

VSLAS' ROLE IN FINANCING WASH INFRASTRUCTURES AND OTHER LIVELIHOOD ACTIVITIES IN GHANA

EXECUTIVE SUMMARY

Increased sustainable access to safe water and sanitation and improved hygiene in West Africa is the primary goal of the USAID West Africa Water, Sanitation, and Hygiene (USAID WA-WASH) Program. To contribute to this goal, the Program aims to increase income generation for improved WASH investments through village savings and loans associations (VSLAs). The village savings and loans associations are platforms to mobilize finances among community members to address food security, income generation activities, water, sanitation, and hygiene (WASH) issues at the community level. The village savings and loan associations complement the mainstream microfinance institutions in rural resource-poor areas. The approach is characterized by a small groups of 15 to 25 members who mobilize savings, build assets, and provide credit proportionate to the needs and repayment capacities of the borrowers. The groups are low-cost, simple to manage, and are a first-step for people to reach financial services. This is done according to carefully developed procedures, which most groups master after a year of training and follows-up. The USAID WA_WASH Program through CARE, promotes this approach to provide financial services to the poor.

Over the past year, the Program has implemented the VSLA concept in communities of the Upper West region in Ghana. Through the USAID WA-WASH Program, 101 VSLA groups in 22 intervention villages were established. The 101 groups have a total membership of 2,787 people, made up of 890 men and 1,897 women. The VSLAs have saved an estimated total of 168,715 Ghana Cedi (approximately USD 43,000) out of which 117,465 Ghana Cedi (USD 30,000) has been distributed as loans to group members. Studies show that VSLAs build up social capital and contribute to self-esteem within communities, particularly among women, who represent approximately 70% of the VSLA members. Success with the VSLA approach provides evidence that the VSLA concept has the potential to raise the socio-economic capital of rural people, thereby increasing their ability to pay for basic services such as WASH, health and education in their communities. The VSLA concept in WASH envisages that the group members would access loans from the group to support the construction of latrines, maintenance of water points and support income generating activities.

The Program conducted a study to investigate the contribution of VSLAs to group members' livelihoods and to WASH activities in the intervention area. Specifically, the study aimed to assess the impact of the VSLA groups on latrine construction, maintenance of boreholes, and empowerment of women and sensitization of members on WASH-related issues. Out of the 22 intervention villages, a sample of seven communities was selected for this study, with assuming relative homogeneity across the groups. In total, 21 VSLA groups, three groups from each community, were used in the study. The study team collected qualitative and quantitative data through the use of semi-structured questionnaires.

From the study findings, the members of VSLAs had diversified their livelihood activities. An estimated 65% of the respondents reported that the VSLA had given them the opportunity to start their own business. The women members borrowed loans to expand their micro-enterprises. For example, women who had existing enterprises such as *pito* brewing, *shea* butter extraction, *koosie* frying, and *dawadawa* processing increased their business output. As a result, there was reduced migration out of these communities during the dry season. This was corroborated by the women from Bagri who stated that the VSLA members who previously migrated in search of casual labor were now engaged in the cereals trade at the Techiman and Kumasi markets. Similarly, the majority (80%) of respondents in the 21 groups stated that there was reduced strife within the households. This was attributed to the impact of VSLAs on empowering women to contribute to daily household expenditure. The men reported that they borrowed money from the VSLA for livestock trade in the lucrative markets in Southern Ghana. The men in the village of Dabagteng reported using their loans to buy boats and nets for improved fishing activities. Further, the VSLA members had improved food security because they are able to buy farm inputs such as fertilizers, seeds, pay for labor for food production, and purchase supplementary food stuff through the VSLA loans which resulted in better yields. The VSLA group members acknowledged that the establishment of VSLAs had improved the financial resources for women, which in turn improved their recognition in society.

In addition, the study thus examined women empowerment in relation to decision-making within the community and households, public speaking and leadership in both the household and community. Respondents stated that previously, both household and community level decision-making was done without taking into account the opinion of women, a situation that has since improved with the establishment of VSLAs according to about 76% of the study participants. The respondents stated that women actively participate in discussions and take up leadership positions particularly in groups that had been in existence for more than one year. Women in the VSLA groups reported that now they speak up at community gatherings and also in workshops. Further, the ability of women to contribute money has increased their involvement in household decision-making. Thus, it is evident that the VSLAs were used as platforms to sensitize, train, and empower women financially leading to improved assertiveness among women members. This indicates that the gender sensitization activities implemented during the USAID WA-WASH Program have continued to positively impact the members of the communities.

With regards to the role of VSLAs in WASH activities, the members have been able to build latrines, thus, increasing access to improved latrines for their households as a result of better access to finances and through communal labor from the VSLA group members. For instance, the Songtaanimaalu group members in the village of Dagne took up loans to purchase cement for the construction of improved permanent latrines. Similarly, the Langtaa-nyong group in the village of Tabier assisted their members through communal labor to construct improved latrines. Additionally, members of various VSLA groups were sensitized on the need to address the issue of women privacy and have as a result improved the design of the sanitation facilities.

The VSLA approach has positive outcomes on financial and social capitals in the intervention villages. The approach has empowered women to contribute to decision-making, actively participate in discussions over issues affecting the community, and take up leadership positions both at the household level and at the community level at-large. Further, the VSLAs provides an alternative source of financing for members to support productive activities such as purchasing farm inputs, starting-up and expanding income generating activities such as *pito* (local beer) brewing, trade, fishing. This extra income serves for example to pay for school fees and national health insurance premiums. Finally, VSLAS have contributed to improved WASH facilities through access to loans for materials, communal labor through the VSLA groups, and awareness raising on the improved designs of the sanitation and hygiene facilities. The study findings emphasize up-scaling the approach to other areas in order to accelerate access to WASH facilities. This calls for continuous awareness raising among the VSLA members on the VSLAs' potential to increase access to sanitation facilities.

The full report is available (in English) upon request via our website. For more details about our program activities and other reports please visit <http://wawash.fiu.edu/>

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