



Village, Savings, and Loans Associations: A Case Study

PROCOCO-Ghana

Project Goals, Implementation Strategies, and Results Highlights



Prosperous Cocoa-Farming Communities (PROCOCO) in Ghana sought to promote more prosperous, sustainable and resilient cocoa farming communities through a community development approach that engages civil society to increase cocoa production, reduce child labor, ensure food and nutrition security, and promote education. PROCOCO, built on a previous five years of investment by CARE and Cargill, was implemented from September 2013 to August 2016 in 110 communities in four of Ghana's poorest cocoa producing districts. PROCOCO employed a variety of strategies to reach the global goal including:

- ◇ **Improving cocoa production capacities:** extension service delivery, Farmer Business School, training in good agronomic practices, GPS mapping, facilitating access to inputs for farmers, practical training on demonstration farms
- ◇ **Increasing access to savings, loans, and other sources of credit:** Village Savings and Loans Associations (VSLAs)
- ◇ **Improving knowledge, skills, and practices regarding nutrition:** social and behavior change communication and cooking

demonstrations

- ◇ **Awareness and prevention of the worst forms of child labor:** community support for schools and child rights, development of school improvement plans and community action plans addressing child labor issues, social and behavior change communication, and school infrastructure construction and rehabilitation

Economic empowerment of women in the cocoa supply is especially important because it enables women to build leadership in their home as well as in their enterprises. VSLAs allow women the space to gain empowerment within their communities and in their relationships. Investing in women's economic empowerment is investing in a path towards gender equality, poverty reduction and overall economic growth.

VSLAs in Ghana

Background

Access to savings, loans, and other sources of credit is a core component to fostering prosperous and resilient communities. Farmers are often faced with financial capital constraints before harvesting their crops; they often need to take loans to support themselves until the next harvest yet lack of information, high interest rates, lack of collateral to take loans, and loan sharks are barriers to farmers' ability to access financial resources. In 1991, CARE launched VSLAs in Niger, offering people a safe way to save money and gain access to loans¹. This model harnesses the ancient practices of group savings in a way that requires no outside capital, only a lock box, three keys and basic financial training. CARE has reached over 3.8 million people globally since the inception of the VSLA model in Niger. Within these groups, members save on a regular basis which allows for income smoothing for the rural poor. These groups are established to create and support a strong savings culture in the community and to allow for a safe space for the rural poor to save for and access small loans. Members are also able to take out small loans to build income generating activities. These groups base their activities on trust, accountability, and transparency in all transactions. Savings and loan activities bring together neighbors who trust each other and often these groups meet for many years. A five year study funded by the Bill & Melinda Gates Foundation of 331 savings groups in six countries found that 98% continued to actively meet after 18 months and 90% continue to operate after five years².

CARE's goal of "voice, access and dignity for the poor and vulnerable especially women" led CARE in Ghana to find a sustainable, comprehensive solution to poverty in cocoa farming communities. The aim of VSLA integration into PROCOCO was to establish a savings culture and enhance financial literacy of rural cocoa communities to reduce their vulnerabilities and expand economic opportunities. Through this partnership a total of 2,180 farmers (909 men, 1,271 women) have been financially empowered through the establishment of 89 VSLAs, with farmers saving GHC437,426 (\$112,160.51). A total of GHC286,752 (\$73,526.15) was disbursed as loans mainly used to support agricultural activities and other businesses. VSLAs have shown to be an effective way to organize farmer communities and increase their economic stability especially among women. This case study aims to understand to how VSLAs impacted the lives of small-holder women farmers in Ghana.

Methodology

In August 2016 a mixed methods approach was employed to assess the impact of VSLAs on PROCOCO beneficiaries. Under these methods, a representative sample of 405 farmers were reached with a quantitative survey and in-depth interviews were conducted with seven female cocoa farmers who were VSLA members. The quantitative survey drew samples from VSLA and non-VSLA members while the qualitative study was a phenomenological study with the phenomenon being identified as "economic opportunity provided through VSLA." Each woman was interviewed about her life before being involved with VSLA and her life after she became involved with VSLA. The in depth interviews with the

¹ CARE. VSLA 25 Years. Retrieved at: http://www.care.org/sites/default/files/documents/vsla_25years_final_20sept16.pdf

² Savings Group Information Exchange (SAVIX). Retrieved at: <http://thesavix.org/research/research>

women included the same set of questions for past and present. The study was conducted to add depth to the collected quantitative data on income, savings and loans of VSLA and non-VSLA members during a one-year period. All interviews were conducted in Twi by an external consultant hired by CARE Ghana. Transcripts translated into English were provided to the principle investigator. All quotes in English are those from the translated transcripts.

Quantitative Results

Quantitative data collected in the areas of the CARE-Cargill PROCOCO project analyzing the difference between VSLA members and non-VSLA members in terms of income, savings and loans. VSLA members made 259.69 Ghanaian Cedis more per month than non-VSLA members. While the income difference was 27% higher among VSLA members, a t-test³ revealed the difference was not statistically significant ($p=.355$, Table 1). On the other hand, a chi-square test⁴ measuring the difference between the proportion of households reporting cash savings as well as the proportion of households accessing loans between VSLA and non-VSLA members was statistically significant (Tables 2 and 3). VSLA members were more than twice as likely to report holding cash savings and more than 3.5 times as likely to have accessed a loan in the last 12 months. PROCOCO Ghana helped farmers to increase their access to financial services by 65%, with nearly three-quarters of farmers holding cash savings at end line. The result of this increase can largely be contributed to the proportion of farmers participating in VSLAs established by the project. Women especially are taking advantage of VSLAs as a platform for economic opportunity and saving, with 91% of women participating in savings groups. Moreover, saving motivation has dramatically shifted. Eight times more families are saving for their businesses and twice as many are saving for emergencies. Increased household savings for business and emergencies, coupled with greater access to credit, provided historically marginalized small-holder farming families with a cushion in the case of unexpected emergencies on their farms or within their homes.

Table 1. Average monthly household income between VSLA and non-VSLA members

Variable	Number in sample	Average monthly household income (Ghanian Cedis)
VSLA member	357	1219.78
Non-VSLA member	46	960.09
Total	403	1190.13

Pr=.355

Table 2. The number of households reporting cash savings between VSLA and non-VSLA members

Variable	Household cash savings	No household cash savings	Total
VSLA member	303	54	357
Non-VSLA member	18	28	46
Total	321	82	403

Pearson chi2(1) = 52.6104 Pr = 0.000

Table 3. The number of households reporting taking a loan in the last 12 months between VSLA and non-VSLA members

Variable	Loan(s) taken in last 12 months	No loan(s) taken in last 12 months	Total
VSLA member	286	71	357
Non-VSLA member	10	36	46
Total	296	107	403

Pearson chi2(1) = 71.1997 Pr = 0.000

³ A t-test assesses whether the means of two groups are statistically different from each other. This analysis is appropriate whenever you want to compare the means of two groups

⁴ A chi square statistic is a measurement of how expectations compare to results. Data used in calculating a chi square statistic must be random, raw, mutually exclusive, drawn from independent variable and from a large sample.

Qualitative Results

Before Joining VSLA

When asked directly how their life was before participating in VSLA, the women said their lives were “bad,” “challenging,” and “financially difficult,” and that they could not take care of their families.

“Before CARE project it was a bit difficult for me because I was financially handicapped in the sense that I could not buy the things that I needed, even basic necessities.”

- Janet K., Ahafo Ano South

“My life before joining VSLA was very challenging and full of problems. I could not take care of them as I wanted.”

- Akua D., Tano North

The relationships of the women in their homes with their husbands, children and their extended families were mostly termed as “bad,” however when reasons were given they were all related to finances. Relationships were described as being negative if the woman could not contribute to household needs and especially if she could not meet the needs and wants of her children. In a question asking about family problems, in all cases, the women stated that their problems were financial, because of money or inability to meet family needs. Extended families were not respectful to a woman that they were not seen as a financial contributor to the basic needs of her family. This is confirmed by a question which asked how they were seen as a woman. While two women stated they were seen as hard-working and supportive wives and mothers, the other five said they were seen as lazy, miserable, poor and not contributing at home.

Responses to decision-making within the home were split with some women stating that their husbands made all the decisions and other stating that they were jointly made. However, deeper in the responses, it is clear that even for those women who stated that she and her husband made joint decisions, this meant that her husband discussed decisions with her but that he had the final say.

“Even in my household, my husband was making decisions in relation to expenditure and solving problems.”

- Esther A., Tanoso

With regard to finances, the women contributed what they could but the husband always contributed most of the family income. The women were also asked about access to specific resources. All but one of the women stated that they had not had access to program activities including financial training. All of the women had access to land before entering into the VSLA however five of the women did not have access to inputs either for their farm or for their own informal business. When asked about access to markets, all women said yes however, it is possible that this question was misunderstood with “access to markets” simply meaning the ability to go to a market rather than having a market outlet for their products. All of the women interviewed stated that they did not have credit beyond family borrowing and they did not have any economic opportunity previous to belonging to a VSLA group.

“Before I joined VSLA my main source of credit was from family members. I always struggled to pay back such loans.

- Esther A., Tanoso

Women were asked to tell a summary story of their lives before VSLA. Their summary stories were filled with phrases such as “very challenging and full of problems,” “struggle to provide household needs,” and “very bad.” One particular quote summarizes way the women viewed their lives before:

“It was not economically sound. I led a miserable life. It was so difficult to meet basic needs at home. In short, it was very difficult for me.”

- Rebecca O., Ahafo Ano North

After Joining VSLA

The tone changed dramatically when the women responded to questions about their lives after joining the VSLA. When asked the first question, “How are you living now that you participate in VSLA?” the answers were all positive. They spoke of improved conditions, improved finances, and changes in living conditions. All of the women stated that their relationships had improved.

“The VSLA has changed my life so much. My living conditions changed because I have access to loans to support my farm and provide for my children school expenses.”

- Rebecca O. Ahafo Ano North

The major reason given for this improvement in their relationships with their husband, children and extended family was that they were now contributing financially to the basic needs of the household. When asked about their financial situation they mentioned being able to pay their children’s school expenses, that they have been able to invest in their own businesses, and are able to save. Due to their ability to contribute to household needs and build up their own businesses, the women no longer see themselves, nor are they seen as, lazy women but instead see themselves as hard-working contributors which is also reflected in the way their community sees them.

“My relationship with my family has improved since I can now provide my family with needs better than before.”

- Ekua M, Asarekwaa

“People in my community see me as a hard working woman and also willing to help others in the community.”

- Vida N, Abehenase

In terms of household decision-making, five of the seven women reported decisions made jointly between her and her husband. The remaining interviewee stated that her husband now asks her opinion before making decisions.

When speaking of their problems now that they were members of a VSLA, four stated that they had no major problems, one that she was not worried, while another said that her problems were small. The final woman said that her problem was:

“...how to expand my petty [small] trading business and to increase yield from my farm.”

- Esther A, Tanoso

All seven women stated a change in access to training and credit. Where they had no access to credit before becoming a member of VSLA they all had access to credit now that they were VSLA members. They also have all received training from the PROCOCO project on best agricultural practices for cocoa production.

“CARE-Cargill gave us training on how to plant cocoa, manage our business as well as eat balance diet.”

- **Vida N., Abehenase**

“Now economic opportunities have opened for me and I feel in a better position to take advantage of them.”

- **Akua D, Tano North**

When they were asked about access to inputs the answers were variable. Two (2) mentioned using the VSLA loans to purchase inputs. Two (2) mentioned receiving free cocoa seedlings. All of the women except one said that she had access to inputs whether it was through free inputs, loans or simply stating that she had inputs.

“I now have my own spraying machine for my farming activities and can afford fertilizer for my farm.”

- **Ekua M. Asarekwaa Rebecca O. Ahafo Ano North**

Each individual change such as daily living, finances, problems, and access all show improvements. This is summarized by the women as they share their stories of their life’s as VSLA members. The best way to summarize their responses is to let the women speak for themselves:

“Since I join VSLA my life has changed in the sense that previously things were not going well. I now get advice on how to save money so that it will benefit me, and also that in the future if I need money I have something to fall back on.”

- **Esther A., Tanoso**

“My life has improved because I do not struggle to care for my family now. I am in a better position to take care of my children by giving them the best education. I can do all this because I am a member of VSLA.”

- **Vida N., Abehenase**

“Now that I am a member of VSLA everything is going well. I am able to pay my children’s school fees. I am able to pay my house bills without problems. I am actually enjoying life.”

- **Rebecca O., Ahafo Ano North**

Conclusion

It is clear from these seven interviews of women small-holder cocoa farmers in the CARE-Cargill PROCOCO project that VSLA is changing their lives. They have moved from situations of multiple problems, particularly financial, to seeing themselves as viable members of their household and their community. They feel more secure because they can meet their financial obligations to their family. They have an improved view of themselves as women and others have one as well. Given the increase in joint decision making it can also be surmised that gender stereotypes are shifting as men take women into greater consideration. A major contribution to this shift is the financial change in the women’s situation which is related to being able to access loans and save money which are the pillars of VSLA. That being said among these seven women, a shift in their role within the community was cited. While women participated in PTAs, communal labor and meetings before and continued to do so, women interviewed did not cite taking up leadership roles in VSLAs.

Recommendations

The participants in the CARE-Cargill PROCOCO project, men and women, are all small-holder farmers. They either live at a subsistence level or slightly above subsistence. Economics plays a major role in their survival, their relationships and their well-being. The woman's economic status also plays a significant role in the future of these communities in that they have responsibilities either for paying or for contributing to their children's educational expenses. Female small-holder cocoa farmers should be encouraged to move beyond simple participation in communal labor and meetings to leadership roles in the VSLA and in their religious and civic communities. Greater promotion of gender equitable roles could facilitate more women in leadership roles.

Significant differences reflected in the quantitative data on savings and loans between VSLA members and non-VSLA members, and the fact that finances were referred to in responses to every questions clearly reveal the importance of VSLA among small-holder cocoa farmers. VSLA has played a role in shifting the lives of women from being viewed by themselves and others as downtrodden and disrespected to being seen as hard-working and a contributing community member thus it is recommended that VSLA be a pillar of all projects implemented with small holder cocoa farmers. Two specific benefits can be obtained: 1) Improving the economic status of the families in the present and the future, and; 2) Shifting gender norms such that women's role improves within the family.



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