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VILLAGE SAVINGS AND LOANS ASSOCIATIONS AND LIVELIHOOD OF PEOPLE IN RURAL COMMUNITIES IN THE BOLE DISTRICT OF GHANA: A CASE OF VILLAGE SAVINGS AND LOANS ASSOCIATIONS SUPPORTED BY JAKSALLY YOUTH GROUP

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ABSTRACT

Poverty reduction has been a major concern of Governments and Non-Governmental Organisations (NGOs) in Ghana. As a result of the implementation of some policies, programmes and projects, poverty levels in Ghana have generally fallen from approximately 51.7 percent in 1991/92 to 28.5 percent in 2005/2006.However, whilst it fell in all regions of the country, the pace of poverty reduction has been weakened in Northern Ghana. To complement the efforts of Government in fighting poverty in Northern Ghana, the Village Savings and Loans Association (VSLA) model is being adopted by Jaksally Youth group which aimed at promoting access to credit among the rural poor as a means of reducing poverty. The study results indicate that 74 percent of the respondents joined the VSLAs 1-2 years ago and the associations meet weekly. Savings are usually kept in a savings kit (metal box with three padlocks) and all members are qualified to borrow from their respective associations at an interest rate of 10 percent. As much as 74.2 percent and 62 percent of the respondents invest a greater proportion of their loans and savings respectively in Income Generating Activities (IGAs). Registration with the National Health Insurance Scheme (NHIS) reduced marginally from 98 percent to 96 percent among respondents whilst access to education increased from 90 percent to 98 percent among children of the respondents. Absenteeism and lateness to meetings by the VSLAs' members posed as the major challenge to their operations. The VSLAs can be used as a tool to achieve significant reduction in poverty in Northern Ghana if Jaksally is being assisted by Metropolitan, Municipal and District Assemblies and NGOs to replicate the model in other areas.

INTRODUCTION

Poverty reduction has been a major concern of many in Ghana, particularly Government and Non-Governmental Organisations (NGOs). In this regard various policies, programmes and projects have been implemented especially in the rural areas with the poor being the target. Some of the recent ones include the Highly Indebted Poor Country (HIPC) initiative, the rural electrification project, establishment of Microcredit and Small Loan Centre (MASLOC), the Free Compulsory Universal Basic Education (FCUBE), the School Feeding Programme, Free School Uniform, Savannah Accelerated Development Programme, Livelihood Empowerment Against Poverty (LEAP), the National Health Insurance Scheme (NHIS), subsidized farm inputs such as fertilizer, Agriculture Extension Services etc. As a result of the implementation of some of these policies, programmes and projects, poverty levels in Ghana have generally fallen from approximately 51.7 percent in 1991/92 to 39.5 percent in 1998/99 and to 28.5 percent in 2005/2006, putting the achievement of halving poverty (25.8 percent) within grasps. However, whilst poverty levels fell in all regions of the country, the pace of poverty reduction has been weakened in Northern Ghana [Ghana Statistical Service (GSS), 2008]. Access to credit by the poor, especially in rural areas is being constrained by lack of collateral security which is usually required by most financial institutions in Ghana. VSLAs attempt to overcome the difficulties of offering credit to the rural poor by building on a Rotating Savings and Credit

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Associations (ROSCA) model to create groups of people who can pool their savings in order to have a source of lending funds. Globally, microfinance has generally focused on providing credit to foster enterprise development. Growing evidence highlights that for poor households (as with less poor households), savings is a much higher priority than borrowing, as savings builds assets and can help to address risks as well as planned lifecycle events (Hendricks, 2011). As documented in Portfolios of the Poor (Collins *et al.*, 2009), traditional places where the poor save money are often at risk of theft or temptation. For decades, governments and donor agencies have been trying to establish viable financial systems to meet the need for basic financial services in the rural areas of Africa. For a great variety of reasons very few institutions have succeeded in delivering this goal, and even then at very high cost and with great difficulty (Allen, 2002). In contrast to this disappointing track record, one programme has succeeded to a phenomenal degree. Over the past decade, CARE International in Niger has developed and implemented *Mata Masu Dubara* (MMD), a self-managed system of the purest form of financial intermediation. Based solely on member savings and small self-managed groups, MMD is now a membership based programme servicing approximately 162,000 rural women in one of the poorest countries in Africa. MMD is not a single institution but rather an amalgamation of nearly 5,500 stand-alone groups, each with about 30 members, operating in almost identical ways (Allen, 2002).

In 1999, CARE started to promote the MMD programme's Village Saving and Loan (VSL) methodology which ensures access to financial services through Village Savings and Loans Associations (VSLAs), outside of Niger and there are now programmes operating in 26 African countries including Ghana (Allen, 2002; Hendricks, 2011).VSLAs are recognised as a strong model for delivering financial services in rural, remote areas. More than 40,000 VSLAs (over 1 million members) have been created and adapted in Africa, Asia and Latin America by CARE using this model. International NGOs such as Oxfam, Catholic Relief Services and Plan International, have used similar village and savings-based models in Africa and Asia which shares some similarities with the Self-Help Group (SHG) model in Asia (Hamadziripi, 2008).The VSLA is based on a traditional rotating savings and credit association (ROSCA) practiced in Ghana as *susu*. However, CARE encouraged the following improved features in groups:

- Interest charged internally to grow the fund
- Internal by-laws and a committee to improve governance and management
- A cash box and oral record-keeping system to ensure safety of funds
- Technical support to members in managing the associations (Hamadziripi, 2008).

Like all ROSCAs, profits generated from the activities are "cashed out" or "shared out" after a few months and each member receives his/her share, keeping the resources in the community (Hamadziripi, 2008). The basic principle of the VSL system is that members of a self-selected group save money, which then forms a source of loan capital from which they can borrow. The purpose of a VSLA is, principally, to provide savings and simple insurance facilities in a community that does not have access to formal sector financial services, but when the amount of money saved by the membership is sufficient, any of them can borrow from this source and must repay the loan with interest (Allen, 2006).It is believed that the VSL methodology has the potential to create a revolution in rural microfinance in the developing world, especially in Africa. It offers a solution to the problems of sustainability and institutional instability that for years have bedeviled practitioners who have attempted to create rural financial intermediaries (Allen, 2002). To complement the efforts of Government in fighting poverty in Northern Ghana, especially in rural areas, the VSLAs model is being adopted by Jaksally Youth group, an NGO operating in the Bole District of the Northern Region. This study therefore seeks to assess the effect of their operations on the livelihood of the rural people.
The main objective of the study is to assess the effect of VLSAs on the livelihoods of people in rural communities in the Bole district of the Northern Region. Specifically, this study seeks to:

(i) examine the nature of operation of the VSLAs in the Bole district;
(ii) identify the kind of economic activities in which the loans and savings are being invested in;
(iii) assess the effect of the VSLAs on the life and economic activities of members in the Bole district; and
(iv) identify the challenges confronting the VSLAs in the Bole district.

MATERIALS AND METHODS

The Study Area

The Bole district lies between Latitude 8/10°S and 0/9°N and longitude 1/50E and 2/45W. It is located at the extreme western part of the Northern Region of Ghana. The District is boarded to the North by Sawla/Tuna/Kalba District, to the West by the Republic of Ivory Coast to the East by West Gonja District and to the South by Wenchi and Kintampo North and South districts of the Brong-Ahafo region. The Bole District covers an area of about 4800 square km; out of an area of 70,384square km of the Northern region. For the percentage land take of the District and the Northern region in relation to Ghana (238,533square km), they are 2.0 percent and 29.6 percent respectively. This means that the land take of the district is 6.8 percent of the total land mass of the Northern region (Bole District Assembly, 2010). According to the Ghana Statistical Service (2012), the Bole district has a total population of 61,593 which is made up of 31,022 male and 30,571 females. In term of age distribution, the proportion of children under 15 years is 43.0 percent; the active working population (15-64 years) is 52.3 percent and the aged (65+ years) constitutes 4.7 percent of the population. This gives a dependency ratio of 95.4 percent, meaning for every 95 dependants, there are 100 economically active people to cater for their needs.

The major economic activities in the Bole district are largely primary activities which can be classified broadly into agriculture, trading, mining and small-scale industrial activities. The predominant economic activity in the district is agriculture which engaged about 83.5 percent of the population. Fishing takes place among some communities along the Black Volta which include Bamboi, Saru, Nsunua, Babato and Cache. Apart from agriculture, there are a few small scale informal industrial activities in the district such asshea butter extraction, groundnut oil extraction, charcoal production, pito brewing, bread baking, blacksmithing and cassava processing (Bole District Assembly, 2010).

Brief Profile of Jaksally Youth Groups

Jaksally Youth Group (JYP) was started by students from Central University College in 2001 who wanted to help themselves and the youth to live abundant lives. It was registered with the Registrar Generals Department as a non-profit making organization operating in the Northern Region and Southern parts of the Upper West Region of Ghana in 2004. JYG has its head office located at Bole in the Bole district. The goal of Jaksally is to increase incomes, production and employment for sustainable and abundant lives. Its mission is to empower and strengthen rural communities in poverty reduction by strengthening the participation of communities and women in community development. The vision is to assist the community in creating sustainable livelihoods, and more abundant lives, by facilitating awareness in youth and women of their own potential. Jaksally has been initiating many development projects in the Bole, Sawla-Tuna-Kalba, West Gonja, Wa West and East Gonja Districts. Jaksally through its vibrant Board of Directors and well-motivated staff has implemented numerous projects which include:

- Bee keeping and honey production project;
- Soya bean and nutritional improvement project;
- Shea value chain development project; and
- Banking on change project.

Jaksally is working in partnership with other NGOs, District Assemblies, Communities and groups. Banking on Change (BoC) is a community managed microfinance project of Jaksally which exists in four districts in the Northern and Upper West regions of Ghana. These district are Bole, Sawla/Tuna/Kalba, and West Gonja in the Northern region; and Wa West in the Upper West region. Jaksally is implementing this project using the VSLAs model. Under this project a total number of 119 VSLAs have been formed in the Bole district with a total membership of 3,151 with an average group size of 26. Details of membership in the Bole district are presented in Table 1.

Table 1. Membership of JYP's VSLAs in Bole District

Area Council	# of Groups	Males	Females	Total
Bamboi	24	124	524	648
Bole	32	101	797	898
Maluwe	15	80	230	310
Mangdari	20	90	445	535
Mankuma	24	186	469	655
Tinga	4	21	84	105
Total	119	602	2,549	3,151

Source: Programme Co-ordinator, JYP.

The BoC project helps in providing banking services to the un-banked, encouraging savings culture among rural people, providing loans to the rural communities, proving social security to the rural communities, creating rural employment and improving rural housing.

Research Design

The before-and-after without control design was adopted for this study. According to Kothari (2004: 41), in such a design a single test group or area is selected and the dependent variable is measured before the introduction of the treatment. The treatment is then introduced and the dependent variable is then measured again after the treatment has been introduced. The effect of the treatment would be equal to the level of the phenomenon after the treatment minus the level of the phenomenon after the treatment. Thus, according to Purdon *et al.* (2001), in a standard before-after study, outcomes will be measured on the population eligible for a programme both before the programme is implemented and after. The difference between the before and after measurements is taken to be the impact of the policy. However, in the case of this study, there was no base-line survey to measure the level of the phenomenon before the treatment, therefore, it was 'constructed' based on the recall of the respondents.

Typically, with the before-and-after design outcomes are measured at just one point in time before programme implementation and at one point in time after implementation. But this basic design is considerably strengthened if the number of measurement occasions is increased both before and after. It is primarily used in instances where a policy is to be implemented nationally without a pilot stage (Purdon *et al.,* 2001).The main weakness of the design is that change brought about by the policy cannot be separated out from change that would have happened anyway (i.e. 'natural change' or change brought about by the introduction of other policies at about the same time). This is particularly problematic if the policy is expected to have a relatively small impact, the worst case being where the expected change due to the policy is smaller than the change that happens 'naturally' from year to year (Purdon *et al.,* 2001). Therefore, the results of this study should be accepted within the context of the strengths and weaknesses of the before-after design.

Sampling, Data Collection and Analysis Techniques

A statistical method was used to determine the sample size of the study at a significance level of 0.10. According to Ahuja (2001:187), an acceptable error level traditionally is up to ± 0.05 or ± 0.10 (i.e., 5 or 10 percentage point). The sample size formula is given by: $\mathbf{n}=\frac{N}{1+N(e)^2}$; where n= sample size; N= sample frame and e = error or significance level (Yamane, 1970; cited in Ahuja, 2001:186). In this study, N = 3151 and e = 0.10. By substituting these figures into the above formula gives a sample size (n) of 97. Therefore, the sample size for this study was 97.Stratified random sampling was used to categorise the VSLAs under the existing five Area Councils in the district (Bole, Bamboi, Tinga, Maluwe, mangdari and Mankuma) and purposive sampling was used to select some communities where the VSLAs exist in each Area Council. These communities include: Bole, Seripe, Mango-lane, Bamboi, Tinga, Banda Nkwanta, Maluwe, Lampoga and Mangdari. At the community level, snowball sampling was used to identify the respondents. The sample selected from each Area Council is proportional to the total number of VSLA members in the area (see Table 2). Again, purposive sampling was used to select the programme co-ordinator and three (3) project officers of JYG because they were directly involved in the implementation of the BoC project and therefore had adequate knowledge about the nature of operations of the VSLAs in the Bole district.

Table 2. Sample Size Distribution

Area Council	*# of VSLA Members*	*Sample Selected*
Bamboi	648	20
Bole	898	28
Maluwe	310	10
Mangdari	535	16
Mankuma	655	20
Tinga	105	3
Total	3151	97

Source: Author's Construct (2013).

The study was mainly based on primary data that was collected directly from members of VSLAs in rural communities in the Bole district. The main instrument for data collection was structured questionnaires which comprised of both open-ended and closed-ended questions. The questionnaires were administered through personal interviews due to the generally high illiteracy rate in Ghana, particularly in the rural areas. According to Twumasi (2001: 54), questionnaire is an efficient way to collect statistically quantifiable information. The Statistical Package for the Social Scientists (version 16.0) and Microsoft Excel 2010were used to analyse the data obtained from the field.

LITERATURE REVIEW

Village Savings and Loans Associations

Savings and loan association is one form of microfinance and can be described as an organised group of ten to 30 members who pool their own savings in regular meetings, use their own savings as credit and collaborate to sustain systems that enforce transparency and repayment (Pors, 2011). Anyango *et al.* (2006) define a VSLA as a time-bound Accumulating Savings and Credit Association (ASCA), where between 15 and 30 people save regularly and borrow from the group fund. Loans are repaid with interest, and have a period usually between one and three months. On a date chosen by the members, they may choose to share out all or part of the financial assets in proportion to one's savings. The pay-out is called the "action audit". Thereafter, the groups may start a new cycle of savings and lending. Savings and loan associations often work in poor rural areas where traditional services cannot reach, and as such is more pro-poor than perhaps other financial services. Yet, it is also true that still some poor people opt not to join or are excluded even from these groups. The civil society organisation which is promoting savings and loan associations might push for greater inclusion of the poorest, the disabled etc. but generally it must be emphasized that there will be those who will not be able to participate in a savings and loan association (Pors, 2011).

CARE'S Village Savings and Loan (VSL) Model

The Village Savings and Loan (VSL) model developed by CARE is a somewhat different saving-led approach. It was first developed and implemented in Niger in 1991 (Mumford 2008). It has since been developed into a key tool that is based on a participatory and community-based approach to microfinance. Currently, CARE has established more than 54,000 VSL groups in twenty-one African countries, comprising of over one million members (Helemore, 2009). Instead of trying to create a village-based banking system, CARE's VSL model attempts to improve upon indigenous group lending traditions, most notably Rotating Savings and Credit Associations (ROSCAs) that are called *tontines* in West Africa (Mumford, 2008). The VSL approach is considered a time-bound Accumulating Savings and Credit Association (ASCA) in which 15 to 30 people save regularly and borrow from the group fund. They attend meetings weekly and each group establishes an executive board including a chairperson, secretary, box-keeper, money counter, and three key holders(Anyango, *et al.,* 2006).The members save as a group and self-manage loans for group members (Allen, 2006; Hollar, 2011). CARE does not provide any direct financial investment to these groups, rather all the financial capital is built from the savings of the members (Hollar, 2011). CARE and other support organisations only play the role of training these groups on how better to operate (Anyango *et al.*, 2006). At each weekly meeting, members purchase shares between one and five. The group, upon the start of a new cycle, sets share values (Hollar, 2011).

All member of the VSLA are eligible to take loans which are provided for purposes that are agreed to by the association, as noted in its constitution/by-laws. The associations set loan terms. During the first cycle loan terms do not normally exceed three months, and in fact may be shorter. The size of a loan available to a member may be linked to the total value of his or her shares– not more than a multiple of this value. This prevents the risk that a member may borrow far more than they have saved, and then abscond or be overwhelmed by too much credit. At the same time, it is important that the maximum amount that a member can borrow is in excess of his or her savings, so as to maximize the percentage of funds in use (Allen, 2006).Interest is charged on loans and falls due every four weeks. It must be paid at that time, regardless of the length of loan term. The amount of interest charged varies from association to association, fixed as they decide. Loan principal repayments are made when due, or earlier as the borrower wishes. The period of loan repayment may vary as the association may decide, but the full amount of the principal sum lent to the member must be reimbursed at this time, or earlier. If the borrower makes late payment beyond the end of the agreed loan period, he or she may be fined and must pay any accrued interest, while the principal sum is rolled over to the next reimbursement meeting (Allen, 2006).

While loans are ideally to be used productively to fund IGAs, VSLAs usually ear-mark a portion of quotas as a social fund, reserved to help members meet emergencies, such as an illness or death in the family. Such loans are interest free (Bureau of Applied Research in Anthropology, 2009). Like *tontines*, VSLAs operate on a cycle. Unlike village banks, members cannot withdraw their savings until the end of the cycle (Bureau of Applied Research in Anthropology, 2009). As the end of the operating cycle approaches, no new loans are issued and old loans are repaid. When all the association's cash is on hand, the money is shared out amongst the members on the basis of a formula linked to the number of each person's shares, as a proportion of the whole. Thus, if a group has $500 in total liquid assets at the end of the cycle and there are 250 shares bought in total throughout the cycle, the value of each share is $2, regardless of the amount that was paid for the share at the time of purchase. Each person then receives $2 for every share that he or she owns. This formula does not take account of the time value of money, but the share purchase system, which restricts the number of shares that a person can buy at each meeting, limits the extent of opportunistic share purchase late in the cycle (Allen, 2006). A unique characteristic of CARE's VSL model is the "action audit", otherwise known as the "cycle pay-out date" which promotes accountability within the groups, as all loans must be paid back in order for the "action audit"[1] to take place. Following the audit, the groups typicallyre-form and begin a new cycle of saving and lending. Additionally, the idea of accountability and transparency is promoted through the use of a locked box whereby the savings and books are kept. The keys to this box are held by the treasurer and three other members (Anyango *et al.,* 2006).

VSLA Impact Assessment Study Findings

Some studies have sought to establish direct household-level impact. Hartley and Rijali (2003) in the evaluation of a CARE project in Zanzibar found that Group Savings and Loans (GSLs) had significantly supported the development of income generating activities (IGAs) by households. These IGAs helped to improve income and added assets, and increased community awareness and understanding of how to work more effectively with financial capital. The study concluded that GSLs were a good tool for poor communities unaccustomed to working with financial assets. Mutesasira and Nthenya (2003), in their study of savings groups in West Nile, Uganda concluded that most savings groups were comprised of very low-income people, and that the savings group model was overcoming a market access problem that 'no other known model of outreach is likely to match'. In this study, the loans ranged from US$ 2.50–US$ 25, while savings ranged from US$ 0.10–US$ 0.50 weekly per member. Both the small size of the required savings contributions, and the flexibility in size, were important factors in supporting depth of outreach.

In a study of GSLs in Zimbabwe, Allen and Hobane (2004) concluded that the GSLs in Zimbabwe had contributed to increased levels of business and consumer assets amongst the great majority of members' households, and some improvement in the quality of housing. The number of income generating activities per household increased and household labour allocated to IGAs increased. However, the diversity of these activities did not increase, in spite of a costly training programme which was designed by CARE toward diversification. Also, while loans from the groups were directed mainly towards productive activities, pay-outs focused overwhelmingly on paying school fees or acquiring small livestock and similar 'savings substitutes' that might be seen by the members as a hedge against inflation - a particularly serious concern in Zimbabwe. In a study of savings groups in Malawi, Anyango (2005) arrived at similar conclusions. The findings showed that the savings group programme had helped to improve the livelihoods of its members through increased household incomes particularly among women who comprised a majority of the members. Members diversified into additional economic activities, and expanded some of their activities. However, they also divested away from certain activities that required larger capital. The study also revealed that savings group members increased their assets versus the baseline, as compared to control groups who were not members of these savings groups. In an impact study on Group Savings and Loans Associations conducted in Kenya, Mathews *et al.* (2010) concluded that savings groups achieve their impacts through the delivery of four general categories of benefits: basic saving and loan services, including both withdrawals and deposits; emergency saving, loan and grant services; social solidarity and mutual commitment; and creation of an unintimidating learning environment for members that allows them to understand money management, financial institutions and group governance at their own speed and level. The first three attract members and keep them active; the fourth may enhance loyalty over time. Many practitioners see GSLs and other savings groups playing a bridging role between the practices and attitudes of informal financial markets, and those of the formal financial sector. If this is the case, the evidence from this study suggests that GSLs' benefits serve two distinct functions. At the product level, GSLs strive to mimic modern financial products, and in the process they help shape member product knowledge and expectations of the surrounding financial markets. With respect to the non-financial aspects such as social solidarity and knowledge management, GSLs play a more conservative role, reassuring members that however complex the financial world may be, the community values such as attitudes towards leadership and governance need not change quickly.

After several evaluations of *Mata Masu Dubara* (MMD) in Niger, there is a consensus that female enterprise owners who are MMD members tend to keep their businesses in operation throughout the year, have a bigger say in household decisions, enjoy better nourishment, invest more in their children's' education and enjoy higher social status than non-members (Athmer, 2002; cited in Allen, 2002). Finally, Allen's study of West Nile Savings Groups (2005) used changes in a mix of indicators to measure impact. These indicators included: changes in productive and non-productive assets, nutrition, consumption of services and social capital. The study concluded that members had accumulated useful sums at cash-out and that they used them to invest in agriculture including livestock, business stock and housing improvement. The existing literature clearly shows that GSLs and other 'incubated' savings groups can have an important impact on their members' livelihoods across a range of activities: agriculture, off-farm trade and service businesses, housing and emergency management. This has tended to mean enhancements in working capital for existing enterprises rather than diversification into new and off-farm enterprises. An important dimension has been vulnerability management. Particularly in settings where informal credit is not usually available, the availability of emergency loans permits households to avoid debilitating disruptions in their livelihood projects.

[1] It is a situation whereby a VSLA pays out savings and earnings from interest and fees, close its books and disband. It is usually timed to provide a lump sum to members at critical times in the year when access to money is needed. The sharing of the groups' financial assets amongst members is usually in proportion to the amount each member saved.

Some Challenges and Constraints of VSLAs

CARE recognises that reaching the most severely poor and most vulnerable is still a problem, as some women cannot afford to commit to the programme, even though it only requires a few cents perweek (CARE, 2009). Hollar (2011) reported that poverty remains to be a huge problem that results in a difficulty for economic markets to grow and these markets are essentially for income generation. In a study conducted by CARE, several social consequences of VSL groups and staff in Tanzania were identified. Staff were concerned that daughters were taking on the tasks of mothers while the mothers were occupied with the tasks of managing their loans and pursuing business activities. Other concerns were that VSLs created an unbalanced status perception of the women among the villagers who are VSL participants and those who are not. Women also expressed some concern about the reactions of their husbands if they were to start earning more. Although most times this led to a greater balance in the households, sometimes it led to jealousy and even violence by the husbands who feel threatened by the increased incomes of their wives. Other women complain that their husbands are less responsible for the household and subsequently reduce their commitments (CARE, 2009). Additionally, VSLAs do have some notable constraints which include the following:

- It takes at least five weeks of savings before groups accumulate enough capital to make loans;
- The size and length of loans is constrained by both the rate at which funds grow and demand for them;
- The complexities of the share system, tracked with passbooks, requires literacy;
- Participation in meetings is mandatory and time consuming;
- While the flexible share are likely to attract those who are better-off, the very poor may be excluded by self-organising groups, or they may be either unable to make the weekly quotas, or unable to make the time commitments to attend mandatory meetings (Hollar, 2011).

RESULTS AND DISCUSSION

Nature of Operations of the VLAs

The BoC project of Jaksally started in 2009 in the Bole district with the formation of VSLAs which were only two. The study revealed that majority of the respondents (74 percent) became members of the VSLAs 1-2 years ago and 20 percent became members 3-4 years ago. Only a small proportion of the respondents (6 percent) joined the VSLAs less than a year ago. All the respondents indicated that the associations have their meetings weekly during which members make their savings contributions and other transactions such as loan disbursement and repayment or recovery. Decisions are also usually taken during the meetings. It was also revealed that there are no limits with regards to the amount members contribute as savings during meetings. Members are allowed to contribute any amount they can afford. Majority of the respondents (62 percent) contribute GH¢10.00-GH¢14.00 weekly, while 26 percent contribute GH¢5.00-GH¢9.00 weekly. Also, some small proportions of the respondents (8 percent and 4percent) contribute GH¢1.00-GH¢4.00 and GH¢15.00-19.00 respectively weekly. However, it not compulsory for members to make savings contribution during every meeting, i.e., a member may decide not to saving during a particular week or meeting. The savings of the associations are usually kept in a savings kit which is a metal box with three (3) padlocks. The group savings are usually kept in the metal box together with the passbooks of members. The box is usually kept by one member whose house is considered to be safe for keeping. The keys to the padlocks are always kept separately by people living at different places, but the one who keeps the box does not always hold a key. Despite all these security measures, it is still risky keeping the box with any of the group members because it is vulnerable to theft and armed robbery.

According to the Management of Jaksally, all members of the associations qualify to access loans from their respective associations unless a particular member is already on loan and has not yet finished servicing or repaying the loan. All loans disbursed to members of the associations attract an average interest rate of 10 percent which is relatively smaller as compared with interest rates charged by commercial banks which are usually not less than 20%.Members who take loans from the associations are usually given an average of three months to repay the loan including the interest. Generally, the VSLAs have a savings cycle of one year after which the savings and interest earned on loans is usually shared among members. The interest earned on loan is always shared in proportion to the total amount of savings made by each member within the savings cycle. Therefore, the higher your total savings, the higher your share of the interest earned and the vice versa. All the respondents including the management of Jaksally admitted that the associations have executives who are being referred to as management committees. These management committees usually comprise of the chairperson, secretary, box keeper and two money counters (cashiers). According to the management of Jaksally, every member of the association qualifies to occupy any of these positions. Members who occupy these positions are usually selected through a process which is as follows:

- Nomination of two members per each position
- Allowing nominees to campaign for themselves
- Casting of secret ballots by all members
- Counting of votes and declaration of winners

Members elected as members of the management committees usually have a term of office of one year. When their term of office expires, they are not eligible for re-election for a second term. This practice however has the risk of denying the associations from enjoying the best of service from some management committee members due to a continuous reduction in competition for the positions; and the fact that those with the best leadership skills and might be liked by all or most of the association members would only have a very limited period to serve. Therefore, the association may not derive the maximum benefits from him/her. All the respondents and management of Jaksally also admitted that all the VSLAs have constitutions that govern their operations. According to Jaksally, the areas covered by the constitutions basically include governance structure, savings, loans and code of conduct. However, the constitutions vary from association to association based on the interest rate on loan, share value, meeting days and times. These constitutions were prepared by the associations themselves with guidance from the staff of Jaksally. Most of the VSLAs have received some form of training from Jaksally as being admitted by 86 percent of the respondents, but they did not receive any form of direct financial support. According to the management of Jaksally, the areas covered by the training include group governance, group dynamics, roles and responsibilities of members, savings culture, loans disbursement and recovery, cooperative societies and livelihood or IGAs. However, 14 percent of the respondents indicated that they did not receive any training from Jaksally. This was confirmed by one of the field officers of Jaksally who indicated that they could not train all the VSLAs due to lack of funding because the project funding ended in 2011.

Economic Activities and Loan Investments

The study revealed that the economic activities engaged in by the respondents include farming, trading, artisanry, food vending, local soap making and public service. Majority of the respondents (74.2 percent) invest a greater proportion of the loans they accessed from the association into these economic activities while 21.8 percent of the respondents used the loans they received from the association for other purposes such as payment of children's school fees, acquisition of land for building, up-keep of family, funeral performance, acquisition of household assets such as TV set, refrigerator, motor bike, bicycle, tape/radio set etc. (see Table 3).

Table 3. Members of VSLAs Major Loan Utilization

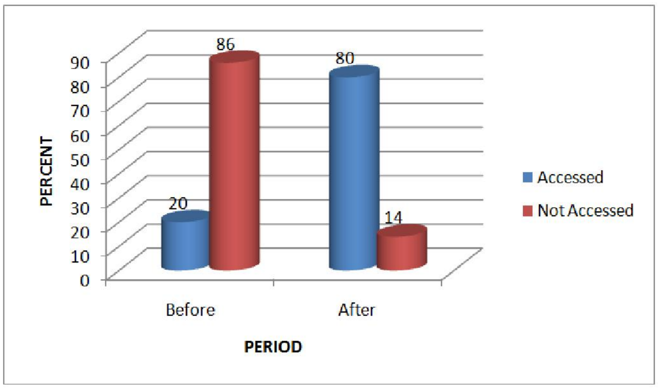
Usage	Frequency	Percent
Investment in Business	72	74.2
Payment of Children School Fees	12	12.4
Up-keep of Family	2	2.1
Purchase of Household Equipment	2	2.1
Acquisition of Land	2	2.1
Funeral Performance	4	4.1
Not applicable	3	3.0
Total	97	100.0

Source: Field Survey, 2013.

The study also revealed that the utilization of the savings of members of the VSLAs after a savings cycle is very similar with the loan utilization. Majority of the respondents (62 percent) invested a greater proportion of their savings into their businesses; 20 percent used a major proportion of the savings to pay their children school fees, while 14 percent used them to construct buildings. Only a small proportion of the respondents (4 percent) used the savings for the up-keep of their families and acquisition of a plot of land to build in the future.

Effects of the VSLAs on the Life and Economic Activities of Members

With regards to access to loan, the study revealed that before the respondents joined the VSLAs, only 20 percent of them had accessed loans. However, after joining the VSLAs majority of the respondent (86 percent) have accessed loans as shown by Figure 1. This shows an increase in loan access by 66 percent. Before the respondents joined the VSLAs, those who were able to access loans took them from Commercial Banks, Rural Banks, Credit Unions and Microfinance Institutions/NGOs. However, after joining the VSLAs all the 86 percent of the respondents who have accessed loans, took the loans from the savings of the VSLAs which charged only 10 percent interest rate that is relatively lower than interest rates from the former sources.



Source: Field Survey, 2013.

Figure 1. Access to Loans before and after Joining VSLAs

The amount of loan accessed by the respondents from the VSLAs ranged from less than GH¢100.00 to GH¢1,000.00+ (see Table 4). Large proportions of the respondents (27.8 percent and 21.6 percent) accessed GH¢100.00-GH¢199.00 and GH¢200.00-GH¢299.00 respectively. However, only 2.1 percent and 4.1 percent of the respondents accessed loans which amounted to GH¢800.00-GH¢899.00 and GH¢1,000.00+ respectively. This shows that majority of them took loans at lower amounts from the VSLAs, yet they are probably able to meet their loan requirement or need. However, the amount of loans accessed is relatively higher than what is being accessed as loans by other VSLAs members in other countries.

Table 4. Amount of Loan Accessed from VSLAs

Amount	Frequency	Percent
Less than GH¢100.00	14	14.4
GH¢100.00-GH¢199.00	27	27.8
GH¢200.00-GH¢299.00	21	21.6
GH¢300.00-GH¢399.00	8	8.2
GH¢400.00-GH¢499.00	2	2.1
GH¢500.00-GH¢599.00	8	8.2
GH¢600.00-GH¢699.00	4	4.1
GH¢800.00-GH¢899.00	2	2.1
GH¢1,000.00+	4	4.1
Not applicable	7	7.2
Total	97	100.0

Source: Field Survey, 2013.

As earlier on stated, majority of the respondents invested these loans borrowed into their businesses so as to expand them and increase their profit margin which is expected to impact positively on their socio-economic life. It is interesting to know that all the respondents agreed that they have experienced improvement in their lives and businesses after joining the VSLAs. Before joining the VSLAs, 98 percent of the respondents indicated that all their household members were registered with the National Health Insurance Scheme (NHIS). However, after joining the VSLAs, this reduced marginally to 96 percent which looks quite unexpected. But this could be as a result of the carelessness of parents to ensure that the NHIS cards of their children are renewed after they have expired. Also, before the respondents joined the VSLAs, 90 percent of them were having all their children of school going age in school. However, after joining the VSLAs the number of respondents who have all their children of school going age in school increased from 90 percent to 98 percent. This shows an improvement in access to education by the children of the respondents. A before and after analysis of personal/household assets possessed by respondents such as mobile phone, tape/radio set, TV set, refrigerator, bicycle, motor bike etc. shows that the number of these assets owned by the respondents before the VSLAs have increased after they joined the VSLAs. There were 13.4 percent of the respondents who did not have any personal/household assets, but this reduced to only 2.1 percent after they joined the VSLAs.

Table 5. Personal/Household Assets

Number of Assets	Before		After	
	Frequency	Percent	Frequency	Percent
One	31	32.0	23	23.7
Two	35	36.1	29	29.9
Three	10	10.3	25	25.8
Four	-	-	8	8.2
Five	8	8.2	10	10.3
None	13	13.4	2	2.1
Total	97	100.0	97	100

Source: Field Survey, 2013.

Challenges of the VSLAs in the Bole District

From the perspective of the respondents, there are very little challenges facing the smooth operations of the VSLAs. The only challenge cited by many of the respondents is absenteeism and lateness to meetings by the VSLAs' members. They complained that most of their association members usually either absent themselves from meetings or come late which invariably affect all of them because they waste precious time waiting for them to come before they commence. This was confirmed by one of the field officers of Jaksally when he said: "*most members even though they save regularly do not attend association meetings which make the associations unattractive to those who attend meetings regularly*". The time wasted in waiting for them could be used for their business activities, as the saying goes: "time is money". On the other hand, the major challenge confronting Jaksally to assist these VSLAs to operate effectively is lack of funding. According to the programme co-ordinator of Jaksally, they lack adequate funding to meet their recurrent expenditure such as payment of staff salaries, maintenance of motor bikes, training of VSLAs' members, administrative expenses etc. These challenges need to be addressed in order to enable the VSLAs to function effectively.

Conclusion

The majority of members of the VSLAs joined the associations not quite long ago and therefore had not yet felt the impact of the VSLAs much even though all the respondents generally agreed that they experienced improvement in the lives and businesses after joining the VSLAs. The introduction of the VSLAs has helped increased access to loan by 66 percent among the respondents, which contributed to an increased in assets accumulation among the respondents. The VSLAs can be used as a tool to achieve significant reduction in poverty levels in Northern Ghana if Jaksally is able to secure enough funding for the project or forge partnership with other NGOs working in Northern Ghana, as well as the Metropolitan, Municipal and District Assemblies to help spread the concept of VSLAs. Based on the findings made in this study, the following recommendations are made for consideration by various stakeholders such as Jaksally, the VSLAs, other NGOs, etc.

1. In view of the risk involved in keeping the savings kit or box with one of the association member, Jaksally should try and link the VSLAs with formal or semi-formal financial institutions such as credit unions, commercial banks and rural banks in the Bole district. This would enable the VSLAs to keep their money more safely and also earn interest on their savings deposit.

2. Jaksally should assist the VSLAs to amend their constitutions, such that management committee members whose term of office expires are allowed to go for another term if they are given the opportunity by members of the association through re-election.

3. Considering the fact the absenteeism and lateness to meetings is a major challenge confronting the VSLAs, the associations should introduce stiffer sanctions against members who attend meetings late or absent themselves from meetings without any prior notice with a tangible reason.

4. Jaksally should embark on multiple fund raising exercises in order to raise enough funds to continue to assist the VSLAs with training and supervision. One innovative way of raising funds is the introduction of membership dues which could be GH¢1.00 per member per month. Additionally, the Bole district assembly could use the poverty alleviation fund to assist Jaksally to continue to implement this noble project.

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