

# Taking a Loan to Survive

**CASE STUDY** Zenanesh Asnakew, Ethiopia



Zenanesh Asnakew is a 40-year-old single mother of two from the Fogera District in the Amhara region of northern Ethiopia. She is the sole earner in her family, supporting her two children and parents. She engages in small trading activities selling snacks and local drinks and farms her small plot of land to support her family. For the past two years, Zenanesh has been a member of a Village Savings and Loan Association (VSLA) with 20 members, supported by CARE. The VSLA's name is 'Tigist,' meaning patience. The savings group is part of CARE's Birehan project to support women's financial, economic and social empowerment.

## Crisis after crisis

Things have not been easy for Zenanesh in recent years with the COVID-19 pandemic, major flooding in her district and her own divorce.

The pandemic pushed up prices and restricted her ability to trade, which in turn affected her ability to buy the inputs she needed for her farm and her business. Increased transport costs also restricted Zenanesh's ability to trade in bigger markets.

A flood disaster that occurred during the 2021 main growing season in the Fogera District destroyed several crop farms, including Zenanesh's rice plot. After she lost her crop, Zenanesh diversified - thanks to a loan from her VSLA - and started selling traditional drinks, but the compounded impact of the pandemic made it hard to cope. As a result, Zenanesh had to reduce the type and amount of food she bought for her family.

Zenanesh says COVID-19 and the flood were the two most significant crises that affected her life and the lives of other VSLA members and those in her community. She adds, "My son dropped out of school in Grade 10 to engage in income-generating activity to support the family."

Since her divorce in 2021, Zenanesh and her children moved in with her parents. The burden of managing and providing for the household has increased. Her father and mother are putting pressure on her to bring food for the family, and she said family members get annoyed when she cannot meet their needs, affecting her well-being. She is overly stressed, and says the situation is affecting 'my body and health'.

Because of her financial situation, Zenanesh explains she is no longer actively participating in social events, which affects her social life. She avoids going to weddings and other community gatherings adding, "if I spent money on social events, I would not be able to feed my family, so I don't participate even when I want to be part of different ceremonies."

**“My son dropped out of school in grade 10 to engage in income-generating activity to support the family; I couldn't afford inputs for my local business because the market is so expensive.”**



## Savings during the pandemic

Zenanesh's savings group was set up during the pandemic, with all members sharing a similar economic status. The group met regularly throughout the pandemic and practiced social distancing and other measures to avoid close contact. The ability for members to access loans was critical for most members, especially during a crisis. Zenanesh explains that members also borrow from each other informally by lending cash and grains to help one another during tough times. The overall group savings have increased from 1,000 Ethiopian Birr (\$18) to 10,000 (\$180), and loans are being given out regularly.

As a result of a loan from her VSLA, Zenanesh was able to start her business selling traditional drinks during the pandemic, she adds: "The loan helped me survive when I lost all my product due to the heavy rain and floods."

Zenanesh talks enthusiastically about the wider benefits of her savings group, explaining that there is great trust among members and strong social support. She also explains that they share common goals, including promoting a culture of saving and running small businesses. Zenanesh also expresses pride in the knowledge and skills she has gained through VSLA support.



**"Through my VSLA we have not only developed a new culture of saving but I have also built my confidence to engage in business so I can feed my children. The loan helped me survive when I lost all my product due to the heavy rain and floods."**

## Promoting gender equality

In addition to the financial benefits, Zenanesh explains that her group discusses gender and work issues that are critical to promoting gender equality in their community. They strive to achieve this through mobilization of the community to create awareness and prevent gender-based violence, early and forced marriage of girls, female genital mutilation (FGM) and promoting girls' education. Zenanesh says that they are observing positive changes and understandings among the community to fight early marriage and FGM. She adds: **"Our group received training on the disadvantages of forced marriage and the dangers of female genital mutilation and gender-based violence. Through our group we have mobilized our community against these things."**

The VSLA is also engaging with men to create an environment that supports women's engagement in business and markets and creates mutual understandings for male family members to support and engage in household chores. She adds: "I have learnt about the importance of gender equality and shared responsibility at home. As a group, we advocate for girls to stay in school."

## Priority needs

When asked about priority needs for herself and her community, Zenanesh calls for attention on children's education, not just for her own children, but for all the children that dropped out. She wants to see different actors promoting and supporting education. Currently, there is no high school provision nearby, which means children must travel far and pay increased transport costs. Zenanesh dreams of better access to high school education in her community.

For herself, Zenanesh wants to strengthen her business. She needs raw materials to expand her sales of traditional drinks. She adds: "I also want to expand the space where I sell my traditional drink so I can accommodate more customers. My dream is to buy livestock and maximize my farming income."

All this can only be possible if she has access to finance. She believes the savings group's support could be strengthened by increasing the loan amount. To increase members' loans and increase savings, the VSLA are discussing a group business, she adds: **"As a group, we are now thinking about activities that we can do together to generate more income, such as poultry farming or buying a milling machine."**

For the future, Zenanesh wants to make the VSLA a stable source of financial resources, able to provide loans that support members' robust business plans. She hopes that 'tigist' or patience, as the group is named, mixed with resilience and hard work will reap rewards.

*Zenanesh was interviewed in February 2023 as part of CARE's Women Respond initiative - a major data collection exercise, listening to women and girls to help better understand their experiences in crisis and put their voices at the center of crisis response.*