Livelihood**

Livelihood is a complex concept just like poverty. The definition appears to be varied from most scholars. Chambers and Conway (1992), Carney (2002) and Ellis (2000) all share similar views on the concept of livelihood. According to Chambers and Conway (1992), livelihood encapsulates the capabilities, assets (social and material) and activities that are needed for living. The assets are the required capitals and capitals that combine a means of living or give value to people's life. Carney (2002) opines that livelihood comprises of people, their capabilities and means of living. Carney placed significant emphasis on the requirements of living such as food, clothing and shelter. Ellis (2000) also define livelihood to include assets and activities that come together to determine the outcome of life of a person. They collectively agree that livelihood has a tripartite relationship where people



survive or make living by using their capabilities to make productive uses of their assets. In most instances especially among rural dwellers in Ghana, natural resources found in the immediate environment seem to shape the livelihoods of people.

#### **2.4 Village Savings and Loans Associations**

A savings and loans association is mostly referred to as any organized group of people who usually bring in their savings to be used as credit and investment (Pors, 2011). Anyango *et al.*, (2006) defined a VSLA to mean any Accumulating Savings and Credit Association that comprises of members from 15 to 30 who basically save and lend to each member in the group through the funds from all members.

The loans attract interest rate which must be paid within one to three months as part of the terms and conditions for borrowing. The group can decide to share all or a proportion of their assets based on the savings each member has in the group. This will be done proportionally and equitably with the person with the most savings benefitting the most. This kind of process is sometimes referred to as an action audit. After this action audit, groups can return to begin a new cycle of savings and borrowing. The rural areas are predominant with these because of the unavailability of traditional financial services.

#### **2.5 The Concept of Social Capital**

The term 'social capital' captures the idea that social bonds and social norms are an important part of the basis for sustainable livelihoods. Indeed, social capital is now recognized as one of the five assets vital for sustaining

people's livelihoods (together with natural, human, physical and financial capital). However, this economic metaphor has its drawbacks: relationships are not entirely oriented towards material gain. Other benefits generated through social capital may include enhanced spiritual well-being, a sense of identity and belonging, honor, social status and prestige (Harris, 1997)

Social capital is not always used for positive purposes: social relationships, networks and trust can act as a foundation for negative actions and exclusion – or even oppression – of particular social groups.

Similarly, a society may be well-organized, with strong institutions and embedded reciprocal mechanisms, but be based on fear and power (think of feudal, hierarchical, racist societies). Women often rely disproportionately on social capital to gain access to basic resources such as through marriage or reliance on male kin and often bear more of the responsibility for maintaining it. (Narayan & Pritchett, 1997). In general, informal networks are more difficult to analyze than formal ones, yet they may be more important.

## **2.6 Theoretical Review**

The study was based on three theories which are in line with the subject under investigation. The theories in focus are: Rational Choice Theory (RCT), Prospect Theory (PT) and Sustainable Livelihood Approach theory (SLAT).

### **Rational Choice Theory**

The Rational Choice Theory states that individuals tend to be encouraged by their preferences and goals. The activities of individuals are primarily regulated through the information on the situations they are involved

in, in the effort to achieve their aims (Scott, 2000). The application of the same principles used by theories of economy are applicable to RCT which make it easy to understand communication among resources such as time, prestige among many others. Usually it is not easy to satisfy human desire. Goals selection using appropriate method to meet targets set can be an essential domain of RCT. This theory states that, every human being is required to properly understand their own choice of goals that should be able to perceive the aftermath of their selection.

In this study, the theory will be used to find out whether the village savings and loans operating in Asikuma Odoben Brakwa District are treated to meet the goals of participants. This theory is based on assumptions that individual selections are aimed at optimization of their pleasure or profit; they tend to act with rationality when making selections and that their behaviors are based on rational calculations.

## **2.7 The Prospect Theory**

The Prospect Theory (PT) developed in 1979 by Kahneman and Tversky, explains how shareholders can make decisions based on risks. The theory assists people to decide on the right financial choice. Additionally, the theory regards empirical evidence so as to explain the possible gains and losses evaluated by individuals. The Prospect theory explains decisions in two phases namely, editing and evaluation. In the first stage the potential results of the choice are ordered following some likelihood. In the evaluation period of the theory, individuals tend to calculate a digit on the foundation of the possible

outputs and their respective likelihoods. Then they make choice from the available options, which has a higher usefulness compared to the rest. Scholars connect prospect theory to optimal foraging theory.

This study employed the prospect theory to ascertain the livelihood of women in rural communities in the Asikuma Odoben Brakwa District and their behaviors related to finances. For instance, the reversing of risk aversion or disposition effect as well as identification of risks in either gains or losses. An essential utilization of prospect theory if properly applied in economic transaction, can directly or indirectly affect the value expected or the existing one.

## **2.8 Sustainable Livelihood Approach Theory**

According to Scoones (1998), Sustainable Livelihood Approach theory (SLAT) deals with peoples' weakness and the management of shocks such as change in climate patterns, and prolonged droughts among other shocks. He further argued that trend such as change of roles in the society and seasonality in accessing human, physical, financial and social assets are relevant to achieve livelihood outcomes, while at the same time paying attention on how those assets are either influenced or influence the transforming structures and the processes to be undertaken for sustainability.

The idea of Sustainable Livelihood (SL) is applicable to women who are members of village savings within the Asikuma Odoben Brakwa District and therefore will be used to try to go beyond, to more approaches of poverty

eradication. The focal point of this theory is on features and processes that either restrains or improves the ability of the poor to get a living in an ecologically, socially and economically sustainable environment. Consequently, SLAT has been concluded to be a more prudent and cohesive approach to poverty reduction. As the study area is engulfed with vulnerability such as external shocks including poor micro finance policies, droughts, floods, theft and internal shocks such as embezzlement, conflicts and low livelihood diversities among others, SLAT will be used to ascertain whether using the VSLA as an input for poverty eradication will generate possible outcomes such as increased in incomes, wellbeing, food security and women empowerment among others.

## **2.9 The Need for Financial Inclusion among the Rural Poor**

Financial Inclusion can broadly be defined as, a widespread access to a range of financial services readily available at a reasonable cost and time to clients or people who need them (Sarma and Pais, 2011). Banking products, insurance, equity products and other financial services come into play when discussing financial inclusion. The Financial Rangarajan Committee on Financial Inclusion (2008) defines financial inclusion as the process through which vulnerable and excluded groups are provided with better ways of having access to financial services.

The major component of financial inclusion is access to savings and credits. The welfare of households depends basically on their access to finance for several purposes, the most significant may be for emergency (contingency) planning and risk mitigation, capital or assets (wealth) accumulation and other

livelihood activities. Households see the need for savings mainly to deal with emergency or for a pension ambition. To satisfy these needs, there will have to be access to credit to sustain livelihoods.

Individuals differ in terms of their level of financial literacy and will to take risk. As a result, each individual will desire different types of savings and investment products to be able to create wealth for themselves. Generally financial inclusion people have access to credit, bank account, financial counseling /literacy, savings, insurance, remittances among others.

The new rural finance pattern is premised on the fact that rural people are bankable when targeted. However, there is much evidence that rural communities, most of which are mainly poor farmers, still remain the largest unserved when it comes to the provision of appropriate financial services (Richter, 2011). Ensuring their financial inclusion can unravel or improve the considerable economic potential of thousands of rural farmers.

People in the rural parts may need access to financial services to enable them purchase agriculture inputs; contract labor for planting/harvesting; transport goods to markets; obtain veterinary services; maintain infrastructure; make/receive payments; manage peak season incomes to cover expenses in low seasons and engagement in Additional Livelihood Activities; invest in education, shelter, health; or deal with emergencies (Richter, 2011). While access to saving promotes wealth through capital accumulation and investment, access to credit encourages investment in business livelihoods, housing (shelter), emergencies and even consumption expenditure.

## 2.10 Evolution of Informal Savings Models in Rural Communities

Informal financial institutions (IFI's) are those that operate outside the government or central bank regulatory systems in monetary terms (Schrieder and Heidhues, 1995) They normally include, traders, money lenders, friends and family members, pawnbrokers as well as group based credit and saving associations which includes VSLA's. IFIs have existed for a long time and are basically owned and managed by the people who usually make up the poor. They have been said to be originated as an institution during the early 16<sup>th</sup> century as a result of Yoruba slaves including them in their luggage (social capital) (Seibel, 2001). Both the term `esusu` and the practice have persisted to this day, as *esu* in the Bahamas, *susu* in Tobago or *sou* in Trinidad. This system of savings and loans exists all over West Africa as well as in many other parts of the world, where it is a central part of the local micro economy and referred to with its own vernacular term as the case of *susu* in Ghana.

The trend of informal savings and credit groups has received substantial changes in recent time. Though the changes are not attributed to a specific pattern, they have moved from labor or pre-monetary to monetary and rotating or short lived to non-rotating or permanent. The processes involved in change by all groups differ making them flexible, adjusting to changing situations, as appropriate and in different phases. According to Schrieder and Heidhues (1995), the four phases differ in the way and manner income is kept or saved and loaned out to members. The most pivotal innovation of all is arguably the idea of a *non-rotating group* which was manifested through savings in commodities and items and then moved to non-rotating credit institution which aims at just mobilizing the savings to build

a credit pool of funds. The monetization of the local economy appears to be the main push factor responsible for the transformation into non-rotating microfinance institutions.

### **2.11 CARE's Village Savings and Loan (VSL) Model**

The Village Savings and Loan (VSL) model which was developed by CARE is arguably a different saving-led approach. Niger was the first country to implement this model (Mumford, 2012). CARE can presently boast of establishing 54,000 VSL groups (Helemore, 2013). Instead of trying to create a village-based banking system, CARE's VSL model attempts to improve upon indigenous group lending traditions (Mumford, 2012). There is no investment with respect to finance by CARE but they rather aim at building from the savings that the members of the group make (Hollar, 2011). According to Anyango *et al.*, (2006), the main role that CARE plays instead of directly investing is to train the group members on effective and efficient strategies to perform their operations. Members usually purchase shares at the meetings held weekly. The share values that are purchased at these meetings are set by the group to make everyone aware of the rates (Hollar, 2011).

Allen (2006) opines that the limit to which each member is allowed to borrow is in excess of the person savings all with the intentions of maximizing the percentage of funds to be used. The loans taken attracts interests which are normal due within four weeks. Members are obligated to pay these loan interests within four weeks even if the loan term spans after that. Any borrower who fails to make the payment on time is fined and is obligated to pay an extra interest



with the principal loan sum rolled over to another reimbursement meeting (Allen, 2006).

Assuming a group has a total liquid asset of 500 dollars at the end of a cycle and sells out 250 of the shares throughout the cycle, it must be noted that each share will be 2 dollars no matter the amount that was paid for it. Two dollars are then paid for each share that an individual owns. According to Allen (2006), this kind of value distribution is biased and fails to take into consideration factors such as time value of money which tends to restrict the total number of share each person can purchase. This kind of system also has concerns with opportunist share purchasing later on in the cycle. One innovative strategy of the CARE VSL model is the action audit which helps promote accountability amongst the members. After the audit, there is a reformation of the groups to start a new cycle of saving. Locked boxes are usually used to keep the savings and books in order to ensure transparency and accountability. The treasurer and some three selected members are put in charge of the keys to the locked box (Anyango *et al.*, 2006).

## **2.12 Village Banking and Rural Livelihoods**

The Village Banking and Rural Livelihoods concept was developed by a United States not for profit organization which was focused on rural credit giving (Waterfield and Duval, 2016). It has been widely replicated in different parts of the world by other NGOs and is successful at reaching poorer segments of rural populations. Though Village Banking is usually financed through loans provided by a lending institution, member savings, share capital and

accumulated interests replaces external funding in the long run. The ultimate objective is to become administratively and financially autonomous within a three-year period. Savings mobilization is a key component of this methodology than it is in the Grameen and Latin American Solidarity Group models. Village Bank members are required to save prior to receiving a loan and to continue saving during the loan cycle (Waterfield and Duval, 2016) so as to support livelihood strategies during emergencies.

Bank policies are automatically determined democratically as the Village Bank gets independent. There has been massive criticism of the Village Bank model that there is the rarity of reaching self-sufficiency because credit demand tends to grow faster than their ability to mobilize savings.

Savings and Loan Associations (SLA) are very similar to Community-Managed Loan Funds. The only distinction is that member savings and equity contributions serve as the only source of funds for SLAs. No outside funding is accepted, though NGOs and other development organizations may provide technical assistance and training of groups of between 30 and 100 people. Savings mobilization is an essential feature and each SLA determines their own rules for savings, loan amounts and terms and conditions for loan disbursement and repayments. There are however myriad of variations in the designs of all these methodologies.

The VSLA is a type of ASCA or SLA model that is self-capitalized and self-managed. It is a methodology that allows members to mobilize local pools

of investment finance and offers savings, insurance and credit in markets usually outside the reach of formal institutions. CARE international developed this model in 1991 with its features based on asset building and credit provision. The VSLA has an enormous impact on raising the self-respect of its members to help in building social capital in the communities.

The approach is based on a four-phase curriculum. The first phase involves an intensive, three-month period of weekly training on group dynamics by a trained facilitator. During this period, the facilitator identifies, selects and trains a Community Contact Person (CCP or village trainer) who lives in the target community to oversee activities of groups and reports. This CCP is paid by the VSLA and not the implementing agency. In the second phase, the groups are visited by the facilitator once or twice monthly. In the third phase, after approximately a year of supervision, if the CCP passes a certification test, the facilitator moves on to another area and start the process all over with new groups. In the fourth phase, the original VSLA model opines that a group is allowed to function when it is matured making it impossible to gain any support externally (VSLA Training Guide, 2004).

On how the VSLA affects livelihoods, VSLAs offer specific financial services to the rural poor who are unable to gain access to these services from the formal financial institutions. VSLAs offers an opportunity for better social cohesion and support within each community; a forum for other learning and social development activities such as improving food security and learning about HIV/AIDS, malaria etc. There are however five key factors that help to

make VSLAs sustainable. These include savings led factors – where there are no external liabilities; simplicity – with high level of transparency helping to build trust; sustainable – once established groups have almost no operating costs and groups self-replicate; Welfare fund – helping to meet emergency needs of group members; and that groups can act as platform for accessing other financial institutions and services.

A study conducted by Abdul-Moonin et al, (2018) revealed an extent to which VSLA contributes to the livelihoods of the people living in the Bole district of Ghana. The study discovered VSLA participants has made progress in their economic activities and concluded that the model has significantly improved the respondent's livelihoods such as farming, artisan, food vending and local soap making. With respect to the rural poor's access to loan, the study revealed that before the respondents joined the VSLAs scheme, only about 20 percent of them were able to gain loans. Nevertheless, this changed with 86 percent able to get access to loan s after joining the VSLAs.

### **2.13 Village Savings and Loans Association and Poverty Reduction**

CARE international has opined that the VSLAs have helped reduce poverty in several ways which were helping in savings, assisting with loans and earnings through interest from loans paid by other members. According to Chambers (1983), the best way to overcome poverty is that the poor households must help themselves.

Various studies carried in India and Peru indicate that when small loans are given to the poor especially women, it provides them with opportunities to

lessen their vulnerability. This enables the poor to diversify their sources of income through coping and adaptation strategies. According to Zaman (2000), these loans provide the beneficiaries with improved quality of life.

CARE (2011) has argued that it still has the ability to provide appropriate financial services to the remote areas that are economically weak. Allen and Hobane (2004) confirmed that VSLAs positively influences the members based on their studies in Zimbabwe. These contributions manifested in the form of an increment in household productive and nonproductive assets. The positive contribution of VSLA was supported by IPA (2012) who concluded that the women that are in these associations have a higher tendency to receive more profits as a result of increased investment unlike those who are not in the association.

A study conducted in Ghana and Uganda found out that women had a higher probability of owning a business and getting higher profits than those who are not in VSLAs (IPA, 2012). The study further indicated that the women were able to influence decisions in their households and communities.

Anyango et al., (2006) opined that majority of the VSLA women (75 percent) increased their savings after joining the group. VSLAs have until recent time been linked to Micro-Finance Institutions (MFIs) allowing members the freedom to be able to borrow larger sums of money. In the Bushenyi District located at the Western part of Uganda, women were able to improve their productivity in farms and start small businesses as a result of the credits they got (Kyogabirwe, 2005). In rural agriculture, the basic farm inputs such as

fertilizers, manures and seeds are very important and as a result the little credit gained from the groups are used to purchase these inputs to improve production.

There have been studies to show that gender-target microfinance has a positive effect on ensuring equality and empowerment amongst women. One such was done by Mwenda and Muuka, (2004). Hashemi, Schuler and Riley (1996), in connecting the microfinance to empowerment developed indicators to help measure the relationship which was in turn linked to poverty reduction. Some of these indicators were mobility, potential to make purchases (small and large) and participation in household decision making.

#### **2.14 The Role of Women in the Ghanaian Society**

More than half of the Ghanaian population (nearly 52%), like elsewhere in sub-Saharan Africa, is made up of women who are responsible for the majority of the household work such as provision of health care, food and water, they also have greater influence on population growth rate, infant mortality and children's education and nutrition. Yet, women lack equal opportunity to education, credit facilities, technology, employment, administrative roles and political powers, despite the profound and pervasive effort they have on the well-being of their family and community (Aryeetey, 2008). Men's dominant power position over women stems from the traditional socialization and from their position as the breadwinners for the family. This gives men uncompromising power position within the family decision making structure (Asiama & Osei, 2007).

One of the social problems characterized by these societies/countries, just like any society in the world, is persistent discrimination and marginalization of women by men in all spheres of life such as in the field economic, political, social, and cultural and what have you. Paradoxically, history tells us that, women in Ghana particularly within the Akan traditional system wielded a lot of power through the queen-mother. The Akan traditional Administrative system assigns the queen-mother very important political roles.

She has the traditional right of nominating the chief for a particular Akan community. In the event of misconduct on the part of the chief, she has the power to relieve him of his post, upon consultation with other elders of the community. Above all, the system saw women as the traditional “think tank” which manifest in the role they played by the legendary old women. The Legendary old woman is believed to be all-knowing and wise and therefore should be consulted in times of deadlock in any social forum. The proactive role of women in this traditional system indeed attracts very high social respect and recognitions.

### **2.15 Determinants of Women Livelihoods**

Frankenberger (1996) generally describes security of household livelihood as sufficient with long term income accessibility as well as resources available to enable the households achieve their basic needs such as accessibility to enough food, health facilities, water, housing, educational opportunities, social integration as well as time for community participation among many others. In different view, livelihood can be defined as an extent to access and

manage social resources and material in a family setup (Dixon Mueller, 1978). Therefore, livelihood can be termed as a practice that enables one to gain and manage their available resources both in material form and intellectual manner that give them support in building their self-sufficiency and allows them to achieve their rights independently, hence, criticizing the notion of speaking for gender-based discrimination as well as patriarchy (Batliwala, 1995).

### **Livelihoods of Women and Education**

A research carried out by Sridevi (2005) revealed that high education level can translate to an increase in the level of empowerment. According to Parveen (2007), there is potentiality of women empowerment through informal education. She further stated in her research carried out in rural areas of Bangladesh, that education both informal and formal can have positive significant effect on empowerment of women. In her argument, she said that socio-economic condition of women can be improved through attaining higher education and skill that give them bargaining power to an effective protection of their rights. Moreover, education is a weapon used to tackle the social as well as cultural norms which are barrier to their well-being.

Furuta and Salway (2006) conducted a research which was based on 2001 National Demographic and Health Survey. They discovered that there was significant association between the ability of women to make decisions and education. The research was in support of the idea that for women to improve their household position and manage the environment, they should be supported by education. All the above studies prove education to be main tool that helps in realization of benefits to improve the livelihoods of women.



### **Age and Women`s Livelihoods**

Awan & Iqbal (2015) state that women empowerment means making women self-dependent, giving them freedom, and their access to the opportunities. Kabeer (2001) noted that livelihood means increasing the ability of people to create strategic selections. Women get chances of standing up for their rights through long life experience. When their children advance in age and eventually get married, they automatically become mothers-in-law and they gain a status and authority to advise their daughters-in-law. In the course of transition, they are able to face various experiences as well as situations (Mason, 1986). This viewpoint has an indication that as time goes, the less fortunate women improve their livelihood.

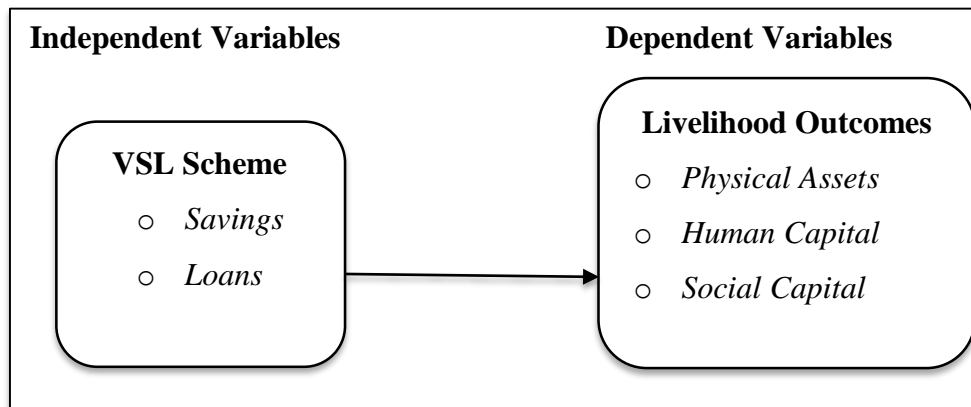
Ahmad and Sultan (2004); Elizabeth and Thomas (2001) as well as Jejeebhoy (2000) found that age is one of the most essential factors that determine the livelihood outcome of women. Therefore, this could imply that as one`s age increases, the women put in more effort to improve their well-being and confidence which enables them to adapt to daily undertakings.

### **2.16 Conceptual Framework**

From literature, village savings and loans can significantly improve rural livelihoods (Mohanty, Mohapatra and Khuntia, 2013). The study is informed by the three models namely Prospect, Rational Choice and Sustainable Approach theories. The Prospect Theory which is based on decisions made on risks. The Rational Choice Theory states that human beings are prompted by their own goals and preferences and Sustainable Approach Theory focuses on the vulnerability of the members in relation to the processes undertaken to aid their

request. The study focuses on women who are members of village savings and loans groups in Asikuma Odoben Brakwa District in their efforts to improve their rural livelihoods and eventually the realization of livelihood outcomes.

The research employed these models because they allow exploration into ways which a project or institution directly or indirectly affects people's livelihood and therefore will focus on the impact of village savings on physical assets, human capital and social capital and how they assist in the transformation of the lives of women in the rural communities.



**Figure 1: Conceptual Framework**

Source: Adapted from Mochoge (2016)

## 2.18 Chapter Summary

As has been explained by Yunus (2007), microfinance is an important vehicle towards improving rural economy and livelihood of rural people. VSL is a microfinance methodology functioned in rural areas to ensure financial services access by the rural poor (Kauffman & Riggins, 2012). The purpose of the study is to bring out the importance of village saving schemes in the empowerment of women, which is the foundation of development of a nation.

Studies on village savings have shown both positive and negative impact on women. Positive impacts have been for instance; increased income and improved status within the family and the community. Negative impacts include; increased workload, indebtedness and vulnerability to domestic violence (Mayoux, 2001).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the methodology employed to conduct the research to give a direction and blueprint to the whole study. The aspects covered included; the research design, the study area, the population, data collection instruments, data collection procedures, data processing and analysis. Methods for sampling are also explained to give room for reliability and replicability of field data.

#### **3.2 Research design**

Research design involves developing strategies for executing scientific enquiry. A research design can be defined as any given arrangement of situations included in data collection and analysis with a key goal of combining research purpose to relevance of the study (Kothari, 2004). It is a road map, or structure of enquiry of the gathering of information, its estimation as well as how it is analyzed.

The study employed descriptive research as an ideal design. This is because a descriptive design gives the depiction of a subject through profiling (Ndunguru, 2007). A research can create a profile that includes groups of people, list of problems or events. The design is the most commonly used because of its unique aspects which are: data collection and tabulation of frequencies (Creswell, 2009). The study used quantitative approach where the information sourced through this approach will be used for descriptive purpose.

### **3.3 Study Area**

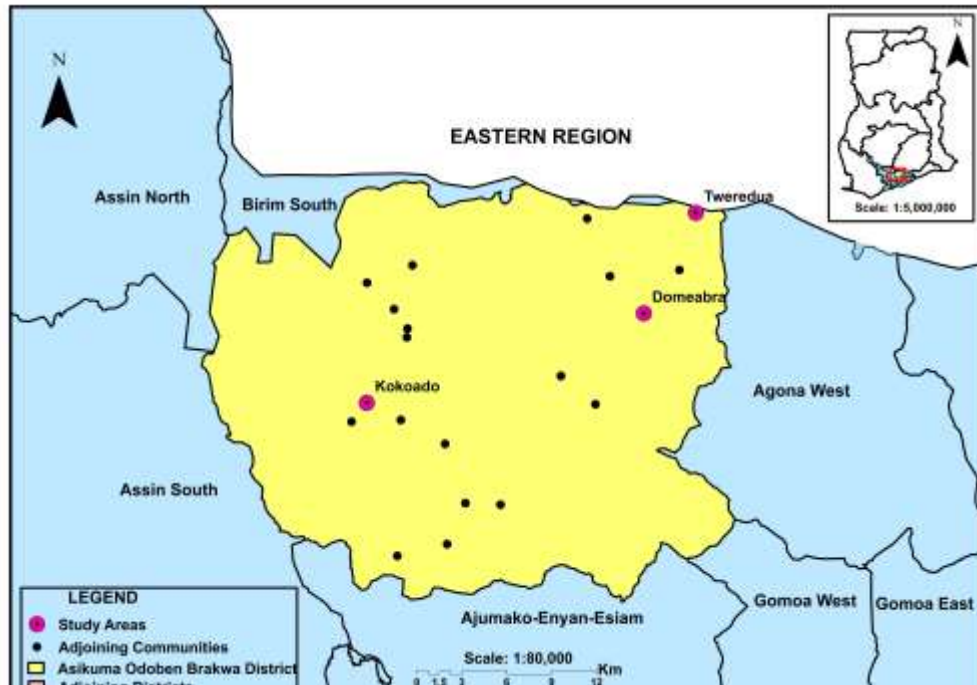
The study area, Asikuma Odoben Brakwa District is located in the North- Central portion of the Central Region of Ghana precisely within latitude 50 51” and 50 52” North and longitude 10 50” and 10 5” West. It is bordered on the north by Birim South District in the Eastern Region, on the south by Ajumako-Enyan-Essiam District, on the west by Assin South District and on the east by Agona West District.

The District has a population of 112,706 representing 5.1 percent of the central regional population (GSS, 2014). Compared to the 2000 PHC, the District population increased by 23,311 (from 89,395 in the year 2000 to 112,706 in 2010) representing 1.8% increment. Males constitute 48.2 percent and females represent 51.8 percent. A little more than half (51.9%) of the District’s population lives in the rural areas, and has a sex ratio of 93 males to a hundred females. The average population density for the district is 127 persons per a square km. this figure seems to paint a picture of a highly densely operated area. However, apart from the three major commercial and traditional towns: Asikuma, Odoben and Brakwa, there is no community where the population is over 5000. The settlement patterns of the district are more concentrated along the major trunk roads. Besides this pattern, most of the smaller settlements are scattered all over the district.

The District has the following financial institutions: Ghana Commercial Bank, GN Savings and Loans, Breman Brakwa Rural Bank, Nyarkrom Rural Bank, AKI Microfinance and SSNIT. It could be concluded that the communities in which these institutions are located have high

accessibility. Village Savings and Loans association formed by CARE International can be located at Kokoado, Domeabra and Tweredua as shown in figure 2.

Below is the map of Asikuma Odoben Brakwa District.



**Figure 2: Map of Asikuma Odoben Brakwa District showing study areas**

Source: GSS (2014)

### 3.4 Target Population

Population is a collection of objects or individuals where the sample for statistical estimation is drawn (Mugenda and Mugenda, 2003). The population of interest consist of women groups who are involved in village savings activities within the Asikuma Odoben Brakwa District. The district has 3 women groups with 100 members who are part of the VSLAs.

### 3.5 Sampling Procedure

A 'Sample' as the name implies, is a smaller representation of a larger whole. The observation of some phenomena in complete detail would involve such a mass of data that analysis would be slow and tedious. It is with this idea that Coyne (1997) concludes that we select samples to gain an understanding into an issue of great importance to the objectives of a research. According to Fraenkel and Wallen (2000), sampling is a process that an individual goes through in selecting a proportion of a population which will demonstrate a fair representation of the whole. This will help make the data gathered representative of the whole population.

The simple random sampling technique was used in the sampling process. The evaluation nature of the study on the VSLA makes it more important for the sample size for each category to be representative. In the General Mills project under CARE Ghana, 8 communities are participating but 4 groups in 3 communities have been selected with for the determination of the sample size. A total of 8 VSLAs have been estimated to exist till the time of the study with an average membership of 25, given a total of 200 for sample size determination. The communities include Kokoado, Tweredua and Domeabra. The total sample size was calculated as below, using convenience samples of 100 respondents were carried out.

$$n = \frac{N}{1 + N (\alpha)^2}$$

Where **n** = Sample size

**N** = Total population = 200

**$\alpha$  = Confidence interval of 0.07**

In the face of the formula above, a total sample of 100 respondents were selected for the study that is 100 from communities that are participating in VSLA (with the help of the formula above).

$$n = 200/1+200(0.07)^2 = 100$$

### **3.6 Data Collection Technique**

Data collection helps to explain the facts (Kombo and Tromp 2006). This study used primary data taken from the women who are members of groups involved in village savings activities in the Asikuma Odoben Brakwa District. The questionnaire was used as a tool for data collection (see appendix II). This instrument contained open and closed ended questions. Closed ended questions helped in minimizing time wastage and also kept the data collection process consistent. This kind of questions also made it easy to analyze data. On the other hand, open ended questions encouraged respondents to give deeper and more detailed responses. The drop and pick method was employed in administering of the questionnaires to respondents.

To ensure that the instrument measures exactly what it is to measure, the items on the questionnaire have been grouped under five sections. Section A addresses the demographic characteristics of the respondents. Section B looks at the approaches and strategies adopted by the VSL scheme. Section C discusses the benefits of the VSLAs. Section D evaluates the impact of VSLA on the livelihood of women; and section E discusses the challenges associated with the VSLA.



### 3.7 Data Collection Procedures

The questionnaires were self-administered due to the generally high illiteracy rate in the rural areas. Questionnaires were administered in Kokoado, Domeabra and Tweredua communities.

### 3.8 Data Analysis

Data analysis, according to De Vos (2002, p. 340) is “a process of bringing order, structure and meaning to the collected data”. The aim of analysis is to convert a mass of raw data into a coherent account.

The study used both descriptive and inferential methods in analyzing the primary data collected from the respondents. Simple inference for categorical data and multiple linear regression aided in the analyses and interpretation of the collected data. The descriptive statistics was presented in form of percentages, graphs, charts and other tabulations. The inferential analysis was employed through the use of correlation and regression statistics. The regression model presented in the equation below was used:

$$Y = \alpha + \beta_1 FS1 + \beta_2 L2 + \varepsilon$$

Where;

Y = Dependent Variable (Livelihood Outcomes) – measured by section D of Appendix II

$\alpha$  = Constant

FS1 = Frequency of Savings – measured by section B of Appendix II

L2 = Loans Given to Group Members - measured by section C of Appendix II

$\beta_1$  and  $\beta_2$  = Coefficients of Regression

$\varepsilon$  = Error term

### **3.9 Ethical Consideration**

Respondents' consent was sought for participation in the research the informed consent form and also with clearance from the University to undertake the assessment. In addition, respondents were informed of their right to pull out if they felt uncomfortable about any part of the process. Confidentiality and anonymity of respondents' information was highly ensured.

### **3.10 Chapter Summary**

This chapter presented the details of the research design adopted for the study. The research process undertaken incorporated the study area, population, sampling procedures, data collection instruments, data collection procedures data processing and analysis.

## CHAPTER FOUR

### ANALYSIS AND DISCUSSION OF RESULTS

#### 4.1 Introduction

The chapter presents analysis of data discussion of the findings which is to assess the impact of VSLA scheme on the livelihood of households in cocoa farming communities within Asikuma Odoben Brakwa District.

##### *Questionnaire response rate*

The response rate for the questionnaire was calculated and results are as shown in Table 1.

*Table 1: Questionnaire response rate*

<b>Sample Size</b>	<b>Respondents Reached</b>	<b>Percentage</b>
100	97	97%

Source: Field Survey, January 2019

Out of the 100 respondents sampled, 97 were reached and their questionnaires completed for analysis. This depicted a response rate of 97%. A response rate of 50% is considered acceptable for analysis and reporting, 60% is good and 70% and above is classified as very good (Mugenda and Mugenda, 2003)

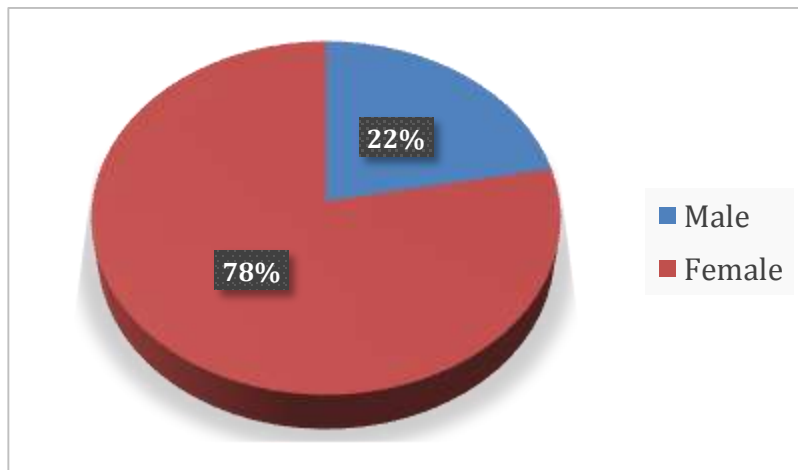
#### 4.2 Demographic Characteristics of Respondents

Demography of respondents in a given study is vital as it gives an idea of the situation on the ground. In this study, the demography of respondents

looked at gender, age, educational level of respondents and number of years as a member of village savings and loans association.

### ***Gender Distribution of VSL groups***

Out of the VSLA participants interviewed in the study, the majority of 76 representing 78% of participants were female while 21 forming 22% of respondents were males. This clearly shows that there are more females than males in the study and it might be as a result of the fact that the intervention was linked with improving access to credit for females. These results are as given in Figure 3.

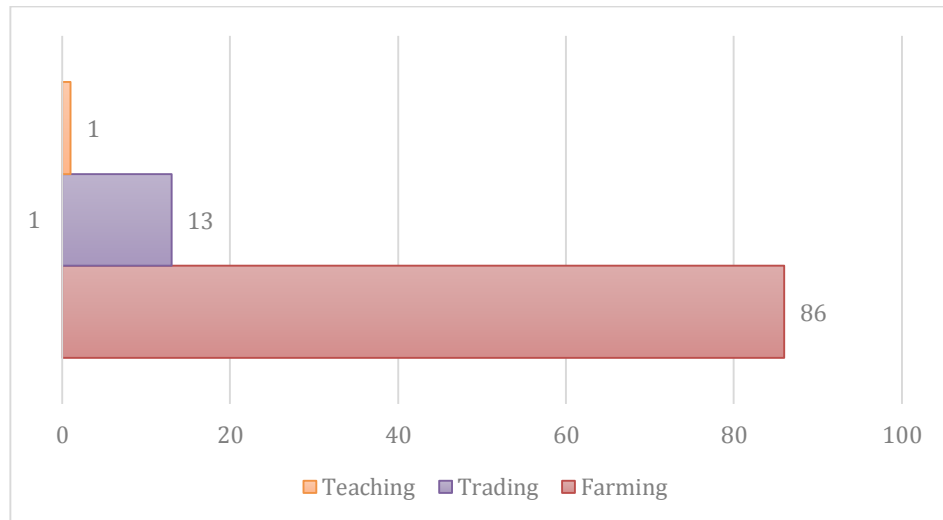


**Figure 3: Gender Distribution of VSL Groups**

Source: Field Survey, January 2019

### ***Occupation of Respondents***

The study asked the occupation of VSL members and the outcome is depicted in Figure 4.



**Figure 4: Occupation of Respondents**

Source: Field Survey, January 2019

The study revealed that farming is the predominant occupation of the rural communities investigated with 13 percent involved in trading with only 1 percent in teaching. This affirms the assertion that farming is the source of livelihood for the rural communities.

#### *Age of VSL Group Members*

The study sought to ascertain the age of the respondents and the results of the study findings are presented in Table 2.

*Table 2: Age of the VSL Group members*

<b>Age in Years</b>	<b>Frequency</b>	<b>Percentage %</b>
20-29	2	2.1
30-39	23	23.7
40-49	40	41.2
50-59	20	20.6
60 and above	12	12.4
<b>Total</b>	<b>97</b>	<b>100</b>

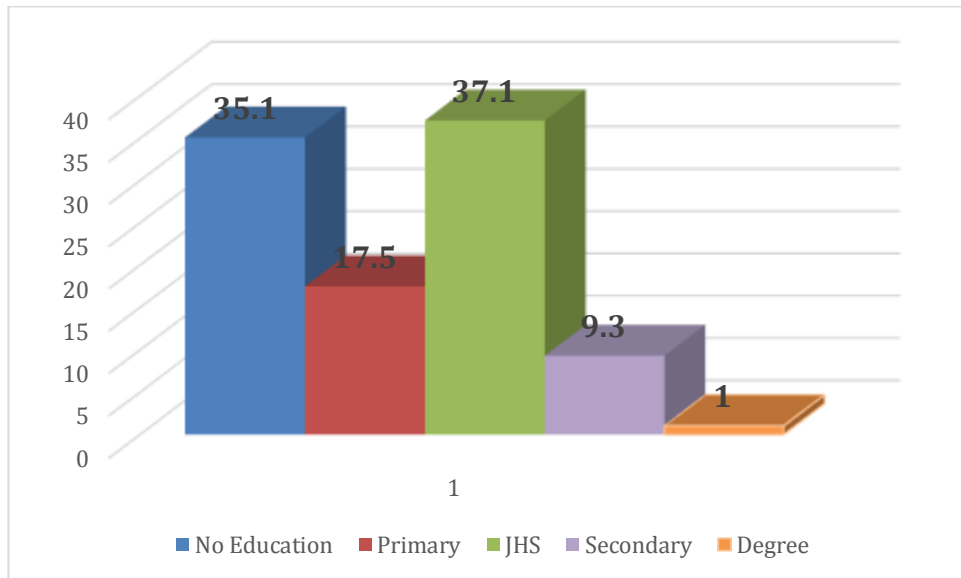
Source: Field Survey, January 2019

The study established that most of the respondents ranged between the ages of 40 to 49 years being represented by 41.2 percent. Those in the age group between 30 and 39 years and the age bracket of 50 to 59 years reported 23.7 percent and 20.6 percent respectively. 12.4 percent of the respondents were in the age bracket ranging from 60 years and above. While those in the age category 20 to 29 years reported 2.1 percent. The results show that most of the respondents were skewed towards the aging population (40 years -60+) representing 74.2 percent with 25.8 percent been the youthful population.

This clearly indicates that the youth are not interest in farming which is the predominant occupation within the communities. This can partly be explained by the conclusions of Swarts and Aliber (2013), who established that the youth in Sub-Saharan Africa are drawn away from agriculture because of the issues of viability and profitability. This in a way reveals that the youth are not interested or keen on cocoa farming which should be a source of concern to the nation since agriculture accounts for almost half of GDP and export earnings in the country.

### ***Education level***

The study established the education level of the respondents and the outcomes are as given in figure 5.



**Figure 5: Educational Level of Respondents**

Source: Field Survey, January 2019

The findings revealed that 37.1 percent of the VSL members interviewed had attained middle school similar to Junior high school as their highest level of education. 35.1 percent had no formal education. On the other hand, 17.5 percent had primary education, 9.3 percent had secondary education and 1% had a degree. This finding is consistent with available evidence that shows a low educational level of farmers in Ghana (GLSS-5 Report). The low level of education amongst farmers shows the need for some literacy trainings within the VSL groups. However, the results also could imply that members who had basic educational level enabled them to read and write and as such were able to manage the groups' activities.

*Table 3: Number of Years as VSLA Members*

Responses	Frequency	Percentage %
Below 3 years	69	71.1
4-7 years	28	28.9

Source: Field Survey, January 2019

Concerning the number of years' respondents had been members of VSLA, it was realized that 28.9 percent of the respondents have been members of VSLA between 4 -7 years. The majority of respondents representing 71.1 percent are below 3 years. This shows that majority of the groups are young and will not be able to assess the actual impact but the perceived impact within the time frame.

#### **4.3 Strategies adopted in the VSLA Scheme**

The results presented in this section have been used to address the first objective of the study, that is, strategies adopted in the VSLA scheme at the Asikuma Odoben Brakwa District. Responses are addressed in Table 4.

*Table 4: Strategies Adopted by VSLA Schemes at Asikuma Odoben Brakwa*

Approaches	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
Training of members on VSLA operations				47.4%	52.6%
Low tolerance of arrears			1.1%	44.3%	54.6%
Independence of group			22.7%	51.5%	68.2%
Savings mobilization				57.7%	42.3%
High level of transparency helping builds trust			2.1%	55.7%	42.2%

Source: Field Survey, January 2019



Table 4 depicts the strategies adopted by Village Savings and Loans Association in the Asikuma Odoben Brakwa District. It is realized that 47.4% respondents agreed that training of members was part of the strategies of VSLA at Asikuma Odoben Brakwa District while 52.6% of respondents strongly agreed with the statement. Furthermore, it is realized from the table that 54.6% of respondents agreed that low tolerance of arrears with 44.3% agree to this principle as being adopted by the VSLA. It is also realized from the table that 52% of respondents agreed that savings mobilization also form an important strategy of VSLA while 65% of respondents reported that an approach or strategy used by VSLA is transparency in its daily works. Responses from respondents corroborates the assertion by Porrs (2011) who posits that VSLAs promotes the push for greater inclusion of the poorest, the disabled etc. and in doing so adopt several approaches in order to attract majority of people. These approaches might include effective training of savings groups, savings mobilization, might include credit management or education, coaching and high level of transparency, among others.

#### **4.4 Benefits of VSLA Scheme on the Livelihoods of Women**

This section looks at the second research question of the study on how VSLA has improved the livelihood of households in rural communities in the Asikuma Odoben Brakwa District. The relative importance index will be used in examining how VSLA has improved the livelihood of households in rural communities in the Asikuma Odoben Brakwa District.

In the relative importance index respondents were asked on the benefits on VSLA on the livelihood of cocoa farming communities. The Relative Importance Index (RII) is used to analyze the benefits of VSLA and how it has improved the livelihood of households in cocoa farming communities. All factors with RII values below 0.700 are deemed insignificant in terms of improvement on the livelihood of rural communities. Responses are tabulated in Table 5.

*Table 5: Benefits of VSLA Schemes on Livelihood of women*

Benefits	Responses					RII	
	5	4	3	2	1	Weight	RII
Interest charged on loans are reasonable	65	30	1	1	0	450	0.93
Helps acquire basic skills	23	56	16	2	0	391	0.81
Savings enables one to access physical assets	33	43	19	2	0	398	0.82
Giving of loans to its members	24	66	2	5	0	400	0.89
Offers opportunity for improved social cohesion and support	53	41	2	1	0	437	0.90

5=strongly agree 4=agree 3= uncertain 2=disagree 1=strongly disagree

Source: Field Survey, January 2019

Table 5 shows that VSLA has been beneficial to participants as interest charged on loans are reasonable, this received the highest RII value of 0.93. This confirms findings by Abdul-Moonin et al., (2018), who have suggested that VSLAs have proven to be very effective in accelerating growth and building the livelihood capacity of its members. To them, VSLA members have access to highly responsive and safe financial services with moderate and reasonable

interest determined by members, and this enables them to upscale economic activities, improve household health and welfare, acquire business skills, and educate their children,

Another benefit of VSLA as seen from Table 5 is offering opportunity for improved social cohesion and support with an RII of 0.90. The remainder of the shares kept as social fund was used to provide interest free loans to members during emergencies and to subscribe members to health insurance to increase access to healthcare. This has strengthened the bond of unity in the community.

Giving of loans to its members is another benefit of VSLA as seen from Table 5. This received a significant RII score of 0.89. Varangis (2010) argues that VSLA participants have made progress in their economic activities and concluded that the model has significantly improved the participant's livelihoods such as include farming, trading, artisan, food vending, local soap making and public service with the amount of loans they are given. This proves that the benefits of accessing loans from VSLA go a long way to improve the livelihood of cocoa farming communities.

It is also realized that VSLA members are able to access physical assets through their savings. This received an RII score of 0.82. The table also shows that VSLA has been beneficial to its members by providing business skills (0.81). All these contribute to improve the livelihood of VSLA participants and their households.

#### 4.5 Impact of VSLA Schemes on the Livelihood of Women

The impact of livelihood under study were physical assets, social and human capital. The research therefore required respondents to indicate if their VSLAs had enabled them to realize livelihood outcomes. From table 4.4, 78 percent of respondents acknowledged that the VSL group enabled them to have access to livelihood outcomes. On the other hand, 22 percent of the VSL group members felt that the groups did not cause their accessibility to livelihood outcomes.

*Table 6: VSL Group and Livelihood Outcomes Response*

<b>Outcomes</b>	<b>Frequency</b>	<b>Percent (%)</b>
Yes	76	78%
No	21	22%
<b>Total</b>	<b>97</b>	<b>100</b>

Source: Field Survey, January 2019

#### VSL Group and Ownership of Physical Assets

The research sought to find out if VSL groups operating in Asikuma Odoben had helped their members to own different physical assets and the findings are as indicated in Table 7. 17.2 percent of the respondents admitted that the groups had enabled them own permanent house while 82.8 percent thought otherwise. On the issue of whether members were able to purchase land through savings and loans from VSL group, 79.5 percent felt that their respective village savings groups did not contribute in their purchasing of land while the remaining 20.5 percent felt otherwise.

About 91.7 percent of the respondents were of the opinion that savings and loans given by VSL groups in the district could not enable them purchase

motor vehicle, except for 8.3 percent who admitted that they were able to purchase motor vehicle either through the savings or loans provided by VSL group.

*Table 7: VSL Group and Ownership of Physical Assets*

<b>Physical Assets</b>	<b>Yes (%)</b>	<b>No (%)</b>	<b>Total</b>
Permanent house	17.2	82.8	100
Land	20.5	79.5	100
Motor vehicle	8.3	91.7	100
Domestic animals	50.6	49.4	100
Television set	31.4	68.6	100

Source: Field Survey, January 2019

Moreover, 50.1 percent of the members indicated they were able to own domestic animals through savings and loans given by VSL groups. 49.4 percent had not owned livestock through VSL groups. Similarly, members were required to indicate whether they were able to own television set through their membership of VSL group, 68.6 declined while 31.4 agreed to the statement. This is an indication that the VSL groups in the Asikuma Odoben Brakwa District do not have the capacity to build permanent houses, buy land, motor vehicles and television sets, but would only necessitate members to own domestic animals. VSL groups should therefore encourage their members to save frequently so as to receive lump sums of money and access loans to

facilitate investments in housing quality and acquisition of some physical assets such as land, vehicle and land.

#### 4.6 VSL Group and Social Capital

Table 8 demonstrates the ability of the respondents to become members of a social capital. 69.7 percent revealed that the VSL groups played a role in their participation in public meetings, but 30.3 felt that the VSL groups did not play any role in their participation in public meetings. Majority (75.4%) of the respondents were of the view that their participation in the VSL groups has led to an improvement in their status within their family and the community.

Divergently, 65 percent revealed that the VSL groups did not contribute to the church membership while church membership of the remaining 35 percent seems to be motivated by their memberships of VSL groups. It is evident from the analysis that VSLA helped create social capital and confidence among members in public meetings with improved status in their families and communities. It is evident from the analysis that VSLA has helped create social capital and confidence among members in public within the Asikuma Odoben Brakwa.

*Table 8: VSL Group and Social Capital*

<b>Social Capital</b>	<b>Yes (%)</b>	<b>No (%)</b>	<b>Total</b>
Participation in Public meetings	69.7	30.3	100
Improvement in status in the family and community	75.4	24.6	100
Church Membership	35	65	100

Source: Field Survey, January 2019

#### 4.7 VSL Group and Human Capital

Savings and loans provided by VSLAs can lead to an improvement in the livelihoods of individuals in the form of human capital. The analysis given in the table 4.7 shows that 74.5 percent of the VSLA members were able to buy school supplies for their children and can do without their children's labor while 25.5 percent said otherwise. Also, 76.3 percent of the respondents were able to pay the medical bills of their wards. 23.7 percent of them disagreed to have been able to pay medical bills through the VSL groups. This therefore affirms the assertion that VSL groups help improve human capital and hence healthy and educated society is key for a sustainable nation building and in contributing to the fight against poverty, diseases, better education and Nation building requires healthy and educated society and good health services.

*Table 9: VSL Group and Human Capital*

<b>Human Capital</b>	<b>Yes (%)</b>	<b>No (%)</b>	<b>Total</b>
Ability to pay school fees	74.5	25.5	100
Ability to meet medical expenses	76.3	23.7	100

Source: Field Survey, January 2019

#### 4.8 Model Determination on impact of VSL groups on livelihoods

The impact of VSL groups on rural women livelihoods outcomes was assessed by the use of a regression model. The model relied on R square as the coefficient of determination of the goodness of fit. The findings given in model summary Table 10 indicate an R<sup>2</sup> value of 0.524 which means that 52.4% is the

variation in the access to livelihood outcomes which can be explained by the frequency of savings and loans from the VSL groups.

*Table 10: Model Summary*

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.731 <sup>a</sup>	.534	.524	.28548

*a. Predictors: (Constant), Loans from VSL groups, Savings with VSL groups*

Source: Field Survey, January 2019

### **ANOVA Test**

The independent variables used in this research which are savings and loans as shown in Table 11 points out that the independent variables used by this study namely, savings and loans have a significant influence on dependent variable which is livelihood outcomes. This is evidenced by the *P* – value of the *F* - statistics being 0.000, and therefore, meaning that savings and loans altogether have a significant effect on member’s livelihood outcomes.

*Table 11: ANOVA<sup>a</sup>*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.793	2	4.396	53.946	.000 <sup>b</sup>
	Residual	7.661	94	.081		
	Total	16.454	96			

a. Dependent Variable: Livelihood outcomes

b. Predictors: (Constant), Loans from VSL groups, Savings with VSL groups

Source: Field Survey, January 2019



### *Coefficient Estimates*

Table 12 provides information on coefficients of the model predictors as used in this study. The results show that the VSL group members who save frequently increase their likelihood of improving their livelihood outcomes by 34% ( $t = 4.890$ ) and  $p$  – value of 0.000 which implies that frequent saving has a significant effect on livelihood outcomes of VSL group members. Loans gotten from VSL group also has a significant effect on the members’ ability to improve their livelihoods by 64% ( $t = 9.124$ ) and  $p$  – value of 0.000 which implies that loans received from VSL groups has a significant effect on livelihood outcomes members.

*Table 12: Coefficients<sup>a</sup>*

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-.277	.154			-1.800	.075
Savings with VSL groups	.489	.100	.344		4.890	.000
Loans from VSL groups	.870	.095	.642		9.123	.000

a. Dependent Variable: Livelihood outcomes  
Source: Field Survey, January 2019

### **4.9 Challenges Associated with VSLA**

This section addresses the challenges associated with the operation of the VSL groups in the Asikuma Odoben Brakwa District. Results are presented in Table 4.12.

*Table 13: Challenges Associated with VSLA*

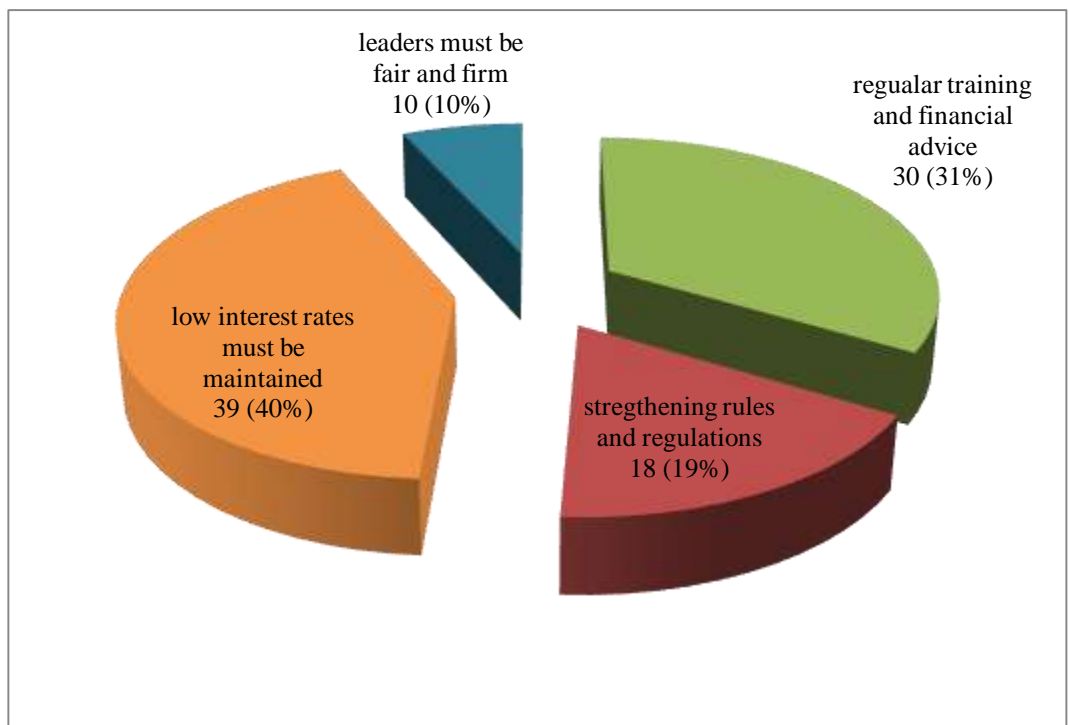
Challenges	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
Lack of enough money to save	9.3%	24.7%	1%	60.8	4.1%
Late repayment of loans	4.1%	15.5%	1%	37.1%	42.3%
Members accessing small loans	19.6%	21.6%	14.1%	31.6%	13.1%

Source: Field Survey, January 2019

Table 13 depicts the challenges associated with the VSL groups in the Asikuma Odoben Brakwa District. One major challenge facing members of the scheme is lack of enough money to save in the VSL group. It is seen from table 13 above that 64.9% of respondents agreed that they don't have enough money to buy shares during meetings. Another challenge faced by the scheme is late repayment of loans given to members. Table 13 shows that 42.3% of respondents strongly agreed that late repayments of facilities are a challenge facing the association while 37.1% of respondents agreed with the statement, 19.6% of the respondents however disagreed to the statement. It is also realized from the table that 44.7% of participants agreed that a challenge facing the scheme is access to small loans, this response was countered by 41.2 percent of the responses with the remaining 14.1 percent indifferent. The challenges with small loans could be due to the inadequate savings and the late repayment of loans which have all been identified as a challenge with the VSL groups.

#### 4.10 Ways of Strengthening VSLA Scheme

This section addresses the fourth research question of finding out ways to strengthening village savings and loans association in the Asikuma Odoben Brakwa District. Results are illustrated in Figure 6 below.



**Figure 6: Educational Level of Respondents**

Source: Field Survey, January 2019

Figure 6 shows that majority of the respondents (40%) were of the view that low interest be maintained in order to strengthen the association while 31% stated that there should be regular training and financial advice. Furthermore, it was realized that 19% of respondents were of the opinion that rules and regulations of the association should be strengthened and ensure members abide

by the rules and regulations. Finally, 10% of participants stated that leaders of VSLA must be fair and firm in order to lead and move the association forward. This response depicts that leaders of the VSLA slightly diverted from the trainings given them to enforce the constitutions of their groups. This situation when continue will allow unfair disbursement of loans and a massive late loan repayment and disintegration of groups thereby causing vulnerability and poverty as the poor people may not have the opportunity to save and take loans to improve on their livelihoods.

#### **4.11 Chapter Summary**

From the assessment, the research findings concluded that females constituted the majority of the VSLA membership in the Asikuma Odoben Brakwa District. 97 percent of the respondents responded to the study, representing 97 people. The results show that most of the respondents were skewed towards the aging population (40 years -60+) representing 74.2 percent with 25.8 percent been the youthful population. This clearly indicates that the youth are not interest in farming which is the predominant occupation within the communities. The findings revealed that 37.1 percent of the women interviewed had attained middle school similar to Junior high school as their highest level of education whiles 35.1 percent had no formal education.

Members seem to have benefited from loans taken from VSL groups and the loans were given to members regularly. 78% acknowledged that VSL group enabled them get access to livelihood outcome. However, VSL groups in the Asikuma Odoben Brakwa District could not enable their members build permanent house, purchase motor vehicle, land, and television set, but had made it possible for

them to possess livestock, foot the medical expenses, and pay their school fees and that of their dependents. This confirms the argument made by Alerigesane, 2012 that VSLA improves standard of living and impacted positively on livelihoods of those who practice it. That the VSLA model contributes significantly to the payment of children's school fees and improved housing among others.

The impact of VSLA on the livelihood of rural women was estimated using regression model, the analysis depicted an R Square value of 0.524 which means that the frequency of savings and loans from the VSLAs can explain for 52.4% of the variation in the ability to access livelihood outcomes. The *P* – value of the *F* - statistics of 0.000 meant that savings and loans altogether have a significant impact on members' livelihoods.

The study also discovered that the VSLA's in the Asikuma Odoben Brakwa District is faced with a lot of challenges which include lack of enough money to save, late repayment of loans and members accessing small loans. In order to strengthen the VSLA scheme, respondents suggested the low interest rates must be maintained, regular training and financial literacy, strict rules and regulations to govern the scheme and leaders be strict and firm.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter is a summary of the findings of this research in accordance with the research objective to assess the impact of the VSLA scheme on the livelihoods of women in selected rural communities within the Asikuma Odoben Brakwa District.

#### **5.2 Summary of Findings**

The study examined the impact of village savings and loans association schemes on the livelihood of rural women within Asikuma Odoben Brakwa District. The study sought to identify the approaches and strategies adopted by the scheme in the Asikuma Odoben Brakwa District, assess the benefits of VSLA on the livelihood of cocoa farming communities and find ways of strengthening the activities of VSLA schemes in the district. The study was based on the use of questionnaires. Primary and secondary data were used in the study. The respondents were selected basically through the purposive sampling technique which resulted in ninety-seven (97) respondents for the study.

The analyses show that VSLA scheme at Asikuma Odoben Brakwa District uses a number of strategies in its operation. It was revealed that the strategies adopted include training of members, low tolerance of arrears, savings mobilization and high level of transparency which help in building trust among members. This implies that to ensure effective empowerment of the poor it is important to adopt several strategies in order to achieve set objectives. The

findings validate the assertion by Porrs (2011) that VSLAs promotes the push for greater inclusion of the poorest, the disabled.

In accessing the benefits of the VSLA Schemes, results show that participation in VSLA has a positive impact on the livelihood of rural women. The impact of VSLA on the livelihood of rural women was estimated using regression model, the analysis depicted an R Square value of 0.524 which means that the frequency of savings and loans from the VSLAs can explain for 52.4% of the variation in the ability to access livelihood outcomes. The *P* – value of the *F* - statistics of 0.000 meant that savings and loans altogether have a significant impact on members' livelihoods. The findings further revealed that the VSL group members who save frequently, increase their likelihood of improving their livelihood. Loan gotten from VSL group was found to have a positive influence, on the members' ability to improve their livelihoods. An increase in the chances of members getting loans from VSL groups was found to increase the probability of that member to improve their livelihood.

In order to ensure that the VSL groups in the Asikuma Odoben Brakwa District is strengthened, it was realized that the scheme is faced with some challenges which include lack of enough money to save, late repayment of loans and members accessing small loans.

Despite these challenges, it was realized that to ensure the survival of VSLA in the Asikuma Odoben Brakwa District, there is the need to maintain the low interest of VSLA as it will attract and help maintain existing members, strengthening rules and regulations, there must be regular training and financial

advice and the leaders must be strict and firm to ensure the sustainability of the groups.

### **5.3 Conclusion**

Village Savings and Loan Associations which is part of informal savings schemes to a large extent enhances the socio-economic status or welfare of rural households and in this case Asikuma Odoben Brakwa District. The majority of VSLA members, including those in Asikuma Odoben Brakwa District are relatively poor and face a variety of competing demands on their limited financial resources. The positive effects reported in this study suggest that by getting access to credit and savings, poverty may be reduced if the VSLA is well organized and there is a level of trust between its members. From the study it was realized that VSLA in the Asikuma Odoben Brakwa District adopts some strategies which include training of members, low tolerance of arrears, savings mobilization and high level of transparency which help in building trust among members.

The research also showed that VSLA have a significant impact on the livelihood of rural women as they are able to lend money to the members to acquire assets, pay medical bills and pay school fees. For the purpose of sustaining the livelihood of the rural women, Village savings and loans groups should train the members on the benefits of saving and taking loans and this could enhance the group of the groups. The study also established that members were able to access loans to meet their medical expenses and education. Some medical expenses might require large amount of money which can cause



difficulties in repayment of loans taken by members which could also affect their frequency of saving with the VSL groups. This can therefore cause a member to lose the asset acquired to repay the loans. VSL groups could integrate trainings on how to control some of the preventable diseases by observing good nutrition and sanitation. Members could also be introduced to policies of medical insurance as a way of addressing this concern.

In spite of the benefits of the VSL groups, it was realized that the scheme faces some challenges. These include lack of enough money to save, late repayment of loans and members accessing small loans. To ensure that the VSL groups are strengthened in the Asikuma Odoben Brakwa District, it was realized that the low interest of VSLA must be maintained as it will attract and help maintain existing members, strengthening rules and regulations, there must be regular training and financial advice and the leaders must be strict and firm to ensure the success of the groups.

#### **5.4 Recommendations**

Based on the evidence of this study, the following are recommended. It is recommended that in addition to the VSLA methodology, VSL groups can integrate complimentary training programs. For instance, it could be beneficial to provide extra training in basic business management to VSLA members taking loans for business start-up as this could support profitable businesses, increased household income and improved livelihood. Also since the rural women are predominantly farmers, supplementary agricultural trainings could potentially increase agricultural productivity and livelihood of VSLA

households. Also a curriculum of nutritional and health training in VSLA groups could improve the health behaviors of group members and lead to improvements in their livelihood outcomes. Specific programming could be designed according to the specific needs of the VSLA group.

It was also realized from the study that most members take long periods of time before repayment of loans. It is therefore practitioners work with VSLA groups to discuss their financial needs during different seasons and vary loan repayments, interest rates and/or regular saving contributions during vulnerable periods. This can help reduce the financial burden of the poor to ensure that they reap the benefit of the association.

Regular training of VSLA members and regular financial advice as a key to strengthening the VSL groups will help members to overcome the challenges being faced in the effort to reduce poverty. Training in financial education such as cash management, budgeting, savings and bank services should be combined with other development and financial interventions. This could help to reduce vulnerability and improve household financial management.

It is also recommended that VSL groups collaborate with strategic partners to integrate innovative technologies that increase the quality and quantity of information and activities available to VSLA members. Strategic partnerships with organizations experienced in certain technologies are also an essential link to expand the range of services provided to VSLA groups. Innovative programmes that meet the needs of beneficiaries can help to increase the

chances of programme success in strengthening the livelihoods of VSLA group members.

### **5.5 Suggestion for Further research**

The study focused on impact of Village savings and loans on livelihoods of rural women in the Asikuma Odoben Brakwa District. It is suggested that the same research be done in a different scope and on different unit of analysis other than rural women to find out the diverse opinions on the topic of Village Savings and Loans. There should also be empirical and theoretical contributions to help appreciate the findings of this study.

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## APPENDIX

### Questionnaire

This questionnaire is designed to assess the perceived impact of VSLA scheme on the livelihood of women in rural communities within the Asikuma Odoben Brakwa District. Kindly complete this questionnaire as objectively as possible. The information given out is solely for academic purpose and would be treated as confidential. Thank you.

#### Section A: Personal Data

Write or tick (✓) the appropriate response to each of the questions.

1. Sex: Male  Female
2. Age: a. 20-29  b. 30-39  c. 40-49  d. 50-59  e. 60 and above
3. Number of years as a VSLA member: below 3 yrs  4-7 yrs  8-11  12-15
4. Educational Level: None  Primary  Secondary  Diploma   
Degree   
Others .....
5. Occupation.....

#### Section B: Strategies adopted by VSLA

6. To what extent do you agree/disagree with the following strategies adopted by the VSL group using a scale of **1=strongly disagree**; to **5=strongly agree** in the table below:

Strategies	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
Training of members on VSLA operations					
Low tolerance of arrears					
Independence of group					
Savings mobilization					
High level of transparency helping builds trust					

7. What other approaches and strategies are adopted in the VSLA scheme in the community?

.....

.....

8. Do you save with village savings group?  
 Yes [ ] No [ ]

9. Does your VSL group give out loans to its members?  
 Yes [ ] No [ ]

**Section C: Benefits of VSLA Scheme on the Livelihoods of Women in Rural Communities**

10. Using a scale of 1 – 5 [where 1=strongly disagree; 3=Uncertain; 5=strongly agree], indicate the extent to which you agree or disagree to the benefits associated with the VSLA scheme;

Benefits	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
Interest charged on loans are reasonable					
Helps acquire basic skills					
Savings enables one to access physical assets					
Giving of loans to its members					
Offers opportunity for improved social cohesion and support					

#### Section D: Impact of VSLA Schemes on the Livelihood Outcomes

11. Has VSL group enabled you to access to livelihood outcomes?

Yes [ ] No [ ]

Indicate whether VSL group have helped you to own the following items.

<b>12. Physical Assets</b>	<b>Yes</b>	<b>No</b>
Permanent house		
Land		
Motor vehicle		
Domestic animals		
Television set		
Other, Specify		

<b>13. Social Capital</b>	<b>Yes</b>	<b>No</b>
Participation in Public meetings		
Improvement in status in the family and community		
Church Membership		

<b>14. Social Capital</b>	<b>Yes</b>	<b>No</b>
Ability to pay school fees		
Ability to meet medical expenses		

15. What other ways has VSLA impacted on your livelihood?

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**Section E: Challenges Associated with VSLA**

16. Using a scale of 1 – 5 [*where 1=strongly disagree; 5=strongly agree*], indicate the extent to which you agree/disagree with the challenges associated with VSLA

Challenges	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
Lack of enough money to save					
Late repayment of loans					
Members accessing small loans					

17. What other challenge(s) affect VSLA schemes?

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18. How best can VSLA scheme be strengthened to make it more effective and sustainable?

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