



FROM MISPERCEPTION TO PERFECTION: THE CASE OF THE FAWOMAN VILLAGE SAVINGS AND LOAN ASSOCIATION

FACTS ABOUT VSLAs ESTABLISHED BY CSLP:

- 19 VSLAs formed in 5 coastal districts
- 427 total members
- 67% of members are women; several groups are chaired by women
- The average household size of members is 4 people
- Share-out completed by 6 VSLAs to date
- 12 community members and District Assembly Officials trained as VSLA Village Agents
- One VSLA won Government of Ghana award at the 31st Farmers Day Celebration

Some left the group but the majority stayed. There was confusion all over. “I am leaving the group.” “I am withdrawing all my savings, take your group”. These were some of the reactions of members of the ‘Nyame Nhyira’ Village Savings and Loan Association (VSLA) at Fawoman in the Jomoro District of Ghana’s Western Region during the early weeks of their group’s establishment. At one point, it took a visit by the entire CSLP team, led by its Washington DC-based Program Manager and an official of the District Assembly to help provide ideas to resolve differences in the group and encourage the group to not give up. Fast forward 9 months later, and it was all smiles and moments of extreme excitement when the group successfully ended their 7-module training cycle and had a share out. As noted by one group member, **“We saved, got loans to improve our farming activities, engaged in petty trading, paid our children’s school fees and still made a huge profit from the group. We thank you (USAID/CSLP). We have not seen this before; we didn’t believe it. God bless you”**.

Noting the benefit of the scheme, no member of the group left after their share out, though by their constitution members are free to leave and new members welcomed. In fact, some members called for an increase in their share value for the next cycle. All this, despite the turmoil and challenges the group faced at the outset.

The ‘Nyame Nhyira’ group is among 19 VSLAs formed by the USAID-funded and US Forest Service-managed Coastal Sustainable Landscapes



Excited VSLA members displaying their Profit after a share out

Project (CSLP). So far, six VSLAs have successfully completed their mandatory training cycle and shared out on the savings and profits made from loans given to group members. The cumulative amount saved by the six groups is USD 10, 215, with the lowest return on savings of 16.35% and the highest with 43.35%. In addition to their cumulative loan fund of USD 12, 778, the groups also had a social fund that they used to help members in emergency situations such as deaths, sickness and accidents.

Indeed, the Fawoman VLSA story was not different from other groups. Some farmers and fisher folks within the project’s zone of influence elected not to join the savings and loan groups saying, “They (USAID/CSLP) will abscond with our money; they are not different from the other groups”. This was despite several community sensitizations on the VSLA concept and its linkage to enhancing economic benefits through improved natural resource management practices. Now, many of these formerly reluctant residents are more than eager to join the associations; some having pleaded to join VSLAs that had not yet reached the maximum allowable membership. As a sustainability mechanism, the CSLP has trained 12 community members and District Assembly officials as Village Agents. These agents now have the capacity to facilitate the formation of, and provide mentorship to, VSLAs after the CSLP. In Ghana, too many formal and informal savings and loan institutions have failed to deliver on their promises and have often absconded with clients’ savings. The VSLA model supported by the CSLP is stemming that tide and

providing immediate economic benefits for its members and their households — all done with the members’ own seed funding and management with the CSLP facilitating the module trainings and providing the start-up kits (mainly; cash box, pass books, a calculator and cash sacks).

Performance of Six VSLAs

