

# The Impact of Village Savings and Loan Associations on the Lives of Rural Women

Pro Resilience Action (PROACT) project, Nigeria

Oxfam case studies

**The PROACT project uses Village Savings and Loan Associations (VSLAs) to enable rural financial inclusion. The VSLA approach is targeted at combating increased poverty and improving the resilience of poor rural farming households in Kebbi and Adamawa States, Nigeria. The three case studies presented here reflect the new, transformative realities of increased income, access to loans, safe spaces for women, improved rural enterprise and the empowerment of women engaged in the VSLAs.**

## CASE STUDY 1: RESTARTING A LIFE: JOINING THE VILLAGE SAVINGS AND LOAN ASSOCIATION

Saratu Usman is 38 years old, with two daughters aged seven and six. She lives in Kola community in Birin Kebbi Local Government Area, Kebbi State, Nigeria. Before the Pro Resilience Action (PROACT) project started in her community, she had many problems. After going through a divorce, she became the primary caregiver for her two children, because her ex-husband refused to provide for their upkeep. Saratu had to move back into her father's house and started a petty trading business, selling powdered milk sachets and cooking spices. Her monthly profit ranged from N2,500 to N3,000 (around \$7–8). These earnings could not support her family and her parents were not in a position to help. Saratu's children wanted to go to school. Initially, she could not afford the fees. Eventually she was able to enrol them in the government school in Kola, but paying fees and providing their meals was still difficult. Most days she was able to give them breakfast, but lunch and dinner were always a challenge. She struggled to clothe herself and her children. Saratu wanted to start a business, but could not because she had no capital or access to a loan. She was highly dependent on the people around her for food, clothing and financial support.



Saratu Usman, who is able to support her family thanks to VSLA business loans.  
Photo credit: Funmi Oyerinde.

Becoming a member of the PROACT Village Savings and Loan Association (VSLA) in Kola has changed Saratu's life. After joining the VSLA, she was able to take out a loan and start a clothing business buying and reselling fabrics. She makes a monthly profit of N10,000 (\$28). In the last share-out, she received N24,500 (\$67), which she used to buy goats, and sold them for a profit. The current saving circle is in the eighth month, and she has invested in buying more shares. Her children are comfortable because she can meet their needs. Saratu is now very happy, and excited about the new opportunities open to her since joining the VSLA.

When she remarried recently, members of the VSLA played a huge part in her wedding. They celebrated with her as her friends and gave her a group wedding present. As well as turning her family's life around, Saratu says the VSLA has given her the gift of true friendship.

# CASE STUDY 2: THE WORKINGS AND IMPACT OF A SUCCESSFUL VILLAGE SAVINGS AND LOAN ASSOCIATION – KUNGIYA RYANKASUWA VSLA

## INTRODUCTION

Formed in January 2017, Kungiya Ryankasuwa is a women's Village Savings and Loan Association (VSLA) in Tarasa Community, Birnin Kebbi Local Government Area, Kebbi State, Nigeria. With two yearly share-outs made so far, totalling N300,350 (\$827) and over N400,000 (\$1,101), respectively, it has quickly started to change its members' lives.



Photos: Joy Moses, PROACT Project Field Officer, Development Exchange Centre.

## LEADERSHIP

Ryankasuwa's management committee is led by the chairperson, a secretary, a box keeper, three key holders, a treasurer and two money counters. The group management committee is appointed through nominations and elections. The chairperson presides over weekly meetings of 60–90 minutes, which are held at a member's house on Wednesdays, chosen by the group as it is the day after market day. This enables members to draw savings from profits from the market and take loans for their business for the next market.

## CONSTITUTION

A constitution guides the group's activities, outlining rules and regulations, and a code of conduct for members. For example, if a member arrives late for a meeting, she is fined a certain amount, and when an executive officer is late or does not show up, she is fined a higher amount. Members know the constitution and abide by the rules. Failure to do so may lead to expulsion from the group.

## SAVINGS

Each member must purchase shares on meeting days. Most members save from profits from their businesses. Other sources of savings are monies received from their husbands. The group is in its third cycle and has doubled the share value to N200 per share, from N100 per share in the first two cycles. In addition to the savings fund, the group also has a social fund – an emergency fund given to members in extreme need – and a fund generated from fines paid by members.

## LOANS

The group constitution states that loans for business should be prioritized. This rule was designed to improve loan repayment, on the basis that a business owner would be able to pay back loans more easily than a person not engaged in business. Loan requests are made on meeting days, in front of all group members. The member requesting the loan informs the chairperson, who informs the group. All members have to agree in order for a loan request to be granted. Once granted, the secretary takes down the details of the loan. The borrower pays 10% of the loan as an application fee in order to access the loan. The repayment period is three months, with members expected to pay in four-weekly instalments until the loan is fully repaid. Members' businesses include food vending, livestock rearing, grain retailing, selling fresh vegetables, food ingredients and spices, running a milling machine and selling cold drinks.

## HIDDEN FUNDS

Ryankasuwa has innovated by incorporating the traditional saving method *Adashe*, in which each member contributes N2,000 (\$5.50) every two weeks. This is added up and given to a member, with the fund rotating until everyone has received N50,000 (\$138) within a year. The group also has a Sallah (Eid) fund, through which members save towards the celebrations. At Sallah the group purchases a cow, spices and cooking oil, which it shares among members to help them prepare meals for the Sallah festivities.

## SHARE-OUTS

Share-out day is a celebration day for the group. The funds for this celebration are also saved separately and are not part of the group funds. From the share-out funds, members of the group purchase a fabric which they will all wear, called *asoebi*. This traditionally symbolizes cooperation and solidarity during ceremonies and festive periods. The money also funds a party with a special rice meal, and drinks and fabrics to celebrate the group's success. After the party, the savings box is opened and each member receives the amount corresponding to what they have saved, including interest.

Members use their payment for various expenses. Some members cook special meals at home to celebrate with their family and then invest any remaining money in their business. One member invested her payment in her food vending business. Another bought a sheep, which gave birth to a ram, and a third bought new clothes for her family.

## IMPACT

Members of Kungiya Ryankasuwa VSLA testify to its strikingly positive impact on their lives.

### **Safe, easy access to loans**

Before the formation of the group, members said they had difficulty in accessing loans for business or personal use. In order to get a loan, they would have had to go from house to house, sometimes revealing personal information which they found embarrassing and shameful, with no guarantee they would receive the loan. Being a member of the VSLA provides a safe space to easily access loans in a dignified manner.

### **Income-generating activity**

Members of the VSLA said the group has enabled them to make productive use of their time. Before the group's formation, it was difficult to engage in business because most members did not have access to capital, and those who engaged in business found it difficult to sustain. Since the VSLA formation, around 15 members have started a new business and 10 have expanded their businesses.

## **Increased income**

The group has enabled many members to engage in income-generating activities, contributing to household expenses from their profits. This improves unity at home and reduces household conflict. Members are able to send children to school and purchase supplies such as books, pencils and school bags. Some members said they are able to provide household meals without reliance on their husbands, although most said their meals were of their farm-produced maize and rice, and locally grown vegetables.

## **Co-learning platform**

The Ryankasuwa association is a platform where members learn from each other. They have learned as a group how to make air fresheners, hair oils, soaps and liquid car wash. Before each training session, they contribute individually to buy raw materials and after the session, they share the products within the group.

## **Community action**

Members also take community action as a group. For example, they self-organized and swept the community roads for better sanitation. When a member has a problem in the community, she brings it to the group and they try to resolve it together. If it cannot be resolved at the group level, the group escalates it to the community leaders for resolution.

## **Social cohesion**

Group members say the community is now peaceful and residents are happier because the VSLA brings kinship and unity to the community. Members support each other in celebrations and difficult times. If a group member is sick, others visit, help her with chores around her house and, if necessary, contribute from the social fund to pay her bills. For celebrations such as weddings or naming ceremonies at a member's house, the group participates and contributes funds. The weekly meeting enables women to interact frequently. Before the group was formed, they often lacked this regular interaction.

## **Women's decision making**

In most members' households, key decisions are taken by husbands. However, decisions on use of the share-out are different. Some members decide with their husbands on how the payment should be spent. Others decide on their own, saying the money is theirs. Overall, members of the group clearly have a higher level of control over the use of their share-out, compared with household-level decision making.

## CASE STUDY 3: RIDING THE TIDE OF COMMUNITY GOODWILL



Nasara VLSA conducting their meeting. Photo credit: Ms Agape Naphtali.

Agape Naphtali is the Community Mobilizer in Murke community, Song Local Government Area (LGA), in Adamawa State, Nigeria. She trained as a dental technician, but is obviously passionate about her community. As a PROACT Community Mobilizer, she has created 40 village savings and loan associations (VSLAs) in Song LGA and trained community members how to run them. Her story clearly illustrates the positive impact VSLAs can have on a community.

Nasara VSLA in Bolki community has 25 members, all women. *Nasara* is a Hausa word that means 'victory'. The group is in its second cycle this year and has indeed been victorious. Agape has earned a good name in the community as an agent of positive change, recognized and celebrated by everyone. She has been so successful in teaching the women how to operate a VLSA that they even launched their own 'hidden fund', without her knowledge.

The group opened their hidden fund to save towards the purchase of clothes for the Christmas celebration – an important expense for village households. Such secrecy is not uncommon among savings groups. Members do not want to be seen as straying beyond their core purpose, so they keep hidden funds secret. Nasara VSLA's hidden fund was only revealed after the group had conducted their cash hand-out and the



Ms Agape training the Nasara VLSA in Bolki community. Photo credit: Bwalami Naphtali.

husband of one member met Agape by chance. This happy husband recognized her as the trainer of the group from which his wife came home at Christmas with two new wrappers. This stranger thanked Agape for creating the VSLA and supporting the members to save. He was thankful that Agape's work had relieved him of the burden of buying clothes for his wife.

Delighted that her training had enabled the women to save completely independently, Agape asked the group about the wrapper story during their weekly meeting. When she explained her encounter with a group member's husband, the group confessed they had been running a hidden fund. Just before Christmas, they sent some members to the state capital, Yola, 100km, to make the purchases. Buying in Yola meant access to a wider variety of clothes at better prices than in the local market – and the group enjoyed a discount because they were buying in bulk, saving them N10,000 (around \$28) in total. The women and their husbands were thrilled, and Agape was excited to have been part of the joy that the VSLA has brought to people's lives.

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Case studies one and two were written by Funmi Oyerinde, and case study three was written by Bwalami Naphtali.

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